National Health Funding Body

# 2024-25 ANNUAL REPORT

Improving the transparency of public hospital funding in Australia

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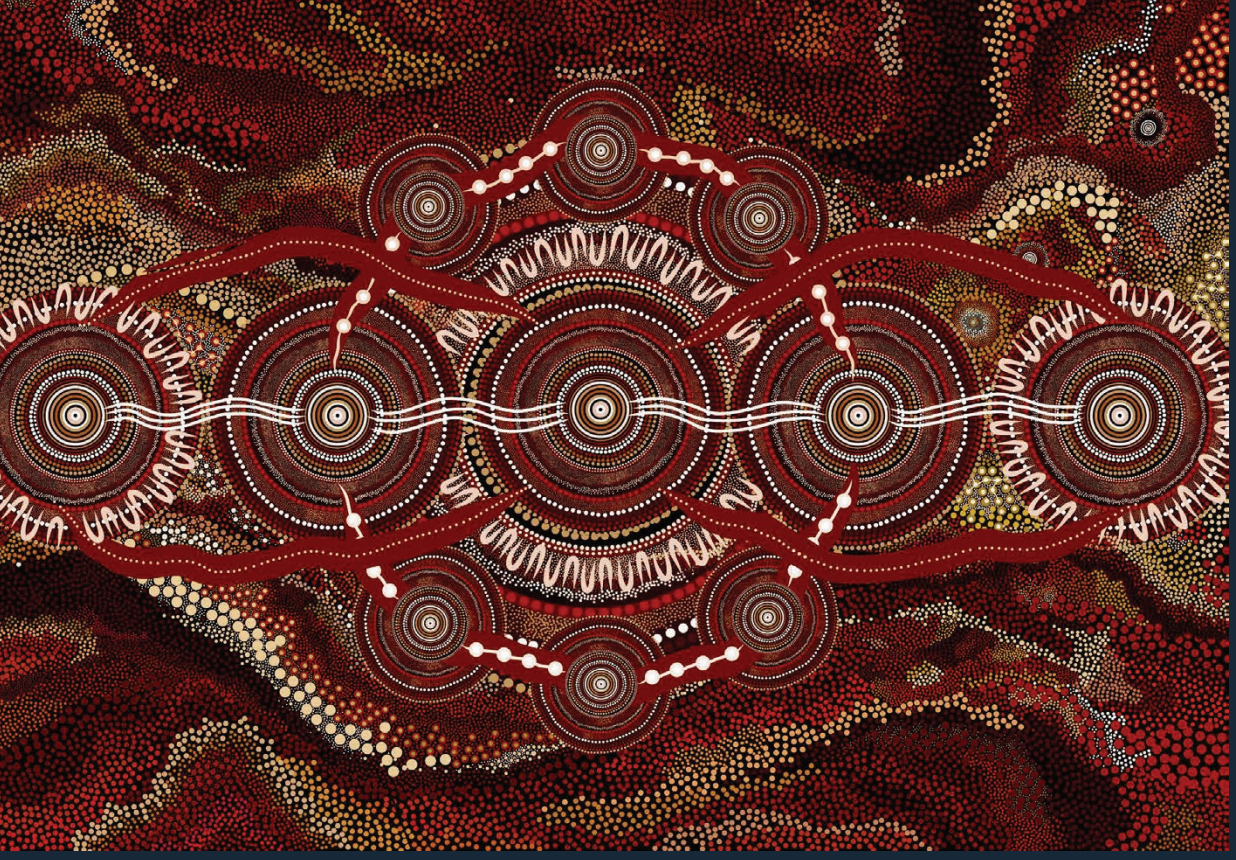

**Acknowledgement of Country**

The National Health Funding Body acknowledges the Traditional Owners of Country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures and to Elders both past and present.

**Artwork credit**

Kristie Peters, 2025.

**Artist biography**

Kristie Peters is a proud Wiradjuri artist, graphic/fashion designer and the recipient of ACT NAIDOC Artist of the year 2021.

Kristie is the founder of Yarrudhamarra Creations (rebranding as Blaklabel Dreaming) and currently lives in Canberra on Ngunnawal/Ngambri Country with her family and nine beautiful boys.

She prides herself working with community where she is being recognised and well known with high demand for her distinctive styles and powerful artworks including her Indigenous murals.

"To create an art piece for people to see is one thing, but to create and design an art piece for someone that can change someone's life journey is even more special."

**Artist statement**

This artwork is a visual representation of the true essence of the NHFB, embodying its role in health and reconciliation across Australia.

At its core, the artwork features five large meeting places, each symbolising the key objectives that the NHFB strives to achieve.

These five meeting places work together to illustrate the strategic direction of the organisation, emphasising the interconnectedness of accurate funding calculation, best practice financial administration, effective communication, collaborative relationships, and organisational excellence in achieving the vision for funding transparency.

Surrounding these large meeting places are six smaller ones, representing the core values of the APS and the NHFB.

National Health Funding Body

# ANNUAL REPORT
# **2024-25**

Improving the transparency of
public hospital funding in Australia

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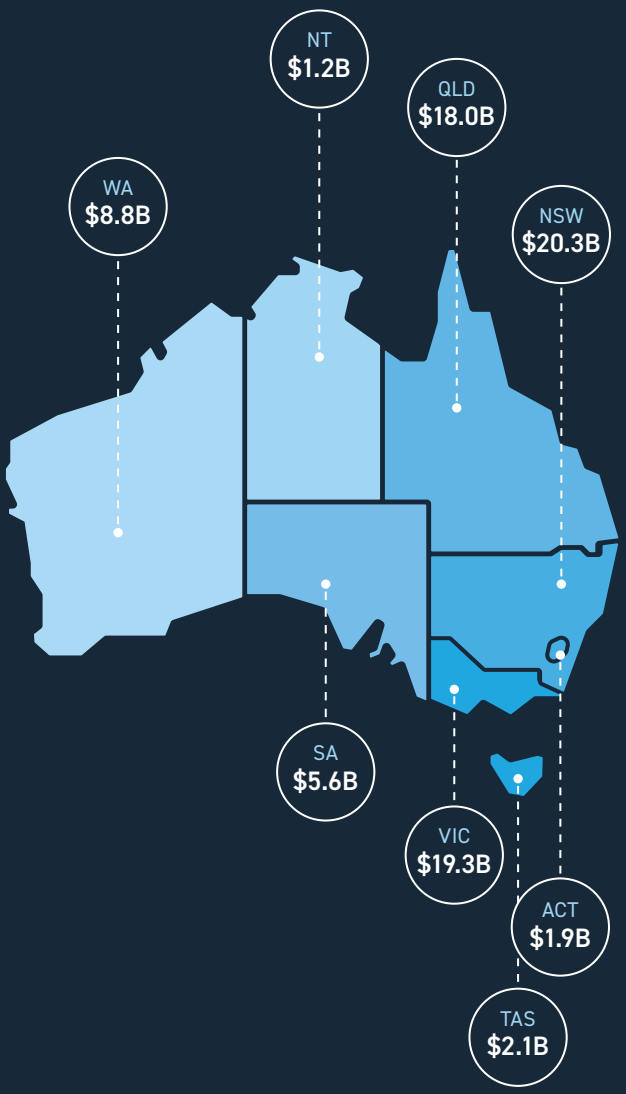
# 2024-25 HIGHLIGHTS

## PUBLIC HOSPITAL FUNDING




We administered over...

**$77.1 BILLION**

in public hospital funding

**$76.6 BILLION**

paid to...

**136**

Local Hospital Networks

Comprising of...

**700**

public hospitals

That delivered over...

**46 MILLION**

public hospital services

## FUNDING BY SERVICE CATEGORY

### EMERGENCY

Commonwealth: **$3.6 BILLION**

States and Territories: **$5.5 BILLION**

### ACUTE ADMITTED

Commonwealth: **$15.2 BILLION**

States and Territories: **$25.2 BILLION**

### MENTAL HEALTH

Commonwealth: **$1.2 BILLION**

States and Territories: **$2.1 BILLION**

### SUB-ACUTE

Commonwealth: **$1.7 BILLION**

States and Territories: **$2.1 BILLION**

### NON-ADMITTED

Commonwealth: **$4.0 BILLION**

States and Territories: **$5.4 BILLION**

## STAKEHOLDER ENGAGEMENT

**Collaboration** through quarterly multilateral meetings, informed by **32 bilateral discussions**, has led to...

**STRENGTHENED STAKEHOLDER RELATIONSHIPS AND IMPROVED FUNDING TRANSPARENCY**

Our stakeholders rated us...

4.5/5

**Publication details**



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This report is also accessible from the NHFB website:
publichospitalfunding.gov.au/publications

National Health Funding Body

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The Hon. Mark Butler MP
Minister for Health and Ageing
Commonwealth of Australia
PO Box 6022
Canberra ACT 2600
minister.butler@health.gov.au

Dear Minister,

**National Health Funding Body Annual Report 2024–25**

In accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*, I am pleased to provide you with the National Health Funding Body Annual Report and Financial Statements for the year ended 30 June 2025, for presentation to Parliament.

This report has been prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.

The Financial Statements are prepared as required by the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*. They are general purpose financial statements and have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

As per section 267 of the *National Health Reform Act 2011* a copy of this Annual Report and Financial Statements will be provided to each State and Territory Health Minister.

Yours sincerely,

**Shannon White**
Chief Executive Officer
National Health Funding Body
18 September 2025

## Our Annual report highlights our key achievements in 2024-25

We have measured our results against a range of performance criteria outlined in the Portfolio Budget Statements, our Strategic Direction and our Corporate Plan.

We introduce our leadership team, provide details on how we support our workforce and explain our approach to governance. We also detail our financial performance, including our audited financial statements.

The NHFB CEO is required to prepare and present this report to the Commonwealth Parliament, pursuant to section 70 of the *Public Service Act 1999* and section 267 of the *National Health Reform Act 2011* (NHR Act) and provide a copy of this report to each State and Territory Health Minister under section 267(c) of the NHR Act.

This report is prepared in accordance with the requirements for Annual Reports issued by the Department of Finance.

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This report should be read in conjunction with the National Health Funding Body Corporate Plan 2024-25 and the Administrator's National Health Funding Pool Annual Report 2024-25. These can be found on the NHFB website: publichospitalfunding.gov.au/publications

# CONTENTS

# PART 1:

# OVERVIEW

This section explains our role in Australia's health system, who we work with, and introduces our leadership team.

# MESSAGE FROM THE ADMINISTRATOR

**I extend my appreciation to the NHFB CEO Shannon White and his valued team for their continued support and collaboration to achieve our shared commitment to improving the transparency of public hospital funding in Australia.**

**Toni Cunningham**
Administrator
National Health Funding Pool

As 2024-25 ended, so too did my first full financial year as Administrator of the National Health Funding Pool. Over the course of the year, the NHFB has supported me to:

- calculate Commonwealth National Health Reform (NHR) Agreement funding
- make payments through the Pool to Local Hospital Networks (LHNs)
- report publicly on public hospital funding, payments and activity
- report on jurisdictional compliance with the Addendum and the requirements set out in my Three Year Data Plan.

In 2024-25, the main areas of focus beyond undertaking the core functions of calculate, pay, report were:

- working with States and Territories, as well as the national bodies, to improve the consistency and transparency of public hospital funding
- progressing funding integrity activities to identify services funded by the Commonwealth through both the Addendum and other Commonwealth programs
- publishing my annual report on Maintenance of Effort (that is, whether the level of public hospital funding has been maintained compared to the 2018-19 base year)
- regular bilateral and multilateral engagement with all key stakeholders, including as part of the six-month and annual reconciliation processes
- providing advice on funding arrangements under the Addendum, including the transition of Community Mental Health services to Activity Based Funding (from 2025-26)
- updating the Commonwealth Contribution Model (CCM) in preparation for Schedule K to the Addendum.

## National Health Reform Agreement Funding and Annual Reconciliation

The 2023-24 Annual Reconciliation was completed in December 2024, with my January 2025 Payment Advice for 2024-25 provided to the Commonwealth Treasurer (and all health ministers) on 10 December 2024. The actual in-scope hospital activity was higher than estimated activity, and as such the 2023-24 Annual Reconciliation increased Commonwealth NHR funding to $30.2 billion.

## National Health Funding Pool Payments System

In 2024-25, over $79 billion was transacted through the National Health Funding Pool Payments System (Payments System).

Just over $77 billion related to in-scope NHR payments made from Commonwealth, State and Territory funding contributions for over 10 million activities (as measured by National Weighted Activity Units, or NWAUs). Additionally, almost $2 billion in out-of-scope funding was transacted through the Payments System (see page 21).

On 1 October 2024, we celebrated the five-year anniversary of the Payments System. The Payments System, administered by the National Health Funding Body has transacted over $357 billion since its launch with no errors or delays and zero instances of fraud.

**"Delivering best practice financial administration of more than $77 billion."**

## Stakeholder engagement

In 2024-25 we continued to hold bilateral meetings with individual States and Territories in advance of my quarterly Administrator's Jurisdictional Advisory Committee (JAC) meetings.

These bilaterals enable us to work through and resolve issues at the local level, improve our understanding of their operating environment and help build collective understanding of funding calculations and outcomes.

## The year ahead

In 2025-26, the main areas of focus beyond undertaking the core functions of calculate, pay, report will be to:

- work with the Commonwealth, States and Territories and national bodies to prepare for a new Addendum
- work with States and Territories to improve the quality, consistency and timeliness of LHN Service Agreements
- work with all our stakeholders to improve the quality and timeliness of data submissions
- work with our stakeholders to further improve reconciliation processes and funding integrity measures
- work with States, Territories and the Independent Health and Aged Care Pricing Authority (IHACPA) to enhance the transparency of Block funding.

# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**It is my pleasure to present the NHFB's Annual Report for 2024-25, marking my seventh as the CEO. This report reflects on the Agency's achievements over the past year, showcasing our commitment to continual improvement.**

**Shannon White**
Chief Executive Officer
National Health Funding Body

Australia's health system is one of the most effective in the world, however, there are long-term challenges including the burden of chronic disease, an ageing population, modern medicine, and rising consumer expectations. This is placing added pressure on our broader care economy with an estimated value of $3 trillion over the next decade.

In the short-term, the public hospital system is under strain from workforce shortages, limitations on capacity and growing fiscal constraints. Although there has been an increase in the number of planned surgeries following the global pandemic, the system remains under pressure.

Our agency performs a unique role in Australia's health system, delivering best practice administration of over $77 billion in public hospital funding. We perform the calculations, payments and reporting of public hospital funding across 136 Local Hospital Networks (LHNs) encompassing 700 public hospitals delivering more than 46 million hospital services.

## Public hospital funding outcomes

Since the establishment of the Administrator and the NHFB, total Commonwealth, State and Territory public hospital funding contributions through the Pool have continually increased, from $37 billion in 2013-14 to over $77 billion in 2024-25, representing an increase of $40 billion over the last 11 years.

In December 2024, we concluded the 2023-24 Annual Reconciliation of Commonwealth National Health Reform (NHR) funding which resulted in a final entitlement of $30.2 billion representing funding growth of $1.8 billion or 6.5 per cent. This also represents total growth in Commonwealth funding of $16.9 billion, or 127.1 per cent since the National Health Reform Agreement (NHR Agreement) commenced.

On 5 February 2025, the Commonwealth and States agreed a one-year extension to the 2020-25 Addendum to the NHRA (the Addendum). The one-year extension provides States and Territories with a one-off funding boost of $1.7 billion in 2025-26 for hospital and health related services.

In June 2025, we provided the Administrator's 2025-26 payment advice to the Commonwealth Treasurer which shows an estimated entitlement of $32.2 billion, representing funding growth of $2.0 billion or 6.5 per cent. This advice excluded the one-off funding boost of $1.7 billion which will be paid separately by the Commonwealth Treasury.

## High levels of stakeholder satisfaction

Over the past six years, we have continuously sought feedback from our stakeholders and partners. We believe they value our open communication, respectful engagement, expertise and high-quality advice. This is again observed in the 2025 stakeholder survey results with a rating of 4.5 out of 5.

Our organisational success relies on enhanced trust with our Commonwealth, State and Territory stakeholders as well as our portfolio agency partners.

We are determined to further improve our key relationships through existing bilateral and multilateral fora. We also acknowledge our stakeholders are seeking closer engagement through our communities of practice and technical workshops.

## Priorities for the future

While Health Ministers renegotiate a new Addendum, our focus will be the administration of Commonwealth NHR funding under the one-year extension including:

- improve the timeliness and quality of data submissions
- public hospital funding integrity and duplicate payments
- funding neutrality for private patients in public hospitals
- funding cap exemption and reconciliation of highly specialised therapies
- safety and quality measures (e.g. sentinel events, complications and readmissions)
- improve the consistency and quality of LHN Service Agreements
- funding transparency (including out-of-scope funding).

In the year ahead, we will focus on completing the 2024-25 Annual Reconciliation, executing 2025-26 payments, and preparing for the implementation of a new Addendum.

## Putting people at the centre

I am proud that our workforce reflects the community around us through our backgrounds, skills, talents and views. Their dedication, creativity and care shape our results, with our United Leadership behaviours being the centrepiece of our positive workplace culture - where we value people and results equally. One of our success stories has been a risk culture of 'not blaming others' and 'no finger pointing' when identifying more than one hundred near miss events. This has enabled us to learn from mistakes, enhance our business processes, and improve our performance.

This outcome reflects everyone's contribution to our positive culture underpinned by a psychologically secure workplace, outstanding levels of personal integrity and a focus on organisational stewardship for the long-term.

In 2025-26, we will also continue to focus on:

- strengthening our leadership and culture to remain an employer of choice
- investing in our people through learning and development to enhance our organisational capability
- reviewing our business operations for innovation opportunities
- leveraging our digital investment and data analytics to improve our advice.

## Appreciation and recognition

Firstly, I would like to recognise and extend our appreciation to Beci Imbriano, Acting Deputy CEO, for seven years of unwavering commitment to improving the transparency of public hospital funding in Australia. Beci has made an outstanding contribution to our agency's strategic direction, stakeholder engagement, workplace culture and talent pipeline. We wish her all the best for the future!

I would like to thank Jeanette Barker, outgoing member of our Audit and Risk Committee, for her sage advice and staunch support for the National Health Funding Body over the last five years.

Finally, I would like to acknowledge Toni Cunningham's first full financial year as the Administrator of the National Health Funding Pool (the Pool) and thank Toni for her leadership and guidance throughout 2024-25.

Together with my high performing team, we look forward to supporting the Administrator Toni Cunningham to improve the transparency of public hospital funding in Australia; and play our part to improve the health outcomes of all Australians now and into the future.

**"What makes me proudest, is not just what we've achieved, but how our people made it possible."**

## Performance in 2024-25

We achieved the performance measures required to meet our strategic objectives, legislative requirements and obligations of the Administrator and Commonwealth, States and Territories in 2024–25.

| OBJECTIVE | MEASURE | | RESULT 2019-20 | RESULT 2020-21 | RESULT 2021-22 | RESULT 2022-23 | RESULT 2023-24 | RESULT 2024-25 |
|---|---|---|---|---|---|---|---|---|
| Accurate and timely calculation of Commonwealth funding contributions | **1.1** | Funding calculations are accurate | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **1.2** | Funding entitlements reconcile to actual services delivered | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **1.3** | Public hospital services are funded through the appropriate Commonwealth program | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **1.4** | The Treasurer is advised in a timely manner | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Best practice financial administration of the National Health Funding Pool | **2.1** | Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and Service Agreements | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **2.2** | Maintain the integrity of the Payments System | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Effective reporting of public hospital funding | **3.1** | Ministers receive required information in a timely manner | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **3.2** | Monthly and annual reporting of funding, payments and services | ◐ | ◐ | ✓ | ✓ | ✓ | ◐ |
| | **3.3** | Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Administrator's Data Plan | ✓ | ✓ | ✓ | ✓ | ✓ | ◐ |
| Productive relationships with stakeholders and partners | **4.1** | Provide trusted and impartial advice | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **4.2** | Work plans and information requirements are developed in collaboration with stakeholders | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Operate as a high performing organisation | **5.1** | A positive workplace culture where people feel valued | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | **5.2** | An innovative team willing to explore best practice approaches | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

✓ Met ◐ Partially Met ● Not Met

# STRATEGIC OVERVIEW

## OUR VISION

To improve transparency of public hospital funding in Australia.

## OUR PURPOSE

To support the obligations and responsibilities of the Administrator through best practice administration of public hospital funding.

## OUR OBJECTIVES

Accurate and timely calculation of Commonwealth funding contributions.

Best practice financial administration of the National Health Funding Pool (the Pool).

Effective reporting of public hospital funding.

Productive relationships with stakeholders and partners.

Operate as a high performing organisation.

## OUR APS VALUES

- **IMPARTIAL**
- **COMMITTED**
- **ACCOUNTABLE**
- **RESPECTFUL**
- **ETHICAL**
- **STEWARDSHIP**

## OUR BEHAVIOURS

**One NHFB**
We contribute as a united team and encourage new ideas.

**Open communication**
We listen actively to the views of others and share information.

**Enhance trust**
We treat others as equals and collaborate openly across boundaries.

**Own it**
We own our performance by knowing, accepting and performing our roles to the best of our ability.

## NHFB AND AUSTRALIA'S HEALTH SYSTEM

Prime Minister, Premiers and Chief Ministers

Commonwealth, State and Territory Health Ministers

Commonwealth Treasurer

### WHO WE SUPPORT

#### ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL

The Administrator is an independent statutory office holder. All Commonwealth, State and Territory Governments have to agree on their appointment to the position.

**Toni Cunningham**
Administrator

#### THE NATIONAL HEALTH FUNDING BODY

Led by the CEO, the 35 staff in the NHFB support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the National Health Reform Agreement.

**Shannon White**
Chief Executive Officer

### WHO WE WORK WITH

Commonwealth, State and Territory stakeholders

Portfolio agencies

Industry partners

# ABOUT THE NHFB AND ADMINISTRATOR

## The National Health Funding Body

The NHFB's primary purpose is to support the obligations and responsibilities of the Administrator through best practice administration of public hospital funding.

The NHFB, led by CEO Shannon White, operates as a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and is funded as a small agency under the Commonwealth Department of Health, Disability and Ageing Portfolio.

The NHFB is an independent agency with 35 staff that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the NHR Agreement. To assist the Administrator and achieve their vision of improving the transparency of public hospital funding in Australia, the NHFB works collaboratively across the four key functions outlined in Figure 1.

## The Administrator

The functions of the Administrator are set out in the *National Health Reform Act 2011* (NHR Act) and common provisions in relevant State and Territory legislation.

The Administrator is an independent statutory office holder. The Commonwealth and State and Territory Governments must agree on their appointment to the position.

The key functions of the Administrator, with the support of the NHFB, are to:

- calculate and advise the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory
- reconcile estimated and actual public hospital services, and adjust Commonwealth payments
- undertake funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- monitor payments of Commonwealth, State and Territory public hospital funding into the Pool
- make payments from the Pool to each LHN
- report publicly on funding, payments and services
- develop and provide three year data plans to the Commonwealth, States and Territories
- maintain productive and effective relationships with stakeholders and industry partners, including all Australian Governments, the IHACPA, Australian Institute of Health and Welfare (AIHW) and the Australian Commission on Safety and Quality in Health Care (ACSQHC).

**Figure 1:** NHFB's key functions

### CALCULATE

- Calculate funding and issue payment advice
- Data collection and analysis
- Reconcile actual activity
- Funding integrity

### PAY

- Timely payments and bank reconciliations
- End of month processing
- National Health Funding Pool financial statements
- Payments System administration

### REPORT

- Funding, payment and activity reporting
- Data plan and compliance reporting
- Trend analysis and reporting
- publichospitalfunding.gov.au

### ORGANISATION

- Leadership and culture
- Corporate planning
- Organisational performance
- Risk management, assurance and governance

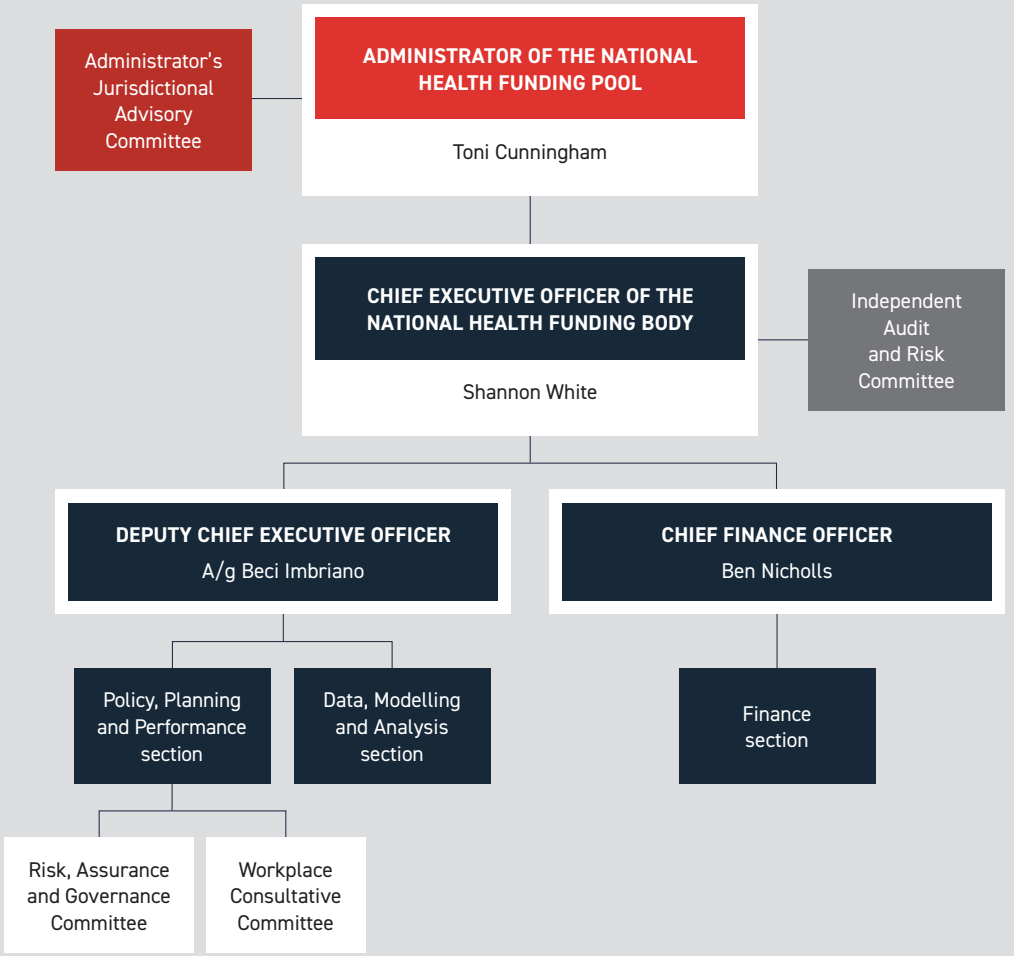
## Organisational structure

Our structure has been designed to:

- support the delivery of Government objectives
- ensure our agency can deliver outcomes now and into the future
- align to our core functions, providing clear lines of responsibility.

Figure 2 shows the relationship between the NHFB's organisational and governance elements. Our Governance arrangements are further detailed on pages 106-116.

**Figure 2:** Organisational structure as at 30 June 2025



## Our teams

### POLICY, PLANNING AND PERFORMANCE

The Policy, Planning and Performance section is responsible for developing the NHFB's Strategic Direction, Corporate Plan, Organisational Performance Reporting and Annual Reports.

The section is also responsible for setting the strategic HR direction of the agency through the development and implementation of our Workforce Capability Plan, Workforce Diversity Plan and Learning and Development Strategy. Key to this is leading the NHFB's positive workplace culture, through our United Leadership behaviours, where 'how' we do things is just as important as 'what' we do.

The section provides essential business support services to the NHFB, CEO and Administrator across corporate and operational functions, including risk management, assurance, governance, communications, security, management of Memorandums of Understanding (MoU) and Secretariat for the Administrator's JAC and NHFB's Independent Audit and Risk Committee (ARC).

### DATA, MODELLING AND ANALYSIS

The Data, Modelling and Analysis (DMA) section develop and operate models that determine the Commonwealth funding contribution to LHNs for delivering public hospital services (over $30 billion in 2024-25).

The section also reconciles estimated and actual service volumes through a range of data submissions (over 46 million records each year) related to public hospital funding. DMA are also responsible for linking hospital activity data with Medicare Benefits Schedule (MBS) claims data to identify if the Commonwealth has potentially paid for the same hospital service more than once (reviewing over 610 million MBS records per annum).

The team also engages with States and Territories on data quality and timeliness, sharing best-practice approaches across jurisdictions. This includes working with colleagues, jurisdictions and portfolio agencies to maintain the Administrator's policies; Administrator's Three Year Data Plan, Data Compliance Policy, Calculation and Reconciliation Framework and Data Matching Business Rules.

### FINANCE

The Finance section provide financial support to the NHFB CEO and the Administrator, including maintaining the integrity of the Payments System. This includes working with colleagues, jurisdictions, industry partners and the Reserve Bank of Australia (RBA) on further enhancements to the Payments System, improving user experience and providing training and support.

The section monitors payments of Commonwealth, State and Territory public hospital funding into the Pool and improves funding transparency through their engagement with stakeholders and publication of monthly funding and activity data on publichospitalfunding.gov.au.

The section assists the Administrator in the preparation of the annual financial statements for each State and Territory Pool account which are audited by each State and Territory Auditors-General as well as preparation of the NHFB's financial statements which are audited by the Commonwealth Auditor-General.

The section also manages the NHFB's financial resources through sound budgeting and appropriate financial management practices.

# Our leadership

**Toni Cunningham**
Administrator
National Health Funding Pool

Toni was appointed as the Administrator on 6 November 2023 for a five-year term.

Toni is an expert in public hospital funding models and the systems that support health services to report on their performance in relation to health funding matters. Toni has occupied leadership roles in the public health sector, most recently in executive roles at Queensland Health. Toni's career, having spanned over forty years, has been predominantly in leadership roles that improved systems and processes for the development of transparency in public sector casemix data collection, including costing, funding and reporting.

**Shannon White**
Chief Executive Officer
National Health Funding Body

Shannon was appointed CEO of the National Health Funding Body in April 2018 and was subsequently reappointed on 1 July 2023 for a further five years.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has thirty years' experience in the APS across Health, Immigration and Border Protection, and Defence with his previous roles having a strong focus on financial management and strategic advice on budget related policy and operational matters.

In his previous senior executive role in Health System Financing at the Department of Health, Disability and Ageing, Shannon worked extensively on national health reform issues and represented the Australian Government at a number of national and international committees. This included health system fiscal sustainability as well as the negotiations on public hospital funding under two Addendums to the NHR Agreement.

**Beci Imbriano**
A/g Deputy Chief Executive Officer

Beci joined the NHFB in November 2018 initially as Director Policy, Planning and Performance and is currently acting Deputy Chief Executive Officer.

As the acting Deputy Chief Executive Officer, Beci oversees the functions of the agency's Policy, Planning and Performance Team, and Data, Modelling and Analysis Team.

She is proud of NHFB's culture, where 'how' we do things is just as important as 'what' we do and is passionate about building organisational capability, in particular through entry level programs.

Prior to joining the NHFB, Beci spent 10 years in the APS across the Health and Immigration and Border Protection Portfolios in stakeholder focused policy and operational roles, including reporting on system sustainability through modelling outcomes of policy settings and budget scenarios.

**Ben Nicholls**
Chief Finance Officer

Ben joined the NHFB in February 2024 as the NHFB's Chief Finance Officer.

As the Chief Finance Officer, Ben oversees the National Health Funding Pool Payments System, National Health Funding Pool daily operations and our departmental budget.

He is passionate about collaborating with stakeholders to achieve positive outcomes and is proud of the continuous improvement culture the NHFB has developed to drive efficiency and effectiveness of core capabilities.

Prior to joining the NHFB, Ben worked at the Australian National Audit Office for more than 10 years conducting the independent examination of the financial records, transactions and internal controls of Commonwealth entities. Ben is a Chartered Accountant and has a Bachelor of Business (Hons.) from Charles Sturt University.

**"We are proud of our high performing team where 'how' we do things is just as important as 'what' we do."**

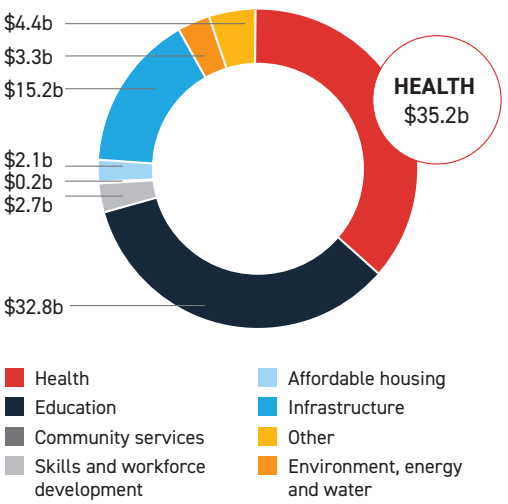
# OPERATING ENVIRONMENT

Our role in Australia's health system was the result of significant public hospital funding reforms agreed by the Commonwealth and all States and Territories in August 2011, forming the National Health Reform Agreement.

The NHR Agreement outlines the shared responsibility of the Commonwealth, State and Territory Governments to work in partnership to improve health outcomes for all Australians and ensure the sustainability of the health system.

On 5 February 2025, the Commonwealth and States and Territories agreed a one-year extension of the Addendum to the NHR Agreement to provide financial certainty for public hospitals while the Commonwealth and States continue to work together on longer term health and disability reforms. The one-year extension provides States with $1.7 billion for a one-off funding boost for hospital and related health services through bilateral agreements and a one-off uplift to the Northern Territory.

**Figure 3:** Payments for specific purposes 2025-26, by sector (Treasury Budget Paper 3)




The Addendum maintains a commitment to ensuring equitable access to public hospitals for all Australians and reaffirms the role of the Administrator and the NHFB.

In 2025–26, the Federal Government will provide States and Territories with $95.9 billion in payments for specific purposes (see Figure 3), with over a third of that money (almost $34 billion) calculated by the NHFB and paid through our Payments System.

## Health System

To achieve our purpose and preserve our role in the health system into the future, we must provide best practice financial administration that is accurate, timely and independent. In 2025-26 we will deliver on our commitment to:

- prepare accurate payment advice, including preparation for the implementation of a new Addendum (from 1 July 2026)
- enhance our funding integrity capabilities
- improve the quality and timeliness of data
- make payments without any delays or errors
- maintain the integrity of the Payments System
- improve access to information through public reporting.

These activities will contribute to an efficient, sustainable and accessible public hospital system for all Australians.

## KEY MOMENTS IN PUBLIC HOSPITAL FUNDING HISTORY

**1816** → Australia's first public hospital, the Rum Hospital opened in Sydney. In 1894 it was renamed the Sydney Hospital.

**1945** → The *Hospital Benefits Act 1945* provided for all people to have access to a public hospital free of charge.

**1981** → Funding for public hospitals from the Commonwealth is based on per capita block grants.

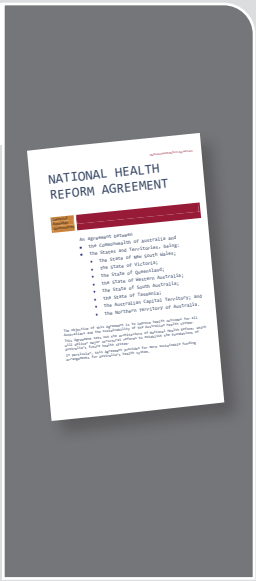
**1984** → Introduction of Australia's universal health care scheme Medicare.


**2008** → The National Health and Hospitals Reform Commission was established to provide advice on progressing health reform.

**2011** → The *National Health Reform Agreement* was signed, establishing the Administrator and NHFB. A new approach to health funding based on Activity Based Funding (ABF) was put into effect and Local Hospital Networks (LHNs) were established.

**2017** → The *Addendum to the National Health Reform Agreement 2017-18 to 2019–20*, introduced safety and quality elements to funding.

**2020** → The *National Partnership on COVID-19 Response* was agreed to and signed in March 2020, providing additional financial assistance to States and Territories. The *Addendum to the National Health Reform Agreement 2020-25* was signed by all Australian Governments in May 2020.




**2022** → A Mid-term Review of the Addendum to the National Health Reform Agreement was commissioned to provide advice on a future health reform agreement.

**2023** → National Cabinet agrees the funding parameters for a future health reform agreement.

**2025** → Schedule K to the *Addendum to the National Health Reform Agreement* was agreed in February 2025, providing a one-year extension and an additional one-time fixed funding amount of $1.7b in 2025-26.

*Images from top to bottom: 1. Interior of the women's surgical ward, Sydney Hospital, 1890s. (State Library of NSW 06472)*
*2. Medicare card. 3. Front cover of the NHR Agreement. 4. First ministers National Cabinet December 2023. (ABC News: Matt Roberts)*

# Overview of health care agreements

## National Healthcare Specific Purpose Payment Pre–2012

Prior to the NHR Agreement, States and Territories were paid a contribution for public hospital services from the Commonwealth via 'block grants' under the National Healthcare Specific Purpose Payment arrangements. These grants were calculated based on historical costs, negotiation and government decisions, with little transparency of the actual services delivered for the funding provided.

## National Health Reform Agreement 2012–13 to 2016–17

In August 2011, the Council of Australian Governments (COAG) agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory Governments, including the move from block grants to an 'activity–based' funding system. These changes, detailed in the NHR Agreement, included establishing the Administrator and the NHFB to improve transparency of public hospital funding arrangements.

## Addendum to the National Health Reform Agreement 2017–18 to 2019–20

In July 2017, amendments were introduced to the NHR Agreement through a time–limited Addendum. This reaffirmed universal health care for all Australians as a shared priority and committed parties to public hospital funding from 1 July 2017 to 30 June 2020. It also focused on reducing unnecessary hospitalisations and improving patient safety and service quality.

## Addendum to the National Health Reform Agreement 2020–21 to 2024–25

In May 2020, through the signing of the new Addendum, Commonwealth, State and Territory Governments agreed to four strategic priorities to further guide health system reform:

- improving efficiency and ensuring financial sustainability
- delivering safe, high-quality care in the right place at the right time, including long-term reforms in:
  - nationally cohesive health technology assessment
  - paying for value and outcomes
  - joint planning and funding at a local level.
- prioritising prevention and helping people manage their health across their lifetime, including long-term reforms in:
  - empowering people through health literacy
  - prevention and wellbeing.
- driving best practice and performance using data and research, including long-term reforms in enhanced health data.

The Addendum saw $131 billion in Commonwealth funding to public hospitals over the five years of the agreement.

In conjunction with the new Addendum, the Federal Government provided a funding guarantee (2019-20, 2020-21 and 2021-22) to all States and Territories to ensure no jurisdiction was left worse off as a result of the COVID-19 pandemic.

## National Partnership on COVID-19 Response (NPCR)

The NPCR was initially agreed to and signed by COAG on Friday, 13 March 2020 and ceased on 31 December 2022. The NPCR provided financial assistance to States and Territories for the additional costs incurred in responding to COVID-19 and included key functions to be performed by the Administrator supported by the NHFB and other portfolio agencies.

Over the life of the NPCR (2019-20 to 2022-23), the Commonwealth contributed a total of $14.3 billion in COVID-19 funding to States and Territories.

Further details on COVID-19 funding is available from the 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 National Health Funding Pool Annual Reports.

## Schedule K - Addendum to the National Health Reform Agreement 2025-26

On 5 February 2025, the Commonwealth, States and Territories agreed *Schedule K - Addendum to the NHR Agreement: Revised Public Hospital Funding and Health Reform Arrangements* (Schedule K). Schedule K provided a one-year extension to the Addendum to the NHR Agreement, from 1 July 2025 to 30 June 2026, and revised arrangements for 2025-26:

- an additional one-time fixed funding amount of $1.7 billion in 2025-26, for States and Territories, to be considered as a top up contribution
- a one-off uplift to the Commonwealth contribution rate for the Northern Territory
- Commonwealth, State and Territory agreement to strengthen their shared commitment to the National Agreement on Closing the Gap during the period 1 July 2025 to 30 June 2026.

States must use the one-time fixed funding to fund hospital and related health services. The one-time fixed funding will be paid from Commonwealth Treasury through to:

- State and Territory Treasury Departments
- State and Territory Health Departments.

## Future Addendum to the National Health Reform Agreement

Following a review of the NHR Agreement in December 2023, and the Federal Election in early 2025, it is anticipated that negotiations will commence in the second half of 2025 in preparation for 1 July 2026.

# PUBLIC HOSPITAL FUNDING ARRANGEMENTS

The NHFB assist the Administrator in calculating and advising the Treasurer of the Commonwealth's contribution to public hospital funding.

## Calculating funding

There are two broad types of funding: ABF and Block (see Figure 5), with the preference to use ABF wherever possible. Under the NHR Agreement, the scope of public hospital services that are funded on an ABF or Block basis and are eligible for a Commonwealth funding contribution currently includes:

- all emergency department services provided by a recognised emergency department
- all admitted and non-admitted services
- other outpatient, mental health, sub-acute services and other services that could reasonably be considered a public hospital service.

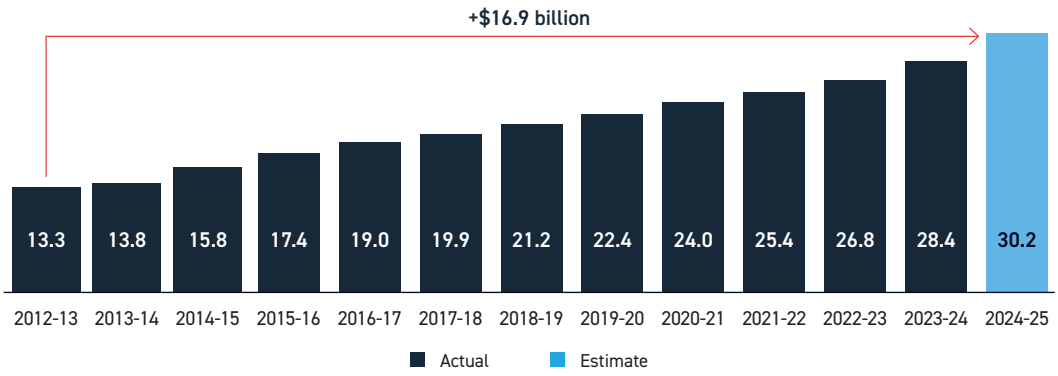
The Administrator's Calculation Policy sets out the method and processes that are used to calculate the Commonwealth's NHR contribution as well as the approach to reconciling public hospital services actually delivered.

The CCM calculations form the basis of the Administrator's payment advice to the Commonwealth Treasurer.

The IHACPA price and cost determinations are key inputs into this model in addition to public hospital activity estimates from States and Territories.

Figure 4 provides an overview of the Commonwealth's funding contributions from 2012-13 to 2024-25.

**Figure 4:** Commonwealth funding contributions from 2012-13 to 2024-25




Note: These amounts include NHR, Hospital Service Payments and Minimum Funding Guarantee amounts. State Public Health Payments and Financial Viability Payments are not included.

## Activity Based Funding

ABF is a funding method used to fund public hospitals across Australia. ABF is calculated based on the number of weighted services provided to patients and the price for delivering those services.

The method uses national classifications for service types, price weights, the National Efficient Price (NEP) that is independently determined by the IHACPA, and the level of activity as represented by the NWAU.

An NWAU represents a measure of health service activity expressed as a common unit of resources. This provides a way of comparing and valuing each public hospital service (whether it is an emergency department presentation, admission or outpatient episode), by weighting it for clinical complexity.

States and Territories are required to outline their basis of payments to each LHN, including an explanation of the factors considered. This information is made publicly available (for all years) via our website and is published in the National Health Funding Pool Annual Report each year.

## Block funding

Block funding supports teaching, training and research in public hospitals, and public health programs. It is also used for certain public hospital services where Block funding is more appropriate, particularly for smaller rural and regional hospitals.

## Public Health funding

Public Health funding is paid by the Commonwealth as a contribution to funding population health activities within each State and Territory, directed at improving the overall health of the population and seeking to prevent the development of poor health. These activities include national public health, breast cancer screening, youth health services and essential vaccines (service delivery).

## Out-of-scope

Public hospitals also receive funding from other sources, including the Commonwealth, States and Territories, and third parties for the provision of other specific functions and services outside the scope of the NHR Agreement (e.g., pharmaceuticals, primary care, dental services, other hospital services, home and community care, residential aged care and disability services).

**Figure 5:** Types of public hospital funding

### ACTIVITY BASED FUNDING

- Emergency department services
- Acute admitted services
- Admitted mental health services
- Sub–acute and non–acute services
- Non–admitted services

### BLOCK FUNDING

- Teaching, training and research
- Small rural hospitals
- Non-admitted mental health
- Non-admitted home ventilation
- Other non-admitted services
- Highly Specialised Therapies

Note: From 2025-26, Community Mental Health will tranisiton to Activity Based Funding arrangements.

## Making payments

The Pool was established to receive all Commonwealth (ABF and Block) and State and Territory (ABF only) public hospital funding.

The Pool comprises of a RBA account for each State and Territory, with each State and Territory also having established a State Managed Fund (SMF) to manage Block funding. The Pool and SMF provide a line-of-sight mechanism to trace each jurisdiction's contribution to LHNs and third parties. The balance is paid to States and Territories (including public health and cross-border).

NHR funding occurs when the Commonwealth or States and Territories pay into a State Pool account or SMF. NHR payments occur when the funding is paid out of the State Pool account by the Administrator or is paid out of the SMF by the State or Territory.

Figure 6 highlights the source, types and amount of funding and payments that flowed through the Pool and SMFs in 2024-25.

The NHR Agreement allows for additional streams of funding to be paid through the Pool, for example out-of-scope funding.

Out-of-scope activity is defined as non-hospital services or public hospital services with a funding source other than the NHR Agreement.

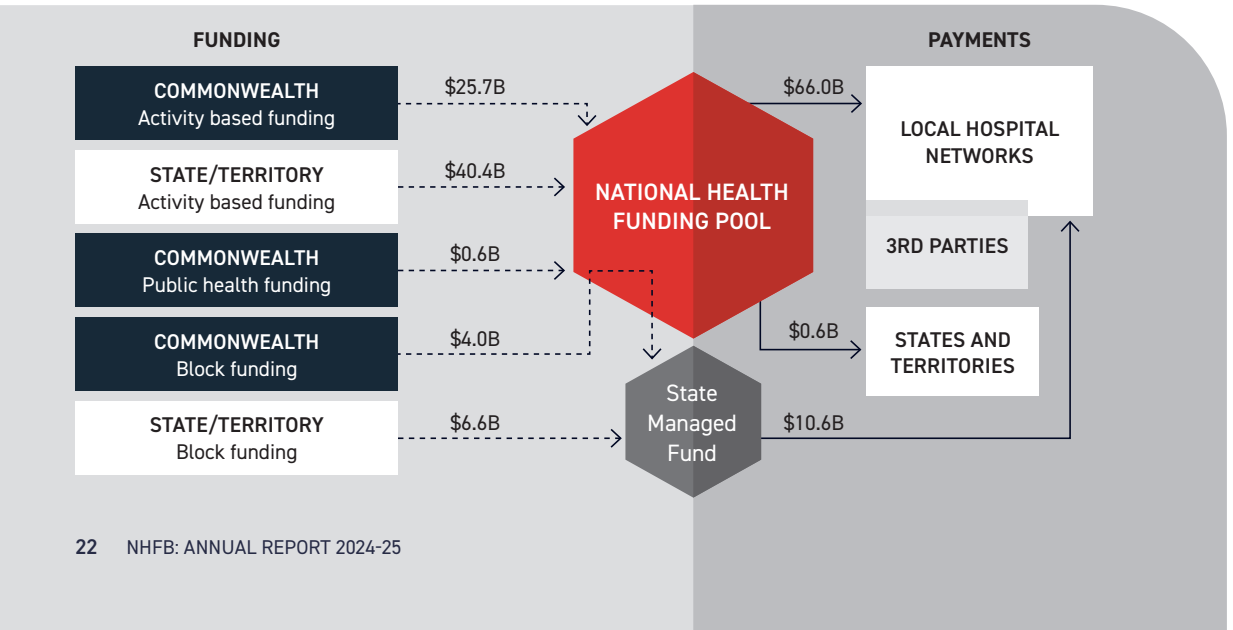
There are multiple funding sources for out-of-scope activity, for example, Medical Benefits Schedule, additional Schedule K funding, and other third-party revenue. Payments made through the Pool for out-of-scope activities must be identified so it can be distinguished from NHR funding.

Commonwealth payments into the Pool are made as equal monthly instalments of an estimated annual payment, while States and Territories can determine how much and when they deposit funds into the Pool and SMF. The Commonwealth's contributions to LHNs are adjusted in arrears at the end of each 6 and 12 months for each financial year once actual volumes have been validated.

To ensure that payments from the Pool are correct, no payment will be made until the respective State or Territory has validated and instructed the Administrator to make payment on its behalf.

The NHFB supports the Administrator to publish monthly reports detailing the funding and payments into and out of the Pool and SMFs. These reports are publicly available on publichospitalfunding.gov.au.

**Figure 6:** 2024-25 Public hospital funding payment flows



# Publishing reports

To improve the transparency and integrity of public hospital funding, we report publicly on the payments made to LHNs and their activity.

## Funding and payments

We produce and publish monthly reports that detail funding and payments into and out of the Pool and SMF. These reports are made publicly available on publichospitalfunding.gov.au with the full data set available on data.gov.au.

The reports are provided at a national, State and Territory and LHN level, and detail both the Commonwealth and State and Territory contributions. These reports are prepared on a cash basis and align to the reporting of funding and payments in the National Health Funding Pool Annual Report.

Full year 2024-25 funding and payment information was published to the website on 17 July 2025, within three weeks after the end of the financial year.

## Maintenance of Effort

Parties to the Addendum agreed, at a minimum, to maintain levels of funding for public hospital services through the Pool for 2020-21 to 2024-25 at not less than the level of funding for 2018-19. The assessment of Maintenance of Effort focuses on in-scope public hospital services under the NHR Agreement.

Out-of-scope activity is defined as non-hospital services or those public hospital services with a funding source other than the NHR Agreement.

This work has identified some inconsistencies in the level of in-scope and out-of-scope funding transacted through the Pool as well as pricing and activity information published in LHN Service Agreements. With the Administrator, we will continue to work with all Parties to the Addendum towards achieving consistency and transparency in the reporting of public hospital funding.

## Compliance

The Administrator's rolling Three Year Data Plan sets out the minimum level of data that States, Territories and the Commonwealth must provide to the Administrator, and the timeframes it must be provided within. Each quarter, a compliance report is published that details whether States, Territories and the Commonwealth have met their obligations under the Three Year Data Plan.

## Service Agreements

Service Agreements between the States and LHNs support transparency of public hospital funding and services and are provided to the Administrator (once agreed). Service Agreements are to include, at a minimum:

a. the number and broad mix of services to be provided by the LHN, to inform the community of the expected outputs from the LHN and allow the Administrator to calculate the Commonwealth's funding contribution

b. the quality and service standards that apply to services delivered by the LHN, including the Performance and Accountability Framework and the level of funding to be provided to the LHN under the Service Agreement, through ABF and Block funding

c. the teaching, training and research functions to be undertaken at the LHN level.

In addition, the funding paid on an activity basis to LHNs will be based on the price set by that State as reported in Service Agreements, the State Price. The Administrator and NHFB have been working with States and Territories to highlight inconsistencies in Service Agreements and identify where improvements can be made including on accuracy of State Prices and identification of in-scope and out-of-scope activity.

# OUR STAKEHOLDERS AND PARTNERS

Productive relationships and regular engagement with our stakeholders and partners support us to improve the transparency of funding for public hospital services.

In 2024-25 we continued to proactively engage with our stakeholders and partners, as productive discussions not only provide valuable guidance to assist all parties to understand the basis of funding calculations and outcomes but also builds trust in our functions. Figure 7 provides an overview of who we engage with and why.

Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, allows time to discuss and resolve issues in a collaborative manner. The Administrator's Jurisdictional Advisory Committee (JAC) is a key channel for this engagement and is comprised of senior representatives of all States and Territories and relevant Commonwealth departments and portfolio agencies.

We held four rounds of bilateral discussions with States and Territories ahead of the more formal Administrator's Jurisdictional Advisory Committee (JAC) meetings. These discussions provided us, along with States and Territories, the opportunity to discuss a range of topics, and answer specific questions that a State or Territory may have. We covered a range of topics including:

- NHR funding and payments
- policy and guidance documents
- funding integrity
- consistency and transparency of public hospital funding.

We hosted four Payments System Community of Practice (CoP) meetings in 2024-25 with States and Territories. The CoP discussed pool management, payment system updates, financial statements, end of financial year and general news from the NHFB to keep all the payment system users informed.

We continued our annual stakeholder engagement survey to track and measure our performance and benchmark our progress on implementing improvements across five key themes:

- organisational culture
- customer service and value adding
- collaboration
- transparency
- high performing team.

Our stakeholders were asked to rate their overall satisfaction with the NHFB's communication and engagement on a scale from 1-5. The average rating was 4.5, indicating high levels of satisfaction with the NHFB including:

- our responsiveness to requests and willingness to help
- their appreciation of multiple communication channels
- the value they get out of bilateral engagement, allowing our stakeholders to focus on specific issues affecting them.

The survey also provided insights into focus areas for 2025-26, including specific topics for discussion across our core functions: calculate, pay, report.

**Figure 7:** NHFB stakeholders and partners

| STAKEHOLDER | WHY WE ENGAGE |
|---|---|
|  | **OUR PEOPLE**<br>**Our focus on our people and our culture is at the heart of everything we do.**<br><br>Centred on our United Leadership behaviours, where 'how' we do things is just as important as 'what' we do, we have created a diverse, inclusive and supportive workplace.<br><br>Through a variety of regular forums (whole-of-agency, executive level, APS level and project specific), we share key updates, invite discussion and celebrate our success together. By supporting and uplifting our workforce, we have built a stronger, more capable agency. |
|  | **PORTFOLIO AGENCIES**<br>**Our relationships with our Portfolio Agency partners are built on trust, collaboration, and a shared responsibility for implementing public hospital funding arrangements on behalf of the Australian public.**<br><br>We engage regularly to ensure we, along with the Administrator, have access to expert, independent advice that supports us to improve the transparency of public hospital funding.<br><br>By working together with agencies like IHACPA and AIHW, sharing our data, analysis and insights, we are able to focus on improving integrity and transparency. |
|  | **STATES AND TERRITORIES**<br>**We are committed to our early and impartial engagement with all stakeholders, especially States and Territories.**<br><br>Through early, open and respectful engagement, we seek to understand diverse perspectives, identify best-practice approaches across States and address shared challenges.<br><br>Our quarterly bilateral discussions and formal JAC meetings support open conversations and transparency over decisions.<br><br>Additionally, our Payments System Community of Practice supports knowledge sharing, drives innovation and enhances our support to users. |
|  | **COMMONWEALTH**<br>**We value our strong, collaborative relationships across the Commonwealth.**<br><br>Our monthly Commonwealth roundtable provides a trusted space for us to share critical information, raise new ideas or highlight areas for further improvement<br><br>This group, made up of representatives from the Departments of Prime Minister and Cabinet, Treasury, Health, Disability and Ageing, and Finance, helps us to promote evidence based decision making and contribute to strengthening the overall health system. |

## Administrator's Jurisdictional Advisory Committee

Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, allows time to discuss and resolve issues in a collaborative manner. The Administrator's JAC is a key channel for this engagement and is comprised of senior representatives of all States and Territories and relevant Commonwealth departments and portfolio agencies.

The objectives of the Administrator's JAC are to:

- consider and provide advice to the Administrator on strategic issues related to the Administrator's functions under the NHR Agreement and NHR Act
- enable collaboration between the Administrator, NHFB, Commonwealth, State and Territory health departments and IHACPA on the relevant operational arrangements and priorities under the NHR Agreement and NHR Act.

The JAC met four times in 2024-25:

- 19 September 2024
- 21 November 2024
- 27 March 2025
- 19 June 2025.

Key discussion topics at the Administrator's JAC in 2024-25 included:

- Commonwealth NHR Funding, including estimates and reconciliation outcomes
- funding integrity, including data matching results and analysis
- Administrator's policies
  - Administrator's Three Year Data Plan
  - Administrator's Data Compliance Policy
  - Data Governance Policy
  - Calculation of NHR Funding Policy
  - Data Matching Business Rules
  - Payments System Policy.
- funding transparency
  - Service Agreements
  - data submissions and Statement of Assurance
  - monthly and annual NHR reporting
  - Maintenance of Effort.

**"We provide trusted and impartial advice and collaborate openly with our stakeholders."**

## States and Territories

In addition to the Administrator's JAC and series of rolling bilateral discussions with States and Territories, we worked with States and Territories one-on-one to support across our core functions of calculate, pay, report. Key topics in 2024-25 included calculation of NHR funding, activity analysis, funding integrity, payments through the Pool and funding transparency.

Additionally, we supplemented the Payments System Community of Practice with information sessions on topics including:

- end of month processing
- end of financial year
- custom reporting
- system software changes.

## Commonwealth

In 2024-25, we continued to be supported by, and work with our Commonwealth stakeholders through a range of formal and informal arrangements, including:

- the provision of shared services (e.g., payroll and IT desktop) from the Department of Health, Disability and Ageing
- Enterprise Data Warehouse (EDW) technical support from the Department of Health, Disability and Ageing
- the provision of public hospital activity data from Services Australia
- website hosting with GovCMS from the Department of Finance
- monthly roundtable discussions on NHR funding and activities with the Department of the Prime Minister and Cabinet, The Treasury, the Department of Finance, and the Department of Health, Disability and Ageing.

## Portfolio agencies

We work closely with our portfolio agency partners to support the Administrator to provide trusted and impartial advice to all stakeholders and deliver best practice administration of public hospital funding. These agencies include the IHACPA, the AIHW and the ACSQHC.

## Independent Health and Aged Care Pricing Authority

IHACPA's vision is for Australians to have fair access to transparent, sustainable, and high-quality health and aged care. They are an independent Commonwealth agency that promotes efficiency and increases transparency in the delivery and funding of public health and aged care services across Australia. The main functions of the IHACPA are to determine the NEP for ABF and National Efficient Cost (NEC) for Block funding for public hospital services each year.

In 2024-25, we worked closely with the IHACPA to align many of our core activities including:

- implementation of the Addendum, preparing for the transition of Community Mental Health from Block to ABF (from 2025-26) and reconciliation of Highly Specialised Therapies
- Six-month and Annual NWAU Reconciliation
- Three Year Data Plans, including alignment of new data requirements under a 'single provision, multiple use' approach.

We also participated in IHACPA's:

- Jurisdictional Advisory Committee
- Technical Advisory Committee.

For more information, visit: ihacpa.gov.au.

## Australian Institute of Health and Welfare

AIHW's purpose is to produce high quality data sets and analysis to support improvements in health and welfare. The AIHW is an independent statutory Australian Government agency with more than 30 years of experience working with health and welfare data. We collaborate with the AIHW on public hospital funding related matters.

In 2024-25, we worked closely with the AIHW to improve public reporting of funding, payments and services. This included improving our understanding of broader health and hospital funding through conducting information sessions on Health Expenditure, different funding mechanisms such as bundled payments and pathways for maternity care with both AIHW and IHACPA.

In 2024-25, we participated in AIHW's:

- Health Expenditure Advisory Committee
- Strategic Committee for National Health Information
- National Hospitals Information Advisory Committee
- National Health Data and Information Standards Committee.

For more information, visit: aihw.gov.au.

## Australian Commission on Safety and Quality in Health Care

ACSQHC's purpose is to contribute to better health outcomes and experiences for all patients and consumers, and improved value and sustainability in the health system by leading and coordinating national improvements in the safety and quality of health care. The Commission was established in 2006 to lead and coordinate national improvements in the safety and quality of health care. The Commission works in four key priority areas:

- safe delivery of health care
- partnering with consumers
- partnering with healthcare professionals
- quality, value and outcomes.

With IHACPA, we work with ACSQHC on the integration of safety and quality measures into public hospital funding.

For more information, visit: safetyandquality.gov.au.

## Overview of the relationship between the IHACPA and the NHFB

In August 2011, COAG agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory Governments, including the move from Block grants to a system that is predominantly funded on an 'activity-based' approach, supplemented by Block funding in certain circumstances.

These changes included establishing the:

- Administrator and the NHFB to improve transparency of public hospital funding arrangements
- IHACPA to set the NEP for ABF activity and the NEC for Block funded services.

The NEP and NEC are a major determinant of the level of Commonwealth Government funding for public hospital services and provide a price signal or benchmark for the efficient cost of providing public hospital services.

## INDEPENDENT HEALTH AND AGED CARE PRICING AUTHORITY (IHACPA)

### Data collection

The IHACPA collects quarterly public hospital activity data submissions from States and Territories about various kinds of patient services provided by Australian hospitals. They use this data as inputs into the classification, costing and pricing process. The NHFB use this same data for reconciliation of actual services delivered.

### Classification

Classifications provide a nationally consistent method of classifying all types of patients, their treatment and associated costs. IHACPA undertakes reviews and updates of existing classifications and is also responsible for introducing new classifications.

### Costing

Hospital costing focuses on the cost and mix of resources used to deliver patient care. Costing plays a vital role in Activity Based Funding, providing valuable information for pricing purposes.

### Pricing

The IHACPA determines the National Efficient Price. This pricing model determines how much is paid for an average patient. It also recognises factors that increase the cost of care, for example, the additional cost of providing health services in remote areas, or to children. The NHFB use this when calculating the Commonwealth's contribution to public hospital funding.

## NATIONAL HEALTH FUNDING BODY (NHFB)

### Calculate

Commonwealth funding is calculated using the Commonwealth Contribution Model. The IHACPA's National Efficient Price and public hospital activity estimates from States and Territories are key inputs into this model.

### Pay

The Payments System is used to facilitate Commonwealth and State and Territory public hospital funding payments to Local Hospital Networks.

### Report

Reports on funding, payments and services are published to publichospitalfunding.gov.au on a monthly basis to provide transparency of public hospital funding.

**"Together, we are responsible for implementing Australia's public hospital funding arrangements."**

# FINANCE YEAR IN REVIEW

**I am proud of the culture we have developed at the NHFB. I have had the privilege of observing the benefits of empowering our people to act on opportunities for growth and innovation.**

**Ben Nicholls**
Chief Finance Officer,
National Health Funding Body

## Message from the Chief Finance Officer

Our culture is based on our United Leadership behaviours which supports us to remain accountable and achieve high standards of performance.

In 2024-25, we continued to invest in our people to enhance and innovate our approaches to deliver our core capabilities. We partnered with industry to obtain valuable insights that can propel our organisation. We also continued to encourage experimentation by leveraging digital platforms to support automation and reporting.

We are committed to delivering best practice financial administration and improving transparency in public hospital funding in an evolving environment.

In 2024-25, we continued to manage our finances in line with three key principles:

- **People –** Invest in our people to enhance and sustain core capabilities.
- **Process –** Continue to focus on core business, leveraging industry partner expertise and advice.
- **Technology –** Maximise benefit from digital platforms.

As we move into the next financial year, we will continue to focus on the effective allocation of resources to ensure our organisation can respond to emerging priorities.

## Investing in our people to enhance and sustain core capabilities

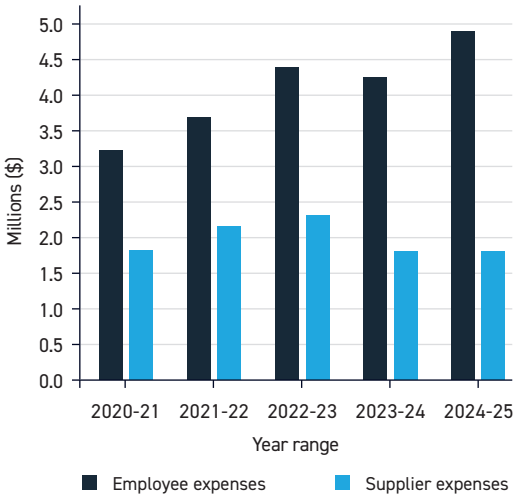
We encourage a culture of continuous improvement and innovation. We regularly review and refine our processes and strategies to enhance productivity without jeopardising the quality of our products.

As a small agency with an operating budget of $7.1 million and a staffing allocation of 28 ASL, we have planned rigorously, investing significantly to reduce contractor reliance and strengthen our in-house APS capability.

By developing our skills and expertise internally, we have become more agile, innovative and self-reliant. In 2024-25, seven percent of our expenditure reflected our investment in our staff through the provision of formal learning and development programs and professional memberships.

Over the last six years we have not entered into any consultancy contracts. These efforts are also reflected in our 2025 APS Agency Survey response where we reported zero core work is outsourced. In 2025-26, our target remains at zero.

**Figure 8:** Employee and supplier expenditure




## Maximising benefit from digital platforms

### Calculate

In 2024-25, we further invested in our data analytics capability to support our calculate function. This investment ensured staff have access to best-practice industry tools to enhance their skills and productivity.

We invested in the maintenance and continuous refinement of the CCM to ensure it continues to meet its full potential. The refinements made in the current year have automated processes which maintain the reliability and accuracy of our activity calculations. Further updates were made to the CCM in early 2025 in preparation for Schedule K to the Addendum, agreed by all governments on 5 February 2025, for funding calculations for 2025-26.

### Pay

We ensured that software releases for the Payments System are applied in a timely manner to maintain the security and integrity of the Payments System. Since the implementation of the Payments System on 1 October 2019, over $357 billion in payments have been successfully processed with no errors, no delays and zero instances of fraud.

We worked with industry partners and the States and Territories to improve user experience through a number of minor releases to further enhance security, functionality and reporting capability.

### Report

Our website facilitates public reporting of funding, payments and activity. We have continued to leverage off our digital platform to enhance the quality of our reporting and reduce our reliance on external developers.

In 2025-26, we will review and refine the structure of our information and identify opportunities to improve user experience.

# PART 2:

# ANNUAL PERFORMANCE

This section highlights our performance throughout 2024-25 and the work we undertook to improve the transparency of public hospital funding in Australia.

# ANNUAL PERFORMANCE STATEMENT 2024-25

This section highlights our performance throughout 2024-25 and the work we undertook to improve the transparency of public hospital funding in Australia.

## Agency outcome

We are proud to report that we have met all our objectives for the 2024–25 reporting period. We provide details of our significant achievements throughout the year across our five key objectives in this Statement. For each objective we detail our performance against established measures.

## Reporting approach

Our performance is measured against our purpose through a range of performance criteria outlined in the Commonwealth Department of Health and Aged Care Portfolio Budget Statements 2024–25 (page 364) and the NHFB Corporate Plan 2024–25 (pages 27 to 32).

This reporting framework is detailed in Figure 9 and provides an overview of our purpose, objectives and performance indicators.

## Statement of Preparation

I, as the Accountable Authority of the NHFB, present the 2024–25 Annual Performance Statement as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

**Shannon White**
Chief Executive Officer
National Health Funding Body
18 September 2025

**Figure 9:** Relationship between 2024–25 Portfolio Budget Statements, 2024-25 Corporate Plan and 2024-25 Performance Statement

## PORTFOLIO BUDGET STATEMENTS 2024-25

### OUTCOME 1

Improve transparency of public hospital funding in Australia by supporting the obligations and responsibilities of the Administrator of the National Health Funding Pool through best practice administration of public hospital funding.

### PROGRAM 1.1: NATIONAL HEALTH FUNDING POOL ADMINISTRATION

The NHFB supports the Administrator of the National Health Funding Pool in paying and reporting Commonwealth, state and territory funding for public hospital services – responsible for $64 billion a year. The NHFB ensures payments from the National Health Funding Pool are made in accordance with directions from the responsible state or territory Minister, and are in line with the National Health Reform Agreement and the Addendum to the National Health Reform Agreement.

| PERFORMANCE CRITERIA 1 | PERFORMANCE CRITERIA 2 | PERFORMANCE CRITERIA 3 |
|---|---|---|
| Accurate and timely calculation of Commonwealth funding contributions | Best practice financial administration of the National Health Funding Pool | Effective reporting of public hospital funding |

## NHFB CORPORATE PLAN 2024-25

**PURPOSE:** To support the obligations and responsibilities of the Administrator through best practice administration of public hospital funding.

| OBJECTIVE 1 | OBJECTIVE 2 | OBJECTIVE 3 | OBJECTIVE 4 | OBJECTIVE 5 |
|---|---|---|---|---|
| Accurate and timely calculation of Commonwealth funding contributions | Best practice financial administration of the National Health Funding Pool | Effective reporting of public hospital funding | Productive relationships with stakeholders and partners | Operate as a high performing organisation |

## PERFORMANCE STATEMENT 2024-25

| PERFORMANCE CRITERIA 1 AND OBJECTIVE 1 | PERFORMANCE CRITERIA 2 AND OBJECTIVE 2 | PERFORMANCE CRITERIA 3 AND OBJECTIVE 3 | OBJECTIVE 4 | OBJECTIVE 5 |
|---|---|---|---|---|
| Pages 38-47 | Pages 48-53 | Pages 54-63 | Pages 64-69 | Pages 70-79 |

## OBJECTIVE ONE
**Accurate and timely calculation of Commonwealth funding contributions**

### ANALYSIS OF PERFORMANCE IN 2024-25

**Commonwealth funding for Activity Based, Block and Public Health funding is calculated using the Commonwealth Contribution Model, a transparent, robust and independently reviewed methodology.**

We continue to achieve our purpose by providing accurate and timely calculations of Commonwealth funding contributions that underpin the advice provided by the Administrator to the Commonwealth Treasurer.

In 2024-25, we calculated Commonwealth funding contributions on behalf of the Administrator, and provided advice to the Commonwealth, State and Territory Governments, including:

- initial 2024-25 NHR payment advice detailing $30.161 billion in total Commonwealth NHR funding
- updates to NHR payment advice, increasing total Commonwealth funding for 2024-25 to $30.189 billion
- initial 2025-26 NHR payment advice detailing $32.206 billion in Commonwealth NHR funding, noting this did not include the additional $1.7 billion in one-time fixed funding (Schedule K) to be provided to States and Territories outside of the National Health Funding Pool.

Table 1 shows the cash paid by the Commonwealth each financial year based on activity estimates provided by States and Territories. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

We completed the 2023-24 Annual Reconciliation for NHR funding ($28.349 billion) within nine weeks of receiving activity data – matching last year's benchmark for the earliest an annual reconciliation has been completed.

The 2023-24 Annual Reconciliation advice also included a final funding entitlement of $44 million under the National Partnership for Priority Group Testing and Vaccinations (PGTV). The objective of the PGTV was to protect priority population groups from COVID-19 by delivering testing and vaccination programs. The PGTV delivered over 1.3 million COVID-19 tests and over 35,000 vaccines to priority groups during the period 1 January 2023 to 1 December 2023.

We continued to improve funding integrity outcomes through our data matching activities during Six-month and Annual Reconciliations. We identified public hospital services that appeared to have been paid under both NHR and the Medicare Benefits Schedule (MBS), and worked with our stakeholders to ensure public hospital services are funded through the appropriate Commonwealth program. In 2024-25 this included developing draft Business Rules, facilitating workshops and sharing case studies related to Pharmaceutical Benefits Scheme (PBS) payments linked to NHR funded activity.

**"Our calculations are accurate and our reconciliation of activity is timely."**

We provided independent, expert advice to the Administrator, Commonwealth, State and Territory governments on public hospital activity growth trends/changes and worked with our stakeholders to improve the quality and timeliness of data submissions.

We continued to invest in our data analytics capabilities by expanding our Data, Modelling and Analysis (DMA) Learning Pathway. An element of our NHFB Academy, the DMA Learning Pathway provides structured training covering a wide range of skills, including APS fundamentals and role-specific technical expertise. This supports new starters through to those with years of experience and also supports career progression offering clear development milestones from onboarding through to expert levels, as well as opportunities to become a trainer or mentor.

### YEAR AHEAD

In 2025-26, we will:

- finalise the 2024-25 Annual Reconciliation, including funding integrity activities
- update 2025-26 funding calculations following advice from State and Territory health ministers
- finalise the 2025-26 Six-month Reconciliation
- prepare for 2026-27 funding calculations
- work with States and Territories through the Data Community of Practice to improve data quality and timeliness
- share analysis and insights with our stakeholders to improve the transparency of funding, payments and activities.

**Table 1:** Commonwealth NHR funding (excluding NPCR funding)

| $ 000'S | 2019-20[1] ENTITLEMENT | 2020-21[2] ENTITLEMENT | 2021-22[3] ENTITLEMENT | 2022-23[4] ENTITLEMENT | 2023-24 ENTITLEMENT | 2024-25[5] ESTIMATE | 2025-26 ESTIMATE | CASH PAID |
|---|---|---|---|---|---|---|---|---|
| 2019-20 Cash Paid | 22,328,058 | - | - | - | - | - | - | 22,560,859[6] |
| 2020-21 Cash Paid | -492,493 | 22,931,025 | - | - | - | - | - | 22,438,532 |
| 2021-22 Cash Paid | - | -260,146 | 24,315,259 | - | - | - | - | 24,055,113 |
| 2022-23 Cash Paid | - | - | -797,317 | 26,608,630 | - | - | - | 25,811,313 |
| 2023-24 Cash Paid | - | - | - | -1,894 | 28,319,917 | - | - | 28,318,023 |
| 2024-25 Cash Paid | - | - | - | - | 28,602 | 30,188,683 | - | 30,217,285 |
| 2025-26 Cash Paid | - | | | | | TBC | 32,206,270 | TBC |
| **FINAL ENTITLEMENT** | **21,835,565** | **22,670,879** | **23,517,942** | **26,606,735** | **28,348,519** | **30,188,683** | **32,206,270** | **-** |

1 The 2019-20 Commonwealth NHR funding entitlement excludes $572,278,881 in HSP under the NPCR

2 The 2020-21 Commonwealth NHR funding entitlement excludes $1,325,128,059 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes $1,876,996,162 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes $210,889,114 in HSP under the NPCR.

5 As at July 2025 Payment Advice.

6 The total cash paid for 2019-20 includes payments of $232,801,531 related to entitlements for the 2018-19 financial year.

## 1.1 FUNDING CALCULATIONS ARE ACCURATE

Performance criteria 1.1 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

100% of Commonwealth funding contributions to be paid into each State and Territory Pool Account are accepted by the Administrator.

**RESULT**

Met

### ANALYSIS

The initial CCM for 2024–25 was approved by the Administrator and supported the payment advice provided to the Commonwealth Treasurer on 25 June 2024.

This advice included the initial calculation of the Commonwealth's contribution to public hospital funding in 2024–25 ($30.161 billion) which was subsequently updated throughout the financial year (refer to performance criteria 1.4). The final payment advice resulted in $30.189 billion in Commonwealth NHR funding for 2024-25.

To provide assurance to the Administrator and our stakeholders of the integrity of the inputs, processes and outputs of the CCM we engage an industry partner each year to undertake an independent review of the CCM. By outsourcing this assurance activity, we can obtain an unbiased and candid view of our controls, processes and systems. In 2024-25, this included:

- confirmation of the validity and completeness of entered data and outputs
- confirmation that annual reconciliation payment adjustments had been entered and calculated accurately.

Further updates were made to the CCM in March and April 2025 in preparation for 2025-26 funding calculations to give effect to Schedule K to the Addendum, agreed by all governments on 5 February 2025.

Table 2 shows the Commonwealth NHR funding contribution, by service category, from 2020-21 to 2024-25. The figures from 2020-21 to 2023-24 are the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer based on the reconciliation of actual services delivered. The 2024-25 figures are based on estimates from States and Territories and are still subject to an Annual Reconciliation (circa November 2025).

**Table 2:** Commonwealth's contribution to public hospital funding

| NATIONAL<br>$ million | 2020-21<br>ENTITLEMENT | 2021-22<br>ENTITLEMENT | 2022-23<br>ENTITLEMENT | 2023-24<br>ENTITLEMENT | 2024-25<br>ESTIMATE |
|---|---|---|---|---|---|
| Emergency Department | 3,163.3 | 3,315.0 | 2,919.4 | 3,048.4 | 3,654.2 |
| Acute Admitted | 11,757.4 | 12,042.2 | 13,778.2 | 14,725.6 | 15,267.0 |
| Admitted Mental Health | 1,016.3 | 1,086.9 | 1,126.2 | 1,189.9 | 1,333.3 |
| Sub-acute | 1,193.7 | 1,428.6 | 1,543.4 | 1,690.3 | 1,623.3 |
| Non-admitted | 3,153.5 | 3,204.2 | 3,407.7 | 3,600.2 | 3,918.4 |
| **TOTAL ABF FUNDING** | **20,284.2** | **21,076.8** | **22,775.0** | **24,254.3** | **25,796.1** |
| Teaching Training and Research | 623.2 | 737.5 | 732.3 | 781.8 | 836.8 |
| Small Rural Hospitals | 1,111.5 | 1,153.4 | 1,160.2 | 1,212.0 | 1,008.9 |
| Non-admitted Mental Health | 1,042.7 | 1,120.6 | 1,188.3 | 1,255.5 | - |
| Non-admitted CAMHS | 60.0 | 99.1 | 121.7 | 140.7 | - |
| Other Mental Health[1] | - | - | - | - | 1,814.4 |
| Non-admitted Home Ventilation | 31.2 | 36.6 | 32.8 | 32.6 | 34.3 |
| Other Non-admitted Services | 22.6 | 22.7 | 22.9 | 23.1 | 11.7 |
| Other Public Hospital Programs | 126.7 | 106.1 | 52.4 | 52.7 | 36.6 |
| Highly Specialised Therapies | 25.9 | 38.9 | 40.1 | 73.4 | 95.0 |
| **TOTAL BLOCK FUNDING** | **3,043.8** | **3,315.0** | **3,350.7** | **3,571.8** | **3,837.8** |
| **PUBLIC HEALTH FUNDING** | **439.3** | **470.0** | **491.9** | **522.4** | **554.8** |
| **TOTAL ENTITLEMENT[2]** | **23,767.3** | **24,861.8** | **26,617.7** | **28,348.5** | **30,188.7** |

1 In 2024-25, Other Mental Health includes Non-admitted Mental Health, Non-admitted CAMHS as well as stand-alone facilities from Small Rural Hospitals. This approach was introduced as a precursor to the transition of Community Mental Health services from Block funding in 2024-25 to Activity based funding in 2025-26.

2 Total Entitlement includes Hospitals Services Payments (HSP) under the NPCR.

## 1.2 FUNDING ENTITLEMENTS RECONCILE TO ACTUAL SERVICES DELIVERED

Performance criteria 1.2 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

Adjustments made to Commonwealth payments to Local Hospital Networks (LHNs) due to reconciliation are accepted by the Administrator.

**RESULT**

Met

### ANALYSIS

Commonwealth NHR funding begins with States and Territories submitting estimates of expected hospital activity, measured in NWAU. These estimates are used by the Administrator to calculate the Commonwealth Activity Based Funding (ABF). Based on these calculations, the Commonwealth makes advance payments throughout the year (See Objective 1.1 and 1.4).

As hospitals deliver services, in line with the Administrator's Three Year Data Plan, actual activity data is collected and submitted by States and Territories quarterly.

Twice yearly, following six-month and annual data submissions (due 31 March and 30 September respectively), we reconcile the estimated activity provided by States and Territories to the actual public hospital activities delivered.

Adjustments to Commonwealth payments are only made after the reconciliation has been finalised. This means that the Commonwealth's final funding contribution (the funding entitlement), is based on the actual services delivered.

Table 3 shows the final Commonwealth funding entitlements over time by payment type. In addition to NHR funding, the table includes Commonwealth funding provided during the COVID-19 global pandemic under the National Partnership on COVID-19 Response and the Commonwealth's Minimum Funding Guarantee (ensuring no State was left worse off as a result of the COVID-19 pandemic).

Preliminary 2023-24 Annual Reconciliation results were provided to the Commonwealth, States and Territories during a series of bilateral discussions in early November 2024 ahead of the Administrator's Jurisdictional Advisory Committee (JAC) meeting on 21 November 2024.

Following a period of engagement and collaboration with stakeholders, the Administrator's advice on the 2023-24 Annual Reconciliation was provided to the Commonwealth Treasurer (and all health ministers) on 2 December 2024. This matched last year's benchmark for the fastest annual reconciliation, and the seventh year in a row it has been completed by March (as required under the Addendum).

To ensure our public hospital funding and activity calculations are accurate, we engage an independent expert to review our processes. This review involves a detailed check of how the NHFB calculates activity and any subsequent funding adjustments. In 2024-25, this included:

- confirmation that the code is reflective of NHR funding requirements and the Administrator's decisions/policies that govern the calculation have been applied correctly
- confirming the validity and completeness of data entered
- validating outputs, including checks by jurisdiction, Local Hospital Network and service category, including comparing outcomes with previous years
- ensuring IHACPA technical specifications are correctly applied
- validating that the monthly Commonwealth payments scheduled for 2024–25, and the amounts allocated to each Local Hospital Network, were calculated accurately.

This process is a key element in providing assurance to the Administrator and our stakeholders that our public hospital funding calculations are accurate.

**Table 3:** Commonwealth funding entitlements

| $ billion | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 ESTIMATE[1] | 2025-26 ESTIMATE[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| NHR Funding | 18.953 | 19.877 | 21.169 | 21.304 | 22.448 | 23.045 | 26.607 | 28.349 | 30.189 | 32.206 |
| One-off Payments | - | - | - | - | - | - | - | - | - | 1.701 |
| Funding Guarantee | - | - | - | 0.532 | 0.223 | 0.473 | - | - | - | - |
| Hospital Service | - | - | - | 0.572 | 1.325 | 1.877 | 0.211 | - | - | - |
| **SUBTOTAL ACTIVITY RELATED** | **18.953** | **19.877** | **21.169** | **22.408** | **23.996** | **25.395** | **26.818** | **28.349** | **30.189** | **33.907** |
| State Public Health | - | - | - | 1.420 | 2.309 | 4.337 | 0.704 | - | - | - |
| Financial Viability | - | - | - | 0.470 | 0.356 | 0.444 | 0.238 | - | - | - |
| Priority Groups | - | - | - | - | - | - | - | 0.044 | - | - |
| **TOTAL FUNDING** | **18.953** | **19.877** | **21.169** | **24.298** | **26.661** | **30.176** | **27.760** | **28.392** | **30.189** | **33.907** |

1 As at the May 2025 Payment Advice.

2 As at the July 2025 Payment Advice.

## 1.3 PUBLIC HOSPITAL SERVICES ARE FUNDED THROUGH THE APPROPRIATE COMMONWEALTH PROGRAM

Performance criteria 1.3 (Corporate Plan) and PBS 2024-25 page 364

| 2024-25 TARGET | RESULT |
| --- | --- |
| Integrity analysis of hospital activity and other Commonwealth program activity identifies instances where the same hospital service has been funded more than once. | Met |

### ANALYSIS

One of the Administrator's responsibilities under the Addendum is to ensure the integrity of NHR funding.

One of the mechanisms to achieve this is through the matching of State and Territory hospital activity data with Commonwealth program data. The objective is to identify potential instances where the Commonwealth may have contributed funding for a public hospital service both under the NHR Agreement and another Commonwealth program (for example, the Medicare Benefits Schedule (MBS) or the Pharmaceutical Benefits Scheme (PBS)).

Where a matched payment is identified as a private patient incorrectly coded as a publicly funded hospital service (i.e. a private patient not eligible for NHR funding), the NHFB and Administrator work with the relevant jurisdiction to correct data coding.

Where it is identified that the same service (or part thereof) has potentially been funded from both the NHR Agreement and another Commonwealth Program, these services are referred to the Commonwealth Department of Health, Disability and Ageing for any compliance activities through mechanisms outside of the NHR Agreement. A copy of the data is also provided to the relevant State or Territory for review and investigation.

#### PBS Data Matching

In 2024-25, in consultation with the Commonwealth Department of Health, Disability and Ageing, we developed draft 2024-25 PBS Data Matching Business rules. These were shared with stakeholders as part of the Administrator's November 2024 Jurisdictional Advisory Committee meeting. The draft rules set out the approach, including data preparation as well as the reporting requirements.

Following the Administrator's March 2025 Jurisdictional Advisory Committee meeting, we facilitated a workshop with jurisdictions to discuss the draft business rules and preliminary insights from the data.

Then, during bilateral discussions with States between 27 May and 2 June 2025, the Administrator and the NHFB presented State-specific, de-identified, patient-level examples showing the prescription and supply of PBS drugs 'within hospital treatment'. These examples constitute potential services that do not meet the conditions of the Pharmaceutical Reform Agreement. We then shared the data supporting the case studies to States for review and feedback ahead of further work in 2025-26.

**Table 4:** Total potentially overpaid MBS benefits matched to public hospital services

| $ | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|
| Emergency | 74,504,542 | 76,368,444 | 71,720,879 | 75,262,747 | 80,610,026 |
| Acute | 83,645,292 | 86,862,316 | 82,035,661 | 77,461,414 | 72,677,244 |
| Mental Health | 2,426,480 | 2,312,274 | 2,008,749 | 1,994,469 | 2,126,778 |
| Sub-acute | 5,013,399 | 5,061,319 | 5,295,388 | 5,236,699 | 5,189,131 |
| Non-admitted | 273,517,183 | 310,188,652 | 274,761,081 | 275,044,358 | 261,422,707 |
| **TOTAL^** | **408,696,719** | **449,830,420** | **407,784,814** | **406,841,908** | **395,882,791** |

^ MBS items matched to more than one service category have only been counted once in the total benefits.

**MBS Data Matching**

MBS data matching activities were first integrated into our business-as-usual activities starting with the 2020-21 Annual Reconciliation. Data matching for the 2023-24 annual hospital activity data commenced in October 2024, with preliminary datasets made available to all jurisdictions by 14 November 2024 (against a target date of 30 November 2024) following their acceptance of terms and conditions (outlining requirements for the use and storage of data).

Final 2023-24 datasets were then provided to jurisdictions on 20 December 2024, which identified $396 million in MBS benefits paid matched to public hospital activities. The majority of matches were in the non-admitted service stream, which accounts for approximately $261 million in potentially overpaid MBS benefits. Emergency department and acute admitted services matches accounted for $81 million and $73 million, respectively (see Table 4).

Overall, 6.5% of hospital activities eligible for NHR funding in the 2023-24 annual data submission were matched to potentially overpaid MBS items. This represents an improvement from the pre-COVID matching results from 2018-19, when 10.1% of hospital activities were matched.

In 2024-25 we worked with jurisdictions to further refine the business rules which enhanced our ability to identify both miscoded private patients as well as duplicate payments. Through our proactive engagement with jurisdictions, we were able to successfully remove over $27 million in miscoded private patients and duplicate hospital activity data from the 2023-24 Annual Reconciliation.

**"In 2025-26, we will share more of our analysis and insights to improve the integrity of public hospital funding."**

## 1.4 THE TREASURER IS ADVISED IN A TIMELY MANNER

Performance criteria 1.4 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

100% of the advice regarding Commonwealth funding is provided to the Treasurer in a timely manner by the Administrator.

**RESULT**

Met

### ANALYSIS

To enable the Administrator to calculate the Commonwealth's NHR funding contribution each financial year, States and Territories are required to provide the Administrator with:

- estimated activity volumes by service category by 31 March for the next financial year (clause A105)
- confirmed activity volumes by service category for each Local Hospital Network (LHN) by 31 May for the next financial year (clause A106).

All eight States and Territories submitted their estimated 2024-25 service volumes by 31 March 2024 (compared to six of eight last year).

Seven of eight States and Territories provided their confirmed 2024-25 service volumes by 31 May 2024 (compared with five of eight last year), with the remaining one submitted on Monday, 3 June 2024.

We then used the confirmed service volumes (as represented by NWAU to calculate the Commonwealth's initial ($30.161 billion) NHR funding contribution to public hospitals in 2024-25. The Administrator signed-off and provided the initial 2024-25 payment advice to the Commonwealth Treasurer on 25 June 2024.

The Commonwealth Treasury then completed the first 2024-25 Commonwealth NHR payments to States and Territories on 8 July 2024.

Updates to payment advice can happen multiple times a year if a State or Territory provide updated activity estimates to the Administrator. In 2024-25, the NHFB calculated, and the Administrator signed-off on four additional updates to Payment Advice.

Updates to 2024-25 Payment Advice were provided to the Commonwealth Treasurer on:

- 23 September 2024, which updated payments from 1 October 2024 to 30 June 2025
- 10 December 2024, which updated payments from 1 January 2025 to 30 June 2025
- 21 January 2025, which updated payments from 1 February 2025 to 30 June 2025
- 16 April 2025, which updated payments from 1 May 2025 to 30 June 2025.

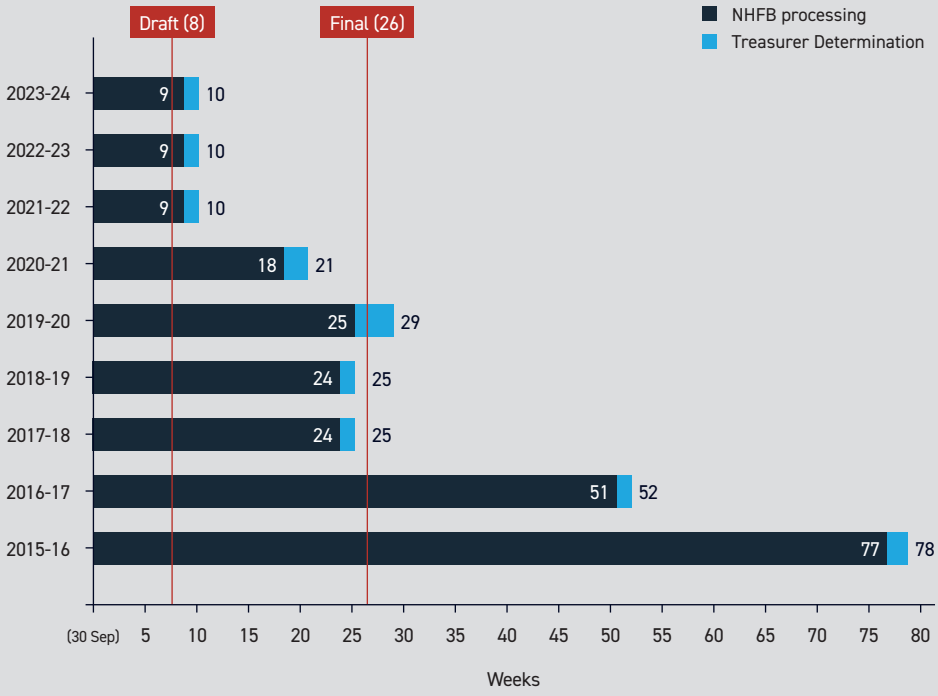
Based on updated activity estimates, the final 2024-25 Payment Advice resulted in $30.189 billion in Commonwealth NHR funding (see Objective 1.1).

Each update to the Administrator's Payment Advice is also distributed to all health ministers and State and Territory health department CFOs. Twice yearly, estimated activity provided by States and Territories is reconciled against the actual public hospital activities delivered.

This occurs following the provision of six-month and annual data by States and Territories (due 31 March and 30 September respectively). Adjustments to Commonwealth payments are only made after the reconciliations have been finalised. This means that the Commonwealth's funding contribution is based on the actual services delivered.

The Treasurer's Federal Financial Relations (National Health Reform Payments for 2023-24) Determination 2024 was made on 4 December 2024. This matched last year's benchmark for the fastest annual reconciliation, and the seventh year in a row advice has been provided to the Commonwealth Treasurer by the end of March (as required under the Addendum). Figure 10 shows the timeliness of Annual Reconciliation advice to the Treasurer from 2015-16 to 2023-24. The figure also shows the improvement we have made against a target of 26 weeks.

**Figure 10:** Annual Reconciliation and Treasurer Determination timeline




Note: September 30 - Q4 Data due for Annual Reconciliation.

## OBJECTIVE TWO
**Best practice financial administration of the National Health Funding Pool**

### ANALYSIS OF PERFORMANCE IN 2024-25

**We continue to achieve our purpose of improving the transparency of public hospital funding by enhancing our core capabilities, better utilising our resources, adopting innovative approaches and working with our stakeholders.**

In 2024-25, we administered over $79 billion in NHR payments from Commonwealth, State and Territory funding contributions (compared to $35.6 billion in 2012-23) as shown in Table 5. The figures in Table 5 exclude:

- out-of-scope
- interest paid from the Pool account
- over deposit of State contributions paid back to the respective State department
- cross border funding transferred to other States or paid back to the respective State health department.

During 2019-20 and 2020-21, we focused on large-scale innovation, including significant digital transformation across our core functions: calculate, pay, report.

This involved transitioning the Commonwealth Contribution Model to a more reliable SAS-based platform, launching a new National Health Funding Pool Payments System (the Payments System) on a TechnologyOne platform and transitioning our website to the whole-of-government GovCMS platform.

Fast forward to 30 June 2025, and since its launch on 1 October 2019, over $357 billion in public hospital funding has been transacted through the Payments System with no errors or delays in the processing of payments and zero instances of fraud. As an agency, we paused on 30 August 2024 to celebrate the five-year anniversary of the Payments System along with the milestone of over $300 billion in payments.

The National Health Funding Pool (the Pool) receives all Commonwealth (ABF and Block) and State and Territory (ABF only) public hospital funding.

**Table 5:** Total payments through the National Health Funding Pool in 2024-25

| STATE OR TERRITORY $ '000 | 2024-25 | | |
|---|---|---|---|
| | Commonwealth Contribution | State Contribution | TOTAL CONTRIBUTION |
| New South Wales | 8,896,625 | 11,442,048 | 20,338,673 |
| Victoria | 7,306,813 | 11,946,888 | 19,253,701 |
| Queensland | 7,071,598 | 10,943,254 | 18,014,852 |
| Western Australia | 3,265,349 | 5,514,609 | 8,779,958 |
| South Australia | 2,045,079 | 3,577,782 | 5,622,861 |
| Tasmania | 661,094 | 1,389,253 | 2,050,347 |
| Australian Capital Territory | 543,944 | 1,336,440 | 1,880,384 |
| Northern Territory | 426,783 | 781,226 | 1,208,009 |
| **TOTAL** | **30,217,285** | **46,931,500** | **77,148,785** |

The Pool comprises of a RBA account for each State and Territory, with each State and Territory also having established a State Managed Fund (SMF) to manage Block funding.

State Pool Accounts are bank accounts established under the laws of States and Territories for the purpose of the NHR Agreement. Under the Addendum States and Territories must provide the same payment information as required for Pool accounts.

The Payments System is used both by NHFB staff and relevant State and Territory health department personnel and is only accessible to approved users.

Of the $79 billion transacted through the Pool in 2024-25, LHNs and third parties were directly paid $77 billion, with the balance paid to State and Territory health departments.

The Payments System also facilitates the reporting of public hospital funding receipts and payments on a monthly basis, which is made publicly available via publichospitalfunding.gov.au (refer to Objective 3).

We aimed to promote greater compliance with the Addendum and improve the transparency of:

- in-scope funding by ensuring that State ABF contributions and cross-border ABF transactions between States were processed through the Pool
- out-of-scope funding through engaging with States and Territories to accurately identify additional funding being transacted through the Pool and State Managed Funds.

**"Delivering best practice financial administration of more than $77 billion in public hospital funding."**

In October 2020, we established a dedicated Payments System Community of Practice. The Community of Practice is made up of Payments System users from each State and Territory. The forum provides a support network for users, and a mechanism to share knowledge and discuss opportunities for improvement. The Community of Practice meets quarterly and focuses on:

- Payments System policies and procedures
- monthly and annual reporting
- system enhancements
- change and release schedules
- user training.

We supplemented the Community of Practice with virtual training and information sessions for users across all States and Territories on topics including payment and receipt processing and custom reporting. We also used this forum to restate user access security requirements and access management processes. We also improved our monthly financial reporting processes to capture and validate data to support funding transparency (see Objective 3).

### YEAR AHEAD

In 2025-26, we will:

- engage with States and Territories to ensure both Commonwealth payments and State and Territory payments (ABF and Block) align to Service Agreements
- provide greater transparency of payments through the Pool (including out-of-scope funding)
- maintain our strong governance and system administration of the Payments System
- continue to work with States and Territories through the Payments System Community of Practice on improving user experience, including training and support.

## 2.1 PAYMENTS TO EACH LOCAL HOSPITAL NETWORK (LHN) ACCORD WITH DIRECTIONS FROM RESPONSIBLE STATE AND TERRITORY MINISTERS AND SERVICE AGREEMENTS

Performance criteria 2.1 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

100% of payments from the Pool are made in accordance with directions.

**RESULT**

Met

### ANALYSIS

In 2024-25 we ensured that payments made to LHNs aligned with directions from responsible State and Territory Ministers (or their delegates), with 100% of Commonwealth payments from the Pool aligned to the Administrator's Payment Advice to the Commonwealth Treasurer. Figure 11 highlights the source, type and amount of funding that flowed through the Pool and SMFs in 2024-25.

NHR Agreement funding occurs when the Commonwealth or State pay into a State Pool account or SMF for in-scope activities. NHR Agreement payments occur when the funding is paid out of the State Pool account by the Administrator or is paid out of the SMF by the State.

All in-scope ABF is required to be transacted through the Pool (on a cash basis), to fund public hospital services in accordance with LHN Service Agreements and is reported at publichospitalfunding.gov.au.

In addition, out-of-scope funding can be transacted through the Pool but needs to be separately identifiable. In this context it should be noted that State payments through the Pool do not appear to be undertaken on a consistent basis across States (see Objective 3).

The NHFB has been working with the States to review public hospital funding transacted through the Pool in comparison to in-scope activity published in their respective LHN Service Agreements

In 2024-25, we administered over $79 billion in NHR payments from Commonwealth, State and Territory funding contributions (across 365 banking transactions). Additionally, cross border payments are made between State governments where States and Territories retrospectively reimburse each other for treating each other's residents. This figure excludes Commonwealth, State and Territory out-of-scope funding.

In 2025-26, we will continue to work with States and Territories to understand and improve the identification and transaction of all out-of-scope State funding contributions through the out-of-scope fund account in the Payments System.

Figure 12 provides an overview of the data and funding flows between the Payments System, Commonwealth, States and Territories, RBA and LHNs. The figure shows the provision of payment advice to the Treasurer, cash deposits from the Commonwealth, States and Territories, payment directions from States and Territories, and the payments made to LHNs. It also shows the information flow for funding and payment published reports.

**Figure 11:** 2024-25 public hospital funding and payment flows

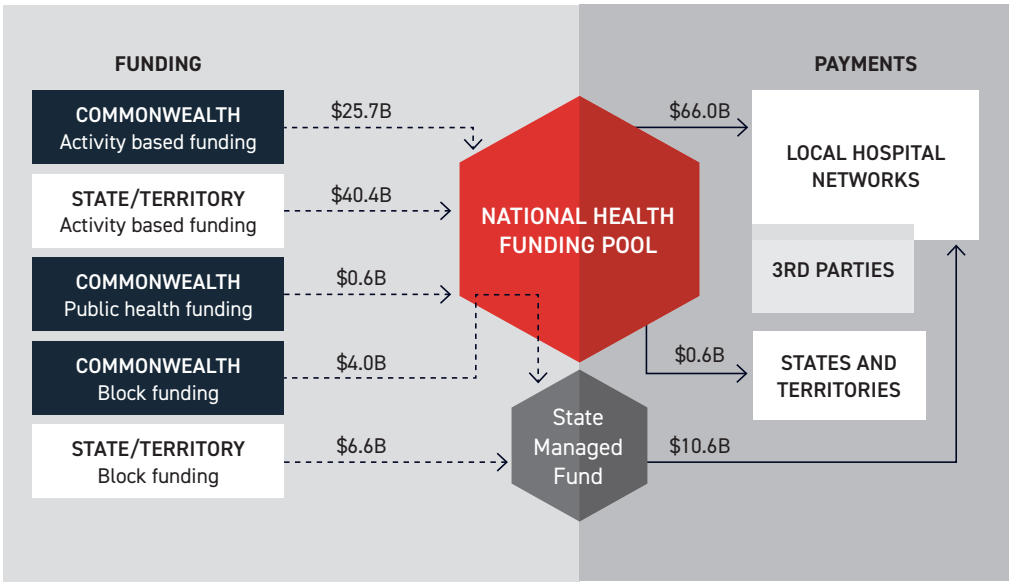
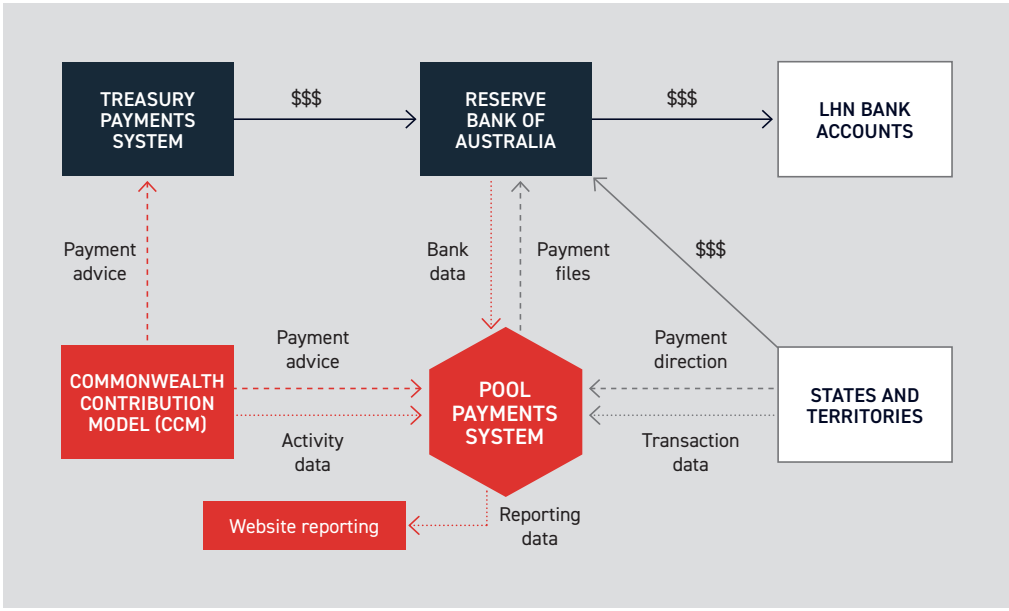



**Figure 12:** Payment System data and funding flows



## 2.2 MAINTAIN THE INTEGRITY OF THE PAYMENTS SYSTEM

Performance criteria 2.2 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

100% of the Administrator's Payments System policies, plans and manuals are reviewed and maintained.

**RESULT**

Met

### ANALYSIS

Since the implementation of the Payments System on 1 October 2019, more than $357 billion in payments have been successfully processed with no errors, no delays and no fraudulent transactions.

Built using TechnologyOne CiA OneGov Software as a Service (SaaS) hosted by Amazon Web Services (AWS), the Payments System solution was configured specifically for the NHFB to capture all transactions related to the National Health Reform (NHR) Agreement including:

- receipts into the National Health Funding Pool (Accounts Receivable)
- payments from the National Health Funding Pool (Accounts Payable) and
- amounts 'notionally' processed through State Managed Funds (recognised using General Ledger Journals).

The Payments System was also configured in a way that allows additional funding streams to be transacted through the Pool for example, funding from sources other than the NHR Agreement (e.g. COVID-19). The Payments System also facilitates the reporting of public hospital funding receipts and payments on a monthly basis, which is made publicly available via publichospitalfunding.gov.au (see Objective 3).

As the system owner, we are required to maintain key governance documentation as outlined by the Australian Federal Government Protective Security Policy Framework (PSPF) and the Information Security Manual (ISM). Just as important as meeting compliance obligations under the PSPF and ISM, the suite of documents provide the roadmap and 'how-to' for the operation of the system by NHFB and States and Territories.

These documents include:

- Administrator's Payments System Policy
- System Security Plan
- System Management Plan
- System Security Risk Management Plan
- Internal Controls Framework
- Incident Response, Business Continuity and Disaster Recovery Plan
- Jurisdiction User Manual
- NHFB User Manual
- System Support User Guide.

Figure 13 provides an overview of how the Payments System documentation relates to our agency-wide governance and risk management.

To provide assurance to the Administrator and our stakeholders of the integrity of our Payments System, we engage an industry partner to assess the compliance of our documentation. In 2024-25, this included:

- assessment of the Payments System against the Protective Security Policy Framework (PSPF)
- assessment of the Payments System against the Information Security Manual (ISM)
- assessment of the Payments System against the Essential Eight.

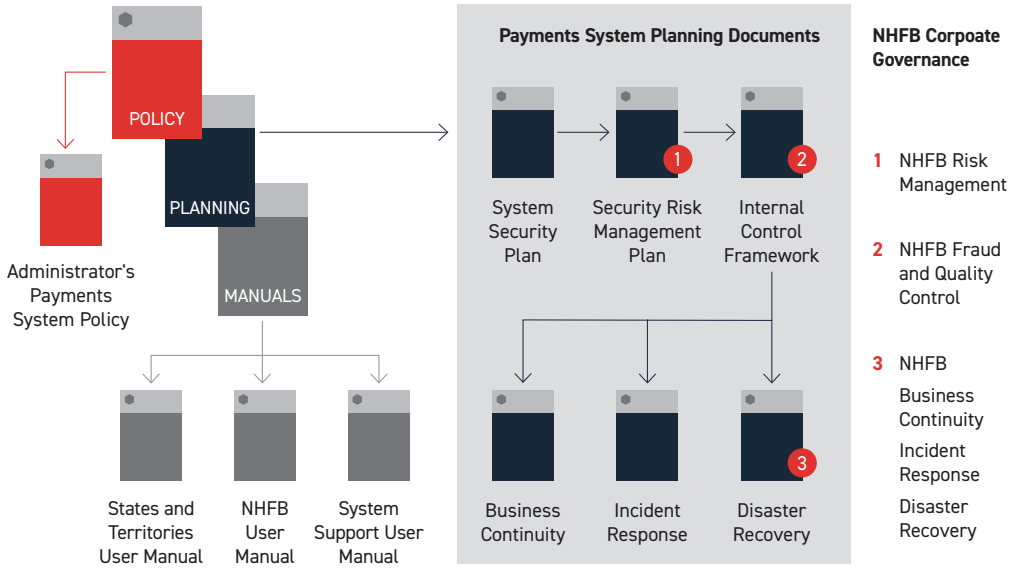
The Administrator's Payments System Policy was updated and reviewed by our internal Risk, Assurance and Governance Committee (RAGC), and Payments System Community of Practice prior to being tabled at the Administrator's Jurisdictional Advisory Committee (JAC) on 21 November 2024. It was then signed off in February 2025.

By June 2025, our RAGC had reviewed and the CEO signed-off on the following Payments System documentation:

- System Security Plan
- Security Risk Management Plan
- Internal Control Framework
- Incident Response Plan
- Business Continuity Plan
- Disaster Recovery Plan.

The annual Payments System software upgrade was rolled out in November 2024, with minor releases occurring in October 2024 and March 2025. These releases improved our reporting capability, implemented near miss mitigation activities and enhanced end-user functionality.

**Figure 13:** Payments System Documentation



## OBJECTIVE THREE
**Effective reporting of public hospital funding**

### ANALYSIS OF PERFORMANCE IN 2024-25

**To improve the transparency and integrity of public hospital funding, we report publicly on the payments made to Local Hospital Networks and their activity.**

Under the NHR Act, the Administrator is required to provide monthly reports to the Commonwealth and each State and Territory that detail the funding and payments made into and out of the National Health Funding Pool and State Managed Funds. The information is reported at the National, State and Territory and Local Hospital Network level and details:

- Commonwealth funding contributions
- State and Territory funding contributions
- the estimated activity to be delivered by the Local Hospital Network.

The reports are also made publicly available through an interactive reporting tool on publichospitalfunding.gov.au. We also share the full (raw) dataset on data.gov.au.

Through enhancing our processes and technology over time, we have reduced the time it takes to publish these reports. In 2018-19 it took 21 weeks to publish and in 2024-25 we had reduced that to an average of 13 days. On 17 July 2025 we published 145 reports to the website detailing over $79 billion in funding and payments (including out-of-scope) and over 10 million NWAUs.

In addition to the monthly reporting requirements, the NHR Act also requires the preparation of:

- a financial statement for each State Pool Account that details financial transactions during that financial year
- a combined Financial Statement of the Pool that consists of the financial statements for each State Pool Account for the financial year.

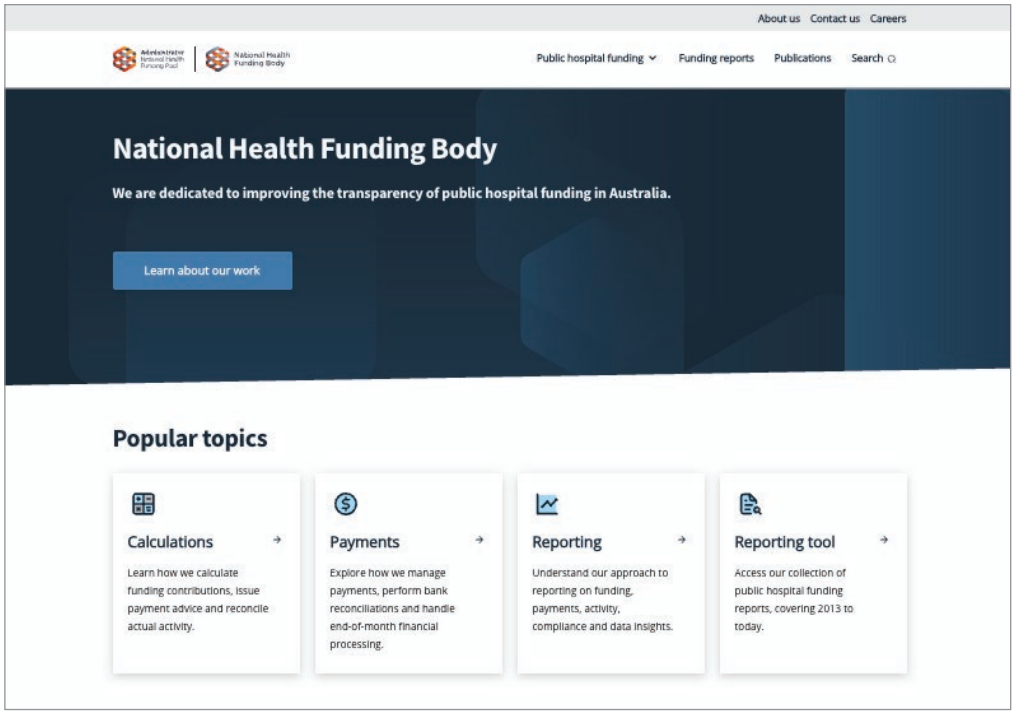
These Special Purpose Financial Statements are audited by the Auditor-General of that State in accordance with the relevant legislation of that State. They are prepared on a cash basis, which means receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

We supported the Administrator with additional reporting obligations by producing and publishing an annual report on Maintenance of Effort. In signing the Addendum, parties agreed, at a minimum, to maintain levels of funding for public hospital services through the Pool from 2020-21 to 2024-25 at no less than the level of funding for 2018-19.

The 2023-24 Report was published on 10 April 2025 and detailed $24.3 billion in Commonwealth ABF contributions and $34.0 billion in State and Territory ABF transacted through the Pool. While the report showed that the Commonwealth, States and Territories have maintained 2018-19 levels of funding for public hospital services, the report highlights there is still further work to do to achieve improved consistency and transparency. The Reports identify some inconsistencies in the level of in-scope and out-of-scope funding transacted through the Pool as well as pricing and activity information published in LHN Service Agreements.

**"In 2025-26, we will share our insights and analysis to improve the quality of reporting under the Addendum."**

**Figure 14:** publichospitalfunding.gov.au




We collaborated with our stakeholders to review, update and publish the Administrator's Three Year Data Plan and accompanying Data Compliance Policy. The Data Plan outlines the minimum data requirements under the Addendum and the mechanisms and timeframes to provide the data in. The Compliance Policy then sets out how we will measure and report on Compliance with the Data Plan.

In the year ahead, we will look for opportunities to uplift our website publichospitalfunding.gov.au, making further enhancements to the user interface design to improve useability and support better public access to information across the platform.

### YEAR AHEAD

In 2025-26, we will:

- publish the Administrator's 2024-25 Annual Report
- publish the Administrator's 2024-25 Annual Report on Maintenance of Effort
- publish the Administrator's report on final entitlement and activity at the Local Hospital Network level
- review the Administrator's Three Year Data Plan, Compliance Policy and Data Governance Policy in collaboration with portfolio agency partners and stakeholders
- improve public reporting of funding, payments and services in consultation with portfolio agency partners and stakeholders.

### 3.1 MINISTERS RECEIVE REQUIRED INFORMATION IN A TIMELY MANNER

Performance criteria 3.1 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

The Annual Report on the operations of the National Health Funding Pool is submitted to each Health Minister for tabling as per the NHR Act.

**RESULT**

Met

**ANALYSIS**

Under the NHR Act and corresponding State and Territory National Health Reform legislation, the Administrator has to produce an annual report that includes:

- a combined Financial Statement of the National Health Funding Pool accounts
- a Financial Statement for each State and Territory State Pool Account audited by the respective Auditor-General.

These Special Purpose Financial Statements are prepared on a cash basis, which means receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statements are included in the National Health Funding Pool Annual Report and tabled in Federal Parliament and each State and Territory Parliament. The Annual Report also includes the funding and payments into and out of the State Pool Accounts and State Managed Funds and the amounts paid to Local Hospital Networks, including the number of public hospital services funded.

An important aspect of the financial statement preparation process is a rigorous quality control regime to provide the Administrator and State Auditors-General with assurance on the accuracy and completeness of the statements.

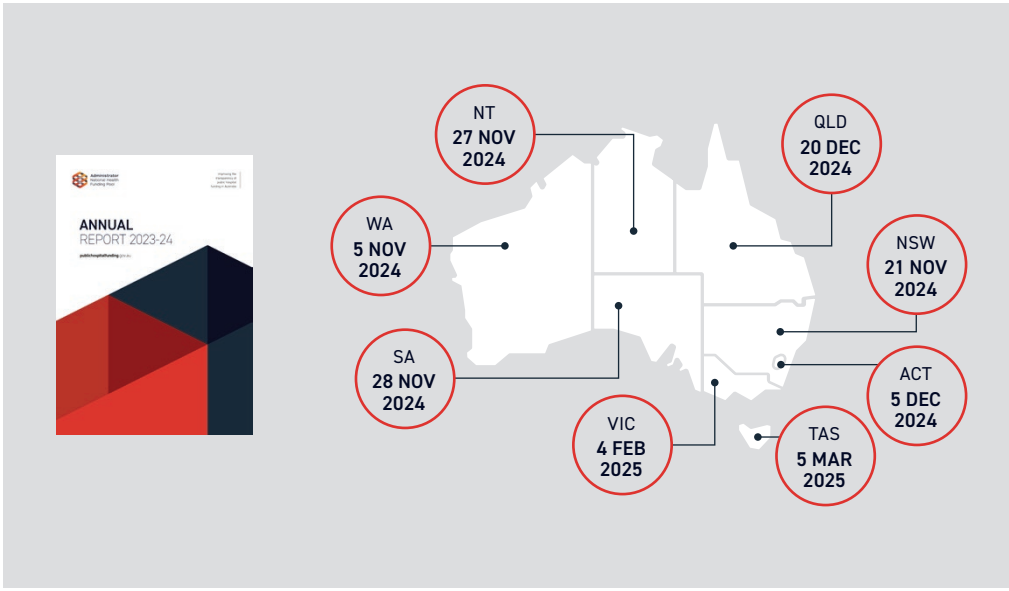
We have established strong governance processes over the preparation of the financial statements, including monthly reconciliations of transactions recorded through the Pool Accounts in the Payments System (see Objective 2). We have established controls and policies to prevent and detect any potential errors including:

- the Payments System Internal Control Framework that ensures the integrity of systems and processes
- an Information Security Registered Assessor Program (IRAP) security documentation review (conducted by a third party) to ensure compliance against the Information Security Manual (ISM)
- a Reasonable Assurance Review of the Payments System (conducted by a third party).

In preparing the 2023-24 Statements, no errors, misstatements or instances of fraud were identified in relation to the operation of the State Pool Accounts through the Payments System or the Reserve Bank of Australia processes.

We successfully tabled the Administrator's 2023-24 Annual Report on time in Federal Parliament on 24 October 2024. The report was then distributed to State and Territory health ministers and health departments for tabling in their respective Parliaments as required under State and Territory National Health Reform legislation. Figure 15 shows the dates the Report was tabled in each State and Territory.

**Figure 15:** Tabling dates for the NHFP Annual Report 2023-24



### 3.2 MONTHLY AND ANNUAL REPORTING OF FUNDING, PAYMENTS AND SERVICES

Performance criteria 3.2 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

Monthly and annual reporting is uploaded to the website within two weeks of period close.

**RESULT**

Partially Met

**ANALYSIS**

In 2024-25 we have further improved our business processes and technology to reduce the time it takes to publish our reports. Over time, we have continually looked at new or better ways of doing things, asking ourselves:

- is this the most efficient way to do it?
- have we documented it properly?
- have we optimised each step?
- can it be done digitally?

Our month-end process is best-practice and fit-for-purpose. We have developed detailed Quality Assurance Packs that are provided to State and Territory health departments to assist their validation, approval and sign off processes.

Once all States and Territories have approved their month-end data, the data is uploaded to data.gov.au and published on our website, publichospitalfunding.gov.au, via an interactive online reporting tool.

We have demonstrated our success in reducing the time it takes to publish monthly reports, from 21 weeks in 2018-19 to 2 weeks (see Figure 16). Over this time we set ourselves new targets to reach:

- in 2019-20 we set a timeframe of six weeks and achieved that for eight of twelve months
- in 2020-21 we reduced the timeframe to four weeks, achieving the target for eight of twelve months
- in 2021-22 we shortened the target again to three weeks and met that target for all twelve months in 2021-22, 2022-23 and 2023-24
- in 2024-25, the target was set at two weeks, and we met that target for eleven of twelve months.

To support us to meet the two-week target, we engaged with our finance colleagues in State and Territory health departments to reduce the timeframe for sign off from 14 days to 12 days.

On 17 July 2025, we published the June 2025 monthly report detailing over $77 billion in payments and over 10 million NWAUs for the 2024-25 Financial Year.

Table 6 shows, for 2024-25, the total amounts paid to LHNs. This table excludes State Block funding as it is not transacted through the State Pool account.

**Figure 16:** Timeline of monthly report improvements

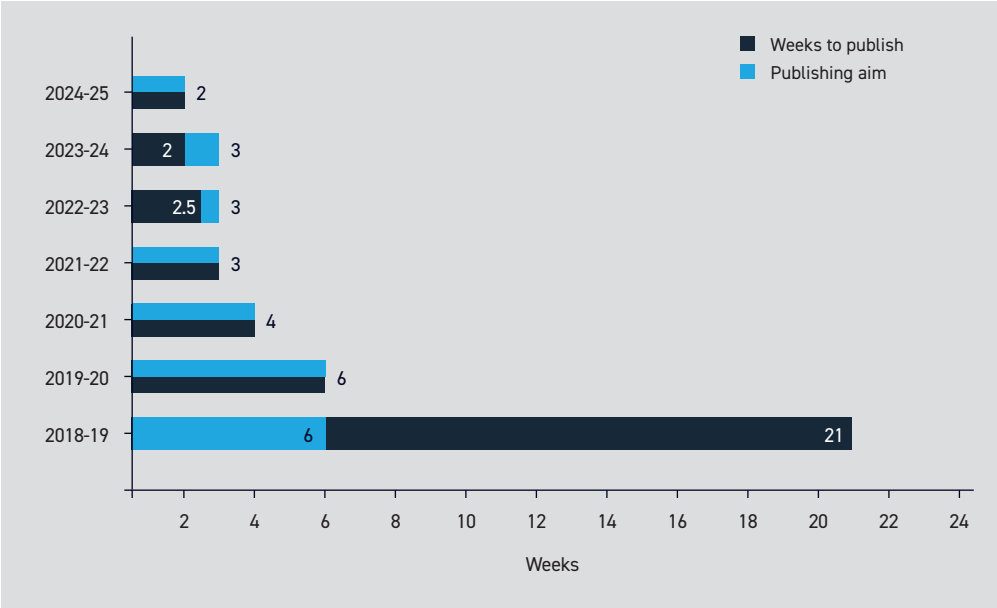



**Table 6:** Total NHR Payments to LHNs, State Managed Funds or other (excluding State Block funding)

| STATE OR TERRITORY $ '000 | 2024-25 | | | |
|---|---|---|---|---|
| | Local Hospital Networks | State Managed Fund | Other Organisations or Funds | TOTAL |
| New South Wales | 17,281,319 | 1,147,382 | 172,919 | 18,601,619 |
| Victoria | 16,766,005 | 1,083,717 | 142,366 | 17,992,088 |
| Queensland | 15,374,973 | 830,794 | 114,162 | 16,319,929 |
| Western Australia | 7,320,002 | 485,390 | 60,972 | 7,866,364 |
| South Australia | 4,848,235 | 246,125 | 38,094 | 5,132,454 |
| Tasmania | 1,613,899 | 124,645 | 11,606 | 1,750,150 |
| Australian Capital Territory | 1,714,385 | 38,068 | 9,597 | 1,762,050 |
| Northern Territory | 1,116,695 | 25,103 | 5,149 | 1,146,947 |
| **TOTAL** | **66,035,513** | **3,981,223** | **554,865** | **70,571,601** |

## 3.3 QUARTERLY AND ANNUAL REPORTING OF COMMONWEALTH, STATE AND TERRITORY COMPLIANCE WITH THE ADMINISTRATOR'S DATA PLAN

Performance criteria 3.3 (Corporate Plan) and PBS 2024-25 page 364

**2024-25 TARGET**

Increase public access to information on Commonwealth, State and Territory compliance with the Administrator's Data Plan.

**RESULT**

Partially Met

### ANALYSIS

The Administrator's rolling Three Year Data Plan sets out the minimum level of data that States, Territories and the Commonwealth must provide to the Administrator, and the timeframes it must be provided within. In addition to communicating the requirements and timeframes, the Data Plan also establishes how data will be used by the Administrator in undertaking the duties required by the NHR Act, the NHR Agreement and the Addendum, including:

- accurately calculate the Commonwealth's NHR funding contribution to public hospital services
- conduct reconciliation activities
- undertake public reporting
- ensure consistency, transparency and national comparability.

Each quarter, we produce a compliance report that details whether States, Territories and the Commonwealth have met their obligations under the Data Plan.

Compliance with the Administrator's Data Plan has improved over time, including the timeliness of data submissions. However there are some areas that require more work, including improving the transparency of out-of-scope activity as well as the quality and consistency of content in service agreements.

For the last six years, our target for publishing quarterly compliance reports was six weeks. In 2024-25, we reduced the target for publishing compliance reports from within six weeks of period close to within four weeks of period close. We met this target for two of the four quarters.

#### Data submissions

The timeliness performance of data submissions from the States and Territories to support the Annual Reconciliation each year has continued to be consistent over time.

In 2023-24, six out of eight States and Territories provided their six-month data by 31 March 2024, and seven out of eight States and Territories provided their annual data on time by 30 September 2024. Comparatively, in 2022-23, all eight States and Territories provided six-month data and annual data by the respective due dates.

With the performance of data submission remaining consistent over time, from 2025-26, the Administrator has introduced a reduced timeframe from the 30th/31st of the respective month, to the 15th of the month. Figure 17 provides an overview of the dates Q1 data submissions were received in 2022-23, 2023-24 and 2024-25 compared to the end of month due date. The figure also shows this performance against the 15th of the month commencing in 2025-26. The Administrator and the NHFB will be working closely with States and Territories to offer support with meeting the reduced timeframes for quarterly data submissions.

Figure 18 shows the high level view of annual data submissions, with the reduced timeframe of the 15th of the month effectively bringing annual data forward from 65 weeks to 63 weeks with an automatic two-week resubmission period.

**Figure 17:** Q1 data submissions over time

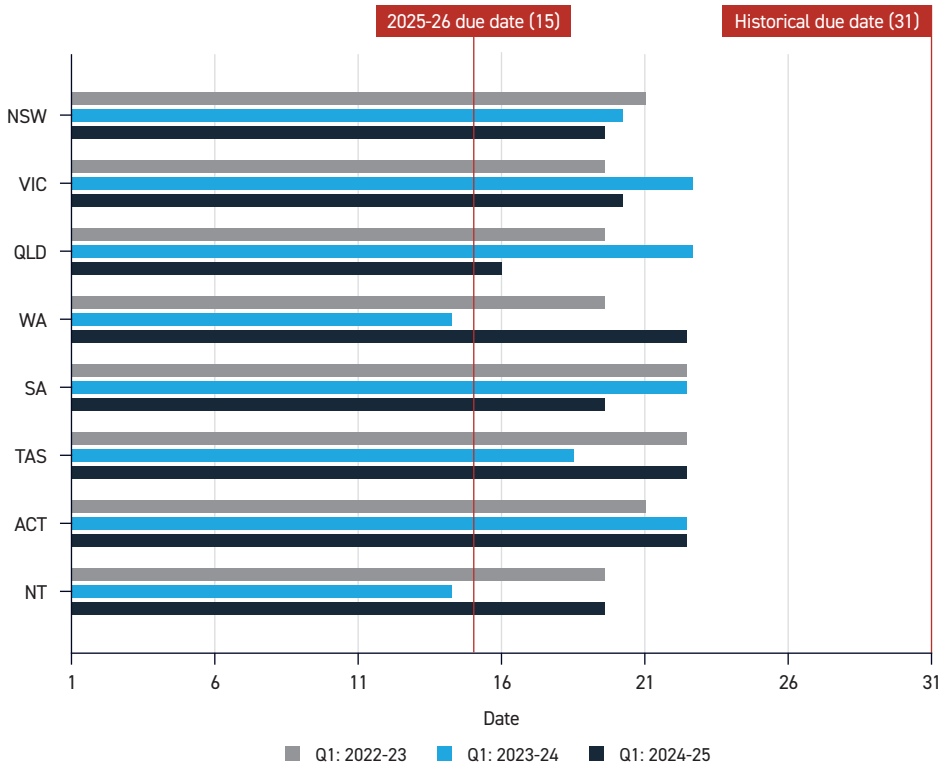
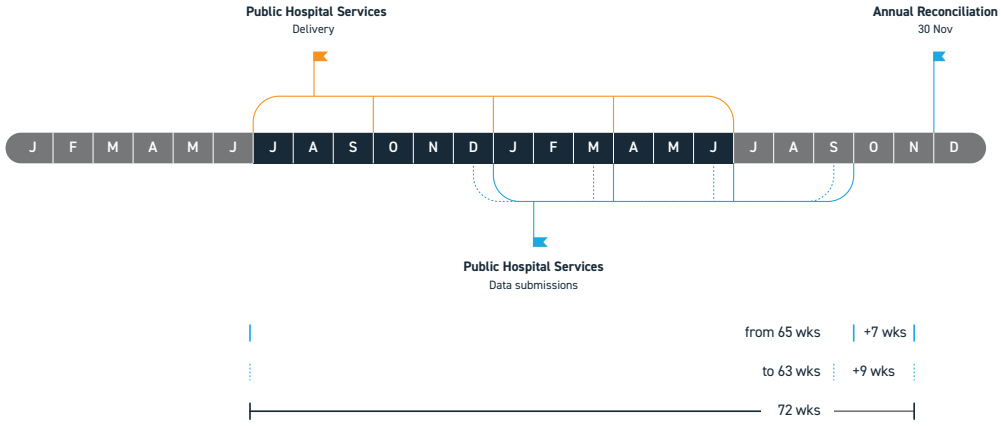



**Figure 18:** Three Year Data Plan - annual cycle



**Service Agreements**

Figure 19 shows a summary of when 2024-25 Service Agreements were provided to the Administrator.

As shown in Figure 19, in 2024-25, six out of eight States and Territories submitted all 2024-25 Service Agreements to the Administrator, with New South Wales and Victoria providing partial submissions as at 30 June 2025.

Of the service agreements submitted, six states provided Service Agreements to the Administrator within the required 14 calendar days from finalisation or amendment. This is a significant improvement on last year, where only three of eight states provided service agreements within the required timeframe.

As reported in the June 2025 quarterly compliance report (see Table 7), 84 of the 91 Service Agreements submitted to the Administrator aligned to estimate submissions. This is a significant improvement from the same time last year, where only 46 of 91 Service Agreements aligned to estimate submissions.

In 2024-25, we continued to work with States and Territories through the Administrators JAC meetings and bilateral engagements to improve the understanding of minimum requirements and provide States and Territories with support to meet these requirements. This has also involved early and proactive engagement in preparation for 2025-26 LHN Service Agreements.

**Figure 19:** 2024-25 Service Agreements provided to the Administrator

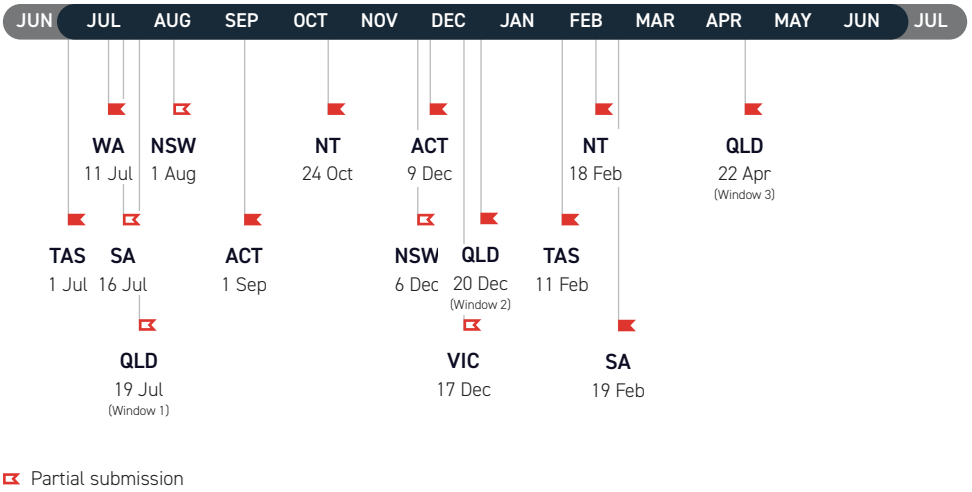


**Table 7:** Service Agreement compliance with the Administrator's Three Year Data Plan

| DATA REQUIREMENT | NSW | VIC | QLD | WA | SA | TAS | ACT | NT |
|---|---|---|---|---|---|---|---|---|
| 2024-25 LHN Service Agreements provided to the Administrator (ABF and Block LHNs) | 18/19[1] | 68/70[1] | 18/18 | 6/6 | 11/11 | 1/1 | 1/1 | 1/1 |
| LHN Service Agreements include the mix of in-scope services at the service category level to be provided by the LHN | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| LHN Service Agreements include the mix of out-of-scope services at the service category level to be provided by the LHN | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ |
| LHN Service Agreements (ABF LHNs only) and estimated LHN NWAU aligned | 17/18 | 37/40[2] | 16/16 | 0/6[2] | 11/11 | 1/1 | 1/1 | 1/1 |
| LHN Service Agreements include the price set by the State (i.e. State Price) for each service category | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| LHN Service Agreements include the level of Block Funding to be provided to the LHN | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| LHN Service Agreement ABF ($) aligns to the Commonwealth Payment Advice (in-year activity) | 11/18[3] | 0/40[3] | 4/16[3] | 0/6[3] | 11/11 | 0/1[3] | 1/1 | 0/1[3] |
| LHN Service Agreement Block Funding aligns to the National Efficient Cost (NEC)[5] | ✗ | ✗ | Partial | Partial | Partial | Partial | Partial | Partial |

1 Service Agreements remain outstanding for:
- NSW: NSW Contracted Services
- Vic: Contracted Services, Mercy Hospitals Victoria Limited.

2 ABF LHN Service Agreements NWAUs not aligned with May 2025 Payment Advice:
- VIC: Melbourne Health
- WA: No Service Agreements align.

3 Where Commonwealth ABF is within a reasonable variance ($1.0m) of the May 2025 Payment Advice base payments, ABF LHN Service Agreements are marked as aligning. ABF LHN Service Agreements not aligned with May 2025 Payment Advice are:
- NSW: Hunter New England, Northern Sydney, South Eastern Sydney, South Western Sydney, Sydney, Western Sydney
- VIC: Service Agreements do not provide a Commonwealth ABF figure
- Qld: Cairns and Hinterland, Central Queensland, Children's Health Queensland, Gold Coast, Mackay, Mater Misericordiae, Metro North, Metro South, Queensland Virtual, Townsville, West Morton, Wide Bay
- WA: No Service Agreements align
- Tas: Tasmania Health Service
- NT: NT Regional Health Services.

## OBJECTIVE FOUR
**Productive relationships with stakeholders and partners**

### ANALYSIS OF PERFORMANCE IN 2024-25

**Productive relationships and regular communication with our stakeholders and partners support us to improve the transparency of funding for public hospital services.**

Our success and ability to improve the transparency of public hospital funding continues to be shaped by the strength of our relationships with our stakeholders and partners. We have built strong relationships across eight state and territory health departments, the Commonwealth, other national bodies and other health portfolio agencies.

During the reporting period, we continued to facilitate quarterly bilateral and multilateral discussions and provided advice relating to the Addendum, policy settings and funding outcomes. We focussed on simple and proactive engagement, considered the environment each stakeholder operates in, as well as their resources, needs and preferences. This approach also enables us to discuss issues at both the local and national level ahead of the more formal committee meetings – something our State and Territory stakeholders noted their appreciation of in our annual stakeholder survey.

Our annual stakeholder survey gives us the opportunity to identify what our stakeholders think we're doing well, what they want us to do more of, and where they think we can improve. In 2025, our stakeholders scored us 4.5 out of 5 (compared with 4.2 in 2020).

In 2024-25, we also participated in a number of formal stakeholder forums including:

- IHACPA's Jurisdictional Advisory Committee
- IHACPA's Technical Advisory Committee
- AIHW's Health Expenditure Advisory Committee
- AIHW's Strategic Committee for National Health Information and National Health Data and Information Standards Committee.

### YEAR AHEAD

In 2025-26, we will:

- implement improvements to our communication and engagement following stakeholder survey feedback
- improve our collaboration with other national bodies
- actively engage with our stakeholders (including through our bilaterals and Communities of Practice)
- increase the awareness and profile of the role of the Administrator and the NHFB
- identify opportunities to engage, collaborate and provide advice to improve health sector outcomes.

> **"Our relationships are built on transparency, accountability and respect."**

**Figure 20:** NHFB stakeholders and partners

| STAKEHOLDER | WHY WE ENGAGE |
|---|---|
|  | **OUR PEOPLE**<br>**Our focus on our people and our culture is at the heart of everything we do.**<br>Centred on our United Leadership behaviours, where 'how' we do things is just as important as 'what' we do, we have created a diverse, inclusive and supportive workplace.<br>Through a variety of regular forums (whole-of-agency, executive level, APS level and project specific), we share key updates, invite discussion and celebrate our success together. By supporting and uplifting our workforce, we have built a stronger, more capable agency. |
|  | **PORTFOLIO AGENCIES**<br>**Our relationships with our Portfolio Agency partners are built on trust, collaboration, and a shared responsibility for implementing public hospital funding arrangements on behalf of the Australian public.**<br>We engage regularly to ensure we, along with the Administrator, have access to expert, independent advice that supports us to improve the transparency of public hospital funding.<br>By working together with agencies like IHACPA and AIHW, sharing our data, analysis and insights, we are able to focus on improving integrity and transparency. |
|  | **STATES AND TERRITORIES**<br>**We are committed to our early and impartial engagement with all stakeholders, especially States and Territories.**<br>Through early, open and respectful engagement, we seek to understand diverse perspectives, identify best-practice approaches across States and address shared challenges.<br>Our quarterly bilateral discussions and formal JAC meetings support open conversations and transparency over decisions.<br>Additionally, our Payments System Community of Practice supports knowledge sharing, drives innovation and enhances our support to users. |
|  | **COMMONWEALTH**<br>**We value our strong, collaborative relationships across the Commonwealth.**<br>Our monthly Commonwealth roundtable provides a trusted space for us to share critical information, raise new ideas or highlight areas for further improvement<br>This group, made up of representatives from the Departments of Prime Minister and Cabinet, Treasury, Health, Disability and Ageing, and Finance, helps us to promote evidence based decision making and contribute to strengthening the overall health system. |

## 4.1 PROVIDE TRUSTED AND IMPARTIAL ADVICE

Performance criteria 4.1 (Corporate Plan)

**2024-25 TARGET**

Strategic communication and stakeholder engagement is fit-for-purpose and caters to stakeholder needs.

**RESULT**

Met

### ANALYSIS

In 2024-25, we continued to invest significant time in stakeholder engagement, ensuring that we were responsive to our stakeholders and that our approach was fit-for-purpose to meet the diverse needs of our different audiences.

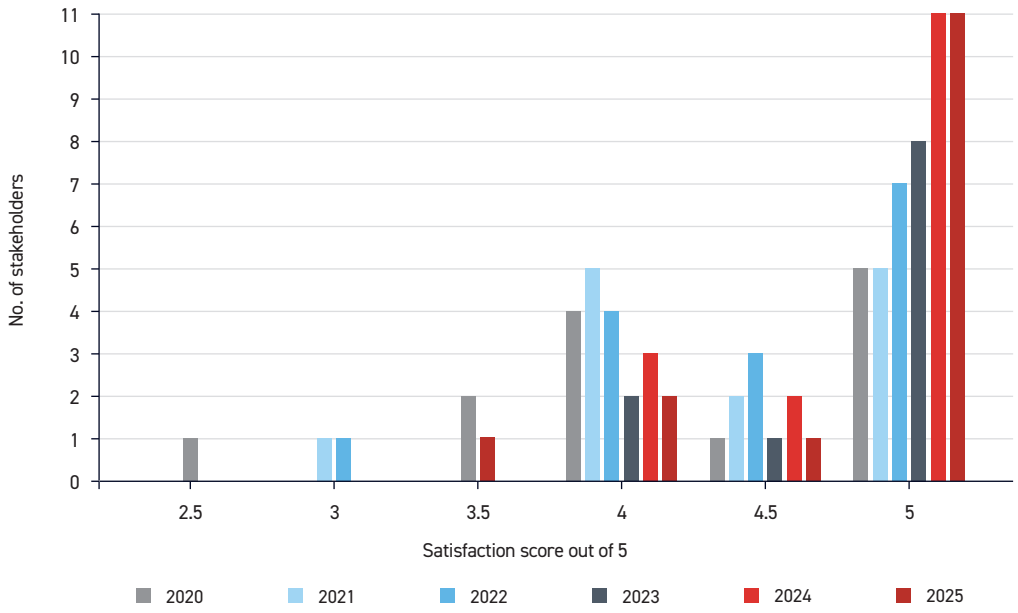
We have continuously sought feedback from our stakeholders by asking what we are doing well, what we can do more of (or less of) and what we can do better. The survey is anonymous, and includes participants from State and Territory health departments, the Commonwealth and other national bodies.

In addition to providing an overview of stakeholder perspectives, the survey also benchmarks the results of the 2025 survey against previous years' results across five themes:

- collaboration
- customer and value adding service
- transparency
- organisational culture
- high performing team.

In 2025, our stakeholders scored us 4.5 out of 5, compared with 4.2 in 2020 (see Figure 21).

**Figure 21:** Survey results 2020 – 2025



In 2025-26, we will continue to proactively engage with our stakeholders and partners, as productive discussions not only provide valuable guidance to assist all parties to understand the basis of activity calculations and funding outcomes, but also builds trust in our functions.

We continued our collaborative and tiered approach to engagement through bilaterals with the States, the Commonwealth and Portfolio Agency partners (IHACPA, AIHW and ACSQHC).

In 2024-25, we co-chaired, with the Administrator, a series of bilateral meetings with the Commonwealth, each State and Territory, and other national bodies in September 2024, November 2024, March 2025, May 2025 and June 2025.

We scheduled our bilateral meetings ahead of each Administrator's Jurisdictional Advisory Committee (JAC) meeting to engage with our stakeholders on key work packages ahead of sharing final draft documents for feedback. Figure 22 provides shows our bilateral engagements and JAC meetings in 2024-25.

Key agenda items for bilaterals and the Administrator's JAC included:

- Commonwealth NHR Funding, including estimates and reconciliation outcomes
- funding Integrity, including data matching results and analysis
- Administrator's policies
  - Administrator's Three Year Data Plan
  - Administrator's Data Compliance Policy
  - Data Governance
  - Calculation of NHR Funding Policy
  - Data Matching Business Rules
  - Payments System Policy.
- funding transparency
  - Service Agreements
  - Data submissions and Statement of Assurance
  - Monthly and Annual NHR Reporting
  - Maintenance of Effort.

**Figure 22:** 2024-25 Engagement timeline


Note: These engagements were supported by our quarterly *Payments System Community of Practice*.

## 4.2 WORK PLANS AND INFORMATION REQUIREMENTS ARE DEVELOPED IN COLLABORATION AND CONSULTATION WITH STAKEHOLDERS

Performance criteria 4.2 (Corporate Plan)

**2024-25 TARGET**

The Administrator's rolling Three Year Data Plan is updated, agreed with stakeholders and published to the website

**RESULT**

Met

### ANALYSIS

The Administrator is required to develop a rolling three-year data plan that:

- communicates data requirements over a three-year period in accordance with the Addendum
- describes the mechanisms and timelines for the submission of data from the Commonwealth, States and Territories (jurisdictions)
- establishes how data will be used by the Administrator in undertaking the duties required by the NHR Act and the Addendum.

The Data Plan articulates the minimum level of data required from jurisdictions in order to:

- accurately calculate the Commonwealth's NHR funding contribution to public hospital services
- conduct reconciliation activities
- undertake public reporting
- ensure consistency, transparency and national comparability.

The draft 2025-26 to 2027-28 Data Plan was first presented to the Administrator's Jurisdictional Advisory Committee in November 2024, with further discussion at the March 2025 meeting. It was then circulated to the Health Chief Executives Forum in February 2025 (along with the Independent Health and Aged Care Pricing Authority's draft Three Year Data Plan).

One key update made to the Data Plan was to data submission timeframes. Following consultation and bilateral discussions with each State and Territory, the data submission period was amended from the end of the month to the 15th of the month; effectively reducing the initial submission timeframe by from 13 weeks to 11 weeks (see Table 8).

**Table 8:** Data Submission due dates

| PERIOD | 2024-25 to 2026-27 Data Plan Data Submissions | 2025-26 to 2027-28 Data Plan Data Submissions |
|---|---|---|
| Q1 | 31 December | 15 December |
| Q2 | 31 March | 15 March |
| Q3 | 30 June | 15 June |
| Q4 | 30 September | 15 September |

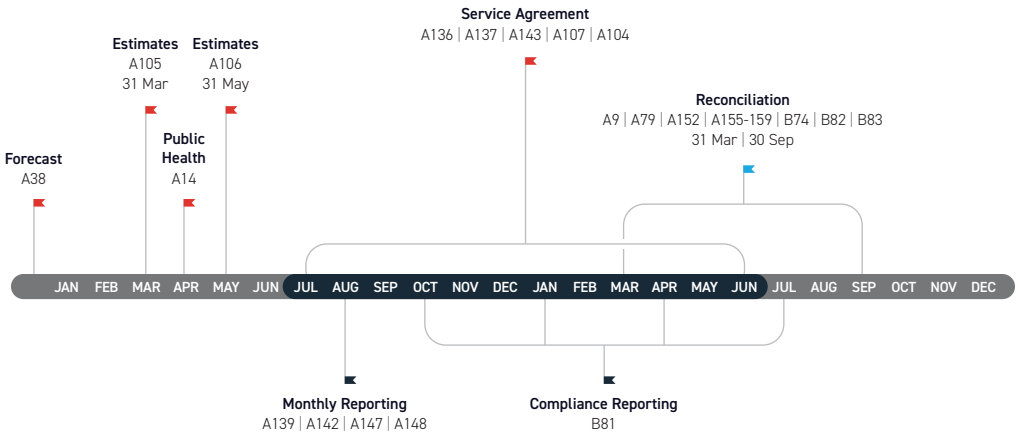
The Data Plan was then circulated to health ministers (with IHACPA's Data Plan) for a 45 day consultation period on 11 April 2025. We then published the Data Plan along with the documents outlining the technical data specifications to publichospitalfunding.gov.au on 28 June 2025.

The Administrator's Data Compliance Policy accompanies the Data Plan and outlines how jurisdictional compliance with data provision in the Data Plan will be assessed. The Compliance Policy also details what will be included in the Administrator's quarterly compliance report and the timeframes for publishing the report.

This year, updates to requirements in the Compliance Policy included:

- **Statements of Assurance** - to assist with drafting Statements of Assurance, an updated guidance document with suggested content has been provided as an attachment to the Data Compliance Policy. The Guidance for the drafting of Statements of Assurance is intended to assist States and Territories to meet minimum requirements and to support a streamlined reconciliation process
- **Monthly reports** - following ongoing improvement to monthly reporting (see Objective 3), the approval date for monthly reports has been reduced from the 14th of the month to the 12th to facilitate completion and publishing to the website within two weeks
- **Service Agreements** - the suggested National Health Reform Funding and Activity template has been updated to reflect a proposed best practice model of reporting. This includes the clear identification of State Prices and State Contributions based on the relevant price as well as the identification of out-of-scope activity by service category to support compliance. The reporting of service categories has also been updated to reflect changes arising from the transition of 'community mental health' from Block funding to Activity Based Funding.

**Figure 23:** Three Year Data Plan Annual Data Cycle




Note: All clauses are from the Addendum to the NHR Agreement 2020-21 to 2024-25 (the Addendum).

## OBJECTIVE FIVE
## Operate as a high performing organisation

### ANALYSIS OF PERFORMANCE IN 2024-25

**We are proud of our positive workplace culture where people feel valued and contribute new ideas.**

Each year, we work together to set a clear Strategic Direction, supported by our Corporate Plan, Risk Tolerance Statement and Risk Policy and Framework. This cascades into section plans and individual performance agreements and gives everyone a strong sense of how their work contributes to agency objectives. We don't just set the direction and move on – we stay connected and engaged through regular all-staff sessions where we review our progress, talk openly about risks and discuss our budget position. This approach keeps everyone informed, involved and engaged, but more importantly, means we can celebrate success together.

We provided everyone with the opportunity to shape their working environment. Through consultation and engagement on our suite of corporate policies, our people have the opportunity make the agency the best place to work.

In line with the forward work plans for our Risk Assurance and Governance Committee (see page 107) and Workplace Consultative Committee (see page 108), our policies were reviewed by the business area, considered by our governance committees and provided to our people for consultation and comment ahead of finalisation.

We refreshed our Workplace Diversity Strategy, Workforce Capability Plan and Learning and Development Strategy to ensure they continue to support our strong and inclusive agency culture based on our United Leadership behaviours (One NHFB, Enhanced Trust, Open Communication, and Own It). As an agency, we built on our cultural awareness through an all-staff Building Cultural Capability Foundations session (see page 73) that also acknowledged and celebrated the diversity of our people.

We are extremely proud of the work of our small agency, and the results we achieve. For the past four years we have been recognised for reporting excellence by the Australasian Reporting Awards, achieving a gold award for our Annual Report in 2021, 2022, 2023 and again in 2024. We also completed all mandatory (PGPA Act and APS) compliance reporting, with no integrity issues.

In addition to participating in the APS Data Graduate program for the fourth year, we expanded our pipeline of talent in 2024-25 through one additional entry level program, engaging an Australian Government Indigenous Apprentice (see page 71). For the third year in a row, we also supported these programs through participation on the Data Graduate recruitment panel. In 2025-26, we will continue to invest in our entry level programs, including expanding further through the Finance Graduate stream.

We took part in the 2025 Australian Public Service Employee Census and the results reflect the progress we've made in embedding our United Leadership behaviours into our positive workplace culture.

### YEAR AHEAD

In 2025-26, we will:

- monitor our performance against our Corporate Plan 2025-26
- build upon our Workplace Diversity, Workforce Capability and, Learning and Development Plans
- continue to sustain a strong agency culture based on our United Leadership behaviours (One NHFB, Enhanced Trust, Open Communication, and Own It)
- implement the NHFB Academy to provide our team with learning pathways to support them to perform their roles to the best of their ability.

The **Australian Government Indigenous Apprenticeship Program** is hosted by Servies Australia. The Program provides a pathway for Aboriginal and Torres Strait Islander peoples to start their career in the APS, including people just starting out in the workforce, finishing study or looking for something new.

The program recruits across two APS levels, with APS2 apprentices completing a Certificate IV in Government, and APS3 apprentices completing a Diploma in Government.

The 2025 Program placed Apprentices across more than 30 agencies, including one at NHFB.

*"My experience in the Entry Level Indigenous Apprenticeship Program at the NHFB has been both rewarding and empowering. Through this program, I developed a stronger understanding of the organisation's role in supporting Australia's health system and deepened my skills in Human Resources. I gained valuable workplace knowledge, strengthened my professional communication, and built confidence working in a government environment. Most importantly, this opportunity has enhanced my career prospects and allowed me to contribute meaningfully to improving outcomes for our organisations wider work, while connecting with a supportive network of colleagues and mentors.."*

**– Kiaerrah –**

The **Australian Government Apprenticeship Program (AGAP)** is a 12-month whole-of-government, entry level program hosted by the Department of Employment and Workplace Relations (DEWR). The Program recruits people from a diverse range of backgrounds and age groups - from individuals starting their career to those looking to re-enter the workforce or take their career in a new direction by joining the APS.

The program includes a nationally recognised qualification (Diploma in Government) and multiple networking events.

The 2025 Program saw 35 Apprentices placed across 9 participating agencies, including one at NHFB.

*"The Australian Government Apprenticeship gave me an incredible opportunity to kick-start my career after completing high school. The NHFB has been incredibly supportive throughout my journey and provided guidance, mentorship, and a welcoming environment to learn and grow. The program has allowed me to gain real world experience, develop valuable skills and contribute to meaningful work in the public sector. It's been a great foundation for my professional growth and future career in government."*

**– Leo –**

The **Data Graduate Program** is hosted by the Australian Bureau of Statistics and provides recent graduates with a platform to commence their APS career while working with some of Australia's largest and most unique datasets. The Program helps data professionals to grow their capabilities, develop rewarding careers, and advance the data and analytics capability of the APS. The 2025 Program saw over 200 Data Graduates placed across more than 35 agencies, including one at NHFB.

*"The graduate program has made my transition from study to work seamless and rewarding. Through diverse rotations I've gained hands-on experience across multiple areas and contributed to real-world projects. These experiences have helped me develop a wide range of skills – including data analysis, problem solving and team collaboration – laying a strong foundation for working in the public service."*

**– Nidhi –**

## 5.1 A POSITIVE WORKPLACE CULTURE WHERE PEOPLE FEEL VALUED

Performance criteria 5.1 (Corporate Plan)

**2024-25 TARGET**

Our United Leadership behaviours are embedded in our culture.

**RESULT**

Met

### ANALYSIS

In 2024-25, our small but specialised workforce was our agency's biggest strength. Our people are diverse, capable, adaptable and willing to share new ideas. To strengthen our leadership and culture and remain an employer of choice, we focussed on:

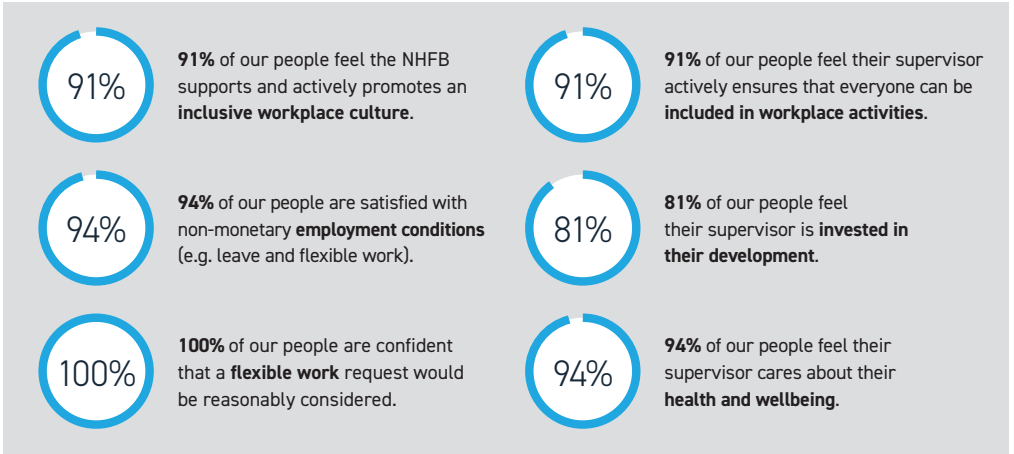
- attracting and retaining the right people in the right roles
- investing in the development of our people to align with our objectives as well as individual career goals
- fostering an inclusive, collaborative culture where teams support one another across the agency
- encouraging innovation and sharing ideas.

We participated in the *Australian Public Service Employee Census 2025* and our results highlight our ongoing efforts to emphasise that 'how' we do things is just as important as 'what' we do.

We are proud that for the last five years, over 90% of our people feel that the NHFB 'supports and actively promotes an inclusive workplace culture'.

Further detail on our results, including previous years' Census results can be found on our website (publichospitalfunding.gov.au).

**Figure 24:** Census results – results that focus on culture (the 'how')



# CASE STUDY

## BUILDING CULTURAL CAPABILITY

**Zane Kendall**
Aboriginal Consultant
Curijo

**"Facilitating the training with NHFB was a truly rewarding opportunity. It allowed me to support staff in building their Cultural awareness and strengthening their capability to work more effectively with Aboriginal and Torres Strait Islander communities."**

We are committed to reflecting the diversity of the Australian community in our people and creating an inclusive workplace where individuals feel free, comfortable, Culturally safe and empowered to be who they are.

While Cultural capability training is mandatory for SES and Executive Level 2 staff, we identified an opportunity to extend this learning opportunity agency-wide.

In early December 2024, Curijo delivered an all-staff session on Building Cultural Capability Foundations. The facilitator, Zane Kendall, a proud Aboriginal person (Barkindji, Worimi, Wailwan, Wiradjuri), brought deep knowledge and lived experience to the session. In his words: *"Facilitating the training with NHFB was a truly rewarding opportunity. It allowed me to support staff in building their Cultural awareness and strengthening their capability to work more effectively with Aboriginal and Torres Strait Islander communities."* They created a respectful and safe space for learning and their approach encouraged open and honest discussion, self-reflection and enhanced trust.

The session acknowledged and celebrated the diversity within our workforce and provided valuable insights into Aboriginal and Torres Strait Islander histories and their Culture. We explored unconscious bias and the importance of authenticity and cross-cultural engagement. Our facilitator helped us to form a better understanding of the concept and importance of self-determination for Aboriginal and Torres Strait Islander people and Cultural safety as well as the history and purpose of the Closing the Gap framework, including the intention of reconciliation.

As a group, we reflected on our own personal values, cultural backgrounds, and beliefs. By strengthening our collective cultural capability, we are able to better support our people, regardless of their background.

For more information, visit: curijo.com.au

## 5.1 A POSITIVE WORKPLACE CULTURE WHERE PEOPLE FEEL VALUED – CONT'D

Performance criteria 5.1 (Corporate Plan)

**2024-25 TARGET**

Our forward work plans are developed in consultation with staff.

**RESULT**

Met

### ANALYSIS

Our people and our United Leadership behaviours (see 'Our people' section) are at the centre of everything we do. Our success is a result of working together as a united team. By developing and shaping our plans together, we are clear on our objectives and can celebrate each other's success.

In 2024-25, we engaged with our people through structured consultation and collaboration, which informed the development and delivery of our:

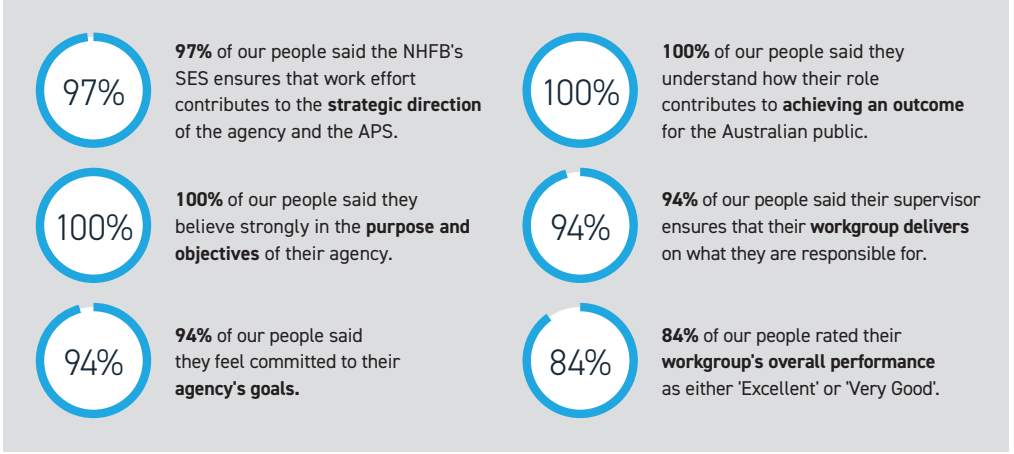
- Strategic Direction
- Risk Tolerance Statement
- Corporate Plan
- Section Plans and Individual Performance and Development Agreements.

These engagements provided our people with an opportunity to share their perspectives, deepen their understanding of the work across the agency and see how their work contributes to our objectives. More importantly, these engagements facilitated staff to take ownership of and connection to their work.

We continued our approach to clear and consistent communication through established channels, including executive meetings and weekly core function discussions. We held monthly all-staff meetings to discuss our performance which provided an opportunity to talk as a group about how we were tracking against our corporate plan objectives and our key initiatives.

Our Census results highlight the efforts we have made to set a clear direction and we are proud that for the last five years, over 88% of our people feel that the NHFB's SES 'clearly articulates the direction and priorities for our area (9 percentage points higher than the APS in 2025).

**Figure 25:** Survey results – results that focus on direction (the 'what')



## 5.1 A POSITIVE WORKPLACE CULTURE WHERE PEOPLE FEEL VALUED – CONT'D

Performance criteria 5.1 (Corporate Plan)

**2024-25 TARGET**

100% of compliance reporting requirements for the NHFB as a non-corporate Commonwealth entity are met.

**RESULT**

Met

### ANALYSIS

As an Australian Government agency, regardless of our small size, we must meet certain reporting requirements. These include our reporting obligations under:

- PGPA Act
- *Public Service Act 1999*
- *Freedom of Information Act 1982*
- Information Publication Scheme
- other commitments including Senate Orders.

We proactively manage our reporting responsibilities through our monthly organisational performance report. First developed in 2018-19, the Organisational Performance Report (the Report) captures our performance against our strategic objectives and key initiatives as articulated in our Strategic Direction 2024-2028, Portfolio Budget Statements 2024-25 and Corporate Plan 2024-25.

Since 2018-19, the Report has been expanded to include:

- a forward workplan of corporate policy reviews (see Objective 5.2)
- all corporate compliance reporting requirements for the agency, including timing and approvals (Objective 5.1)
- mandatory training and completion of individual performance agreements (See Objective 5.1)
- timing of monthly reports published to our website (see Objective 3.2)
- timing of Annual Reports tabled in Parliament (see Objective 3.1).

The Report is updated monthly, shared with our independent Audit and Risk Committee quarterly and forms the basis of our Annual Performance Statement.

Additionally, we review, discuss and update the performance report in conjunction with our monthly deliberations on financial reporting and risk performance, a key element of our corporate governance framework.

This approach supports us to plan for the work outlined in our Corporate Plan, track our progress, highlight any roadblocks, track completion and celebrate our success. In 2024-25, we had no integrity matters to report and completed all mandatory (PGPA Act and APS) reporting, including:

- publishing the 2024–25 Corporate Plan
- an unmodified audit opinion for the 2023–24 Financial Statements
- contract expenditure reporting (Murray Motion)
- legal services expenditure reporting
- fraud reporting
- Protective Security Policy Framework reporting
- internal file listings (Harradine Order)
- Freedom of Information
  - Public Interest Disclosure reporting.

**Figure 26:** Corporate Plan and Annual Reports

## 5.2 AN INNOVATIVE TEAM WILLING TO EXPLORE BEST PRACTICE APPROACHES

Performance criteria 5.2 (Corporate Plan)

**2024-25 TARGET**

Innovation is promoted and change is well managed.

**RESULT**

Met

### ANALYSIS

During the period 2018 to 2020, the NHFB focused on large-scale innovation, including significant digital transformation across our core functions: calculate, pay, report. This involved transitioning the Commonwealth Contribution Model to a more reliable SAS-based platform, launching a new National Health Funding Pool Payments System on a Technology One platform and transitioning our website to the whole-of-government GovCMS platform.

While we are incredibly proud of these large-scale technology-based innovations, innovation doesn't always need to involve groundbreaking technology or large-scale change. Sometimes, the most meaningful and impactful innovation is small, simple changes that make things better – a new way of working or a fresh perspective that drives real change.

In 2024-25, we focussed on employee-driven innovation including:

- establishing learning pathways for our people (see page 88)
- developing tools to streamline our analysis and identify data quality issues earlier
- expanding our analytics capability to monitor payments through the Pool compared to LHN service agreements
- identifying opportunities for enhanced collaboration between teams to progress funding transparency activities
- identifying additional learning and development opportunities, including through new online platforms.

One way we can measure whether our people feel willing to innovate and are empowered to do so, is through the annual APS Census. The innovation section of the APS Census asks respondents whether they feel willing and able to innovate, and whether their agency has a culture which enables them to be innovative. Since 2021, the NHFB has consistently ranked in the top six out of more than 100 APS agencies, compared to 14th in 2018.

Table 9 below shows the NHFB's results when compared to the APS overall, showing that across a range of innovation questions, our people do feel willing and able to be innovative and are supported to do so.

**Table 9:** Innovation survey results – results that focus on innovation

| PERCENTAGE OF POSITIVE RESPONSES | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| My SES manager encourages innovation and creativity | 100/67 | 92/65 | 100/65 | 93/66 | 84/68 |
| My agency recognises and supports the notion that failure is a part of innovation | 90/36 | 88/69 | 84/39 | 87/41 | 81/51 |
| Change is managed well in my agency | 77/45 | 77/45 | 69/43 | 80/44 | 53/48 |
| My supervisor encourages my team to regularly review and improve our work | 90/80 | 100/81 | 91/81 | 83/82 | 94/83 |
| My immediate supervisor encourages me to come up with new or better ways of doing things | 81/74 | 92/73 | 75/72 | 70/73 | 88/77 |
| My supervisor invites a range of views, including those different to their own | 90/79 | 96/82 | 88/82 | 77/83 | 84/82 |
| I suggest ideas to improve our way of doing things | 90/84 | 96/86 | 94/87 | 87/87 | 84/86 |
| I believe that one of my responsibilities is to continually look for new ways to improve the way we work | 95/87 | 96/82 | 88/80 | 87/79 | 94/84 |
| People are recognised for coming up with new or better ways of doing things | 95/62 | 85/60 | 78/58 | 80/58 | 63/65 |

Above APS average  At or below APS average

## 5.2 AN INNOVATIVE TEAM WILLING TO EXPLORE BEST PRACTICE APPROACHES – CONT'D

Performance criteria 5.2 (Corporate Plan)

**2024-25 TARGET**

100% of corporate policies are best practice and fit for purpose for a small agency.

**RESULT**

Met

### ANALYSIS

In 2024-25, through our Risk, Assurance and Governance Committee (RAGC) and Workplace Consultative Committee (WCC) (see pages 107 and 108), we reviewed our corporate policies to ensure they are contemporary, focussed on our people, and easy to understand.

There were no changes to entitlements under the National Health Funding Body Enterprise Agreement 2024-2027 during the reporting period to trigger a formal review, however, maintaining an annual review cycle for our policies provides an opportunity for:

- our people, regardless of tenure, with the chance to engage with and contribute to policies that are important to them
- our new starters (especially those who are new to the APS) to gain a better understanding of corporate governance in the public service.

We have streamlined our policy review processes into three simple steps:

1. Review by the business area
   - Consulting with subject matter experts as needed (for example, our Shared Servies Provider).
2. Review, comment and feedback from our internal governance committees (WCC or RAGC)
3. Review, comment and feedback from all staff.

Following this, they are approved by our Executive and accessible to everyone. We monitor the forward work plan of policy reviews through our monthly organisational performance report, and report on progress to our independent Audit and Risk Committee on a quarterly basis.

**Figure 27:** NHFB's corporate policy suite

# PART 3:

# MANAGEMENT & ACCOUNTABILITY

This part of our report details the corporate governance structures we have in place, how we support our workforce and how we have met our obligations as a PGPA agency.

# OUR PEOPLE

We are focused on building the capability of our people.

Our people are at the core of everything we do and we are committed to creating a workplace where they feel respected, empowered, and supported to thrive.

We are proud that our workforce reflects the community around us through our backgrounds, skills, talents and views (see Figure 28). Although we are a small and specialised agency, we are proud of our capable, diverse, and balanced team - each person playing a critical role in achieving our purpose.

We operate under a flexible legislative framework guided by the *Public Service Act 1999*, with terms and conditions outlined in our *National Health Funding Body Enterprise Agreement 2024–2027* (the EA). As an organisation, we set a clear Strategic Direction, supported by our Corporate Plan, Risk Tolerance Statement and Risk Management Framework. These documents then cascade into section plans and individual performance agreements. This provides our people with a clear line of sight between their individual role and our Strategic Direction.

We continued our focus on 'how' we do things being just as important as 'what' we do though our United Leadership behaviours: One NHFB, Enhanced Trust, Open Communication and Own It.

## Investing in our people

We know that the success of our agency depends on the capability and wellbeing of our people. That's why we continue to invest in:

- reflecting the community we serve through inclusive hiring and support
- fostering leadership at every career stage
- building capability across all levels
- creating opportunities for growth through learning and development
- promoting wellbeing and supporting work/life balance.

Our latest Australian Public Service (APS) Census results show we are a workplace that ensures everyone can be included in workplace activities, with supervisors that care about the health and wellbeing of our people.

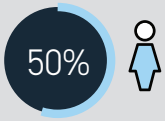
We also maintained our support for flexible work. All of our staff have flexible work arrangements, with most choosing to work from home 1-2 days a week - supporting better focus, balance, and wellbeing.

We continued to build on our commitment to build our pipeline of talent through the:

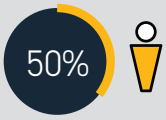
- APS Graduate Program
- Digital Traineeship Program
- Australian Government Apprenticeship Program
- Indigenous Apprenticeship Program.

Each program is a vital part of our efforts to create pathways for the next generation of public servants.

**Figure 28:** Our diversity




**50%** of our gender demographic was female.




**50%** of our gender demographic was male.

47%
of our people have carer responsibilities.

16%
of our workforce identify as having a disability.

34%
of our people identify as culturally and linguistically diverse.

22%
of our workforce identifies as LGBTIQA+.

22%
of our people identify as neurodivergent.

Our age profile spans from 19 to 64 years.

3%
identify as an Aboriginal and/or Torres Strait Islander person.

84%
of our people access flexible working arrangements.

## Workforce Diversity

We're committed to creating a workplace where everyone feels welcome, respected, and valued - no matter their background, identity, or life experience. We are proud that our workforce reflects the community around us.

Our Workforce Diversity Plan celebrates the unique skills, perspectives, and contributions of our people. It focuses on four key principles:

- living our values through inclusive behaviours and actions
- using inclusive language and respectful communication
- ensuring fairness and equality in all employment decisions
- designing flexible work structures that respect personal commitments outside of work.

The Plan supports our approach to:

- gender diversity and leadership
- cultural and linguistic inclusion
- Indigenous employment
- disability employment and accessibility
- mature-age workforce support.

In 2024-25, in consultation with our people, we developed our first Diversity and Inclusion poster to bring our Workforce Diversity Plan to life.

We encourage our people to be involved in diversity communities and forums made available through APS-wide Communities of Practice and the Department of Health, Disability and Ageing's diversity and inclusion networks (see Figure 29).

### Disability Strategy

We are committed to accessibility and inclusion. In alignment with Australia's Disability Strategy 2021–2031, we're working to make our agency more accessible and inclusive for everyone. This includes offering reasonable adjustments such as:

- accessible technology, facilities, and equipment
- alternative communication formats
- flexible work methods and hours

We're proud to contribute to a public service that empowers people with disability to reach their full potential and participate as equal members of society.

Further information on Australia's Disability Strategy is available at: dss.gov.au/australias-disability-strategy.

**"In our 2025 Census, 94% of our people agreed we value others' individual skills and talents."**

**Figure 29:** Diversity and Inclusion

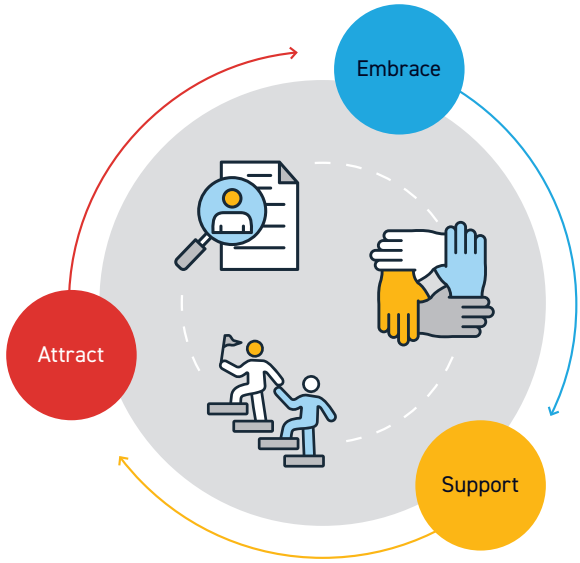
# DIVERSITY AND INCLUSION

Administrator National Health Funding Pool

National Health Funding Body

**We are committed to reflecting the diversity of the Australian community in our workforce:**

Our inclusive workplace supports our people to feel free, comfortable, safe and empowered to be who they are.




## 1 ATTRACT

**We will:**

- Actively promote and celebrate our diversity.
- Ensure diversity and inclusion is embedded in our communication materials.
- Provide support to hiring managers and selection panels to ensure diversity and inclusion is embedded in our recruitment processes.

## 2 EMBRACE

**We will:**

- Exemplify the NHFB's United Leadership Behaviours to contribute as a united team that treats others as equals and supports people to do their best work.
- Recognise and celebrate the diverse skills, experience and knowledge our people bring to their role.
- Encourage new ideas and identify opportunities to broaden our experience.

## 3 SUPPORT

**We will:**

- Support our people to actively engage and participate in staff diversity networks.
- Explore best-practice approaches to incorporate diversity and inclusion into our policies, systems and processes.
- Promote opportunities for workplace diversity training, mentoring and learning.

CaLD Culturally & Linguistically Diverse

Disability & Carers Network

Gender Equality Network

Health Pride Network

National Aboriginal & Torres Strait Islander Staff Network — Supporting our Mob in Health

Neurodiversity Network

Improving the transparency of public hospital funding in Australia

publichospitalfunding.gov.au

## Workforce Capability Plan

In developing our capability plan, we considered the internal and external factors that could impact our staffing profile, our strengths and weaknesses, areas of risk and opportunities for improvement.

The Capability Plan has three elements that help guide our decision making to ensure we have the right capability across our agency:

1. **Managing the workforce composition** - through continual review of core functions, critical skills and experience, monitoring of turnover trends, and attracting and retaining the right people.
2. **Building people capability** - ensuring role clarity for our people, increasing Learning and Development opportunities, and investing in career development.
3. **Continued focus on culture and leadership** - regular communication and engagement with people as well as celebrating success together.

As a small agency with an operating budget of $7.1 million and a staffing allocation of 28 ASL, we have planned rigorously to reduce our reliance on contractors and strengthen our in-house APS capability. These efforts are reflected in our 2025 APS Agency Survey response where we reported zero core work is outsourced. In 2025-26, our target remains at zero.

### Capability

In 2024-25 we continued to broaden our diversity and capability through participating in the:

- APS Data Graduate Program for a fifth year
- Australian Government Apprenticeship Program for a second year
- Digital Traineeship Program for a second year.

We expanded our participation in entry level programs through engaging a participant in the Australian Government Indigenous Apprenticeship Program (see page 71 for reflections from three of our people participating in our Entry Level Programs).

Underpinning everything we do is our focus on People and Wellbeing and United Leadership Behaviours - where 'how' we do things being just as important as 'what we do. We have embedded these are part of our business as usual activities through our:

- weekly executive discussions where we reflect and discuss what the agency is doing well and what we would do more of
- fortnightly all-staff sessions on People and Wellbeing. These sessions include updates on Capability, Diversity, Learning and Development, days of significance, health initiatives and more
- our Performance and Development Framework. This is our formal mechanism for reviewing performance, where our performance is equally assessed against our deliverable and our behaviours.

This has helped us to maintain our high performing environment, where everyone performs their role to the best of their ability and is encouraged to share new ideas.

# CASE STUDY

## TRANSITIONING FROM GRADUATE TO APS

Over the past five years, we've strengthened our workforce by tapping into a pipeline of emerging talent through our Entry Level Programs. These programs open doors for people from diverse backgrounds to launch their careers in the Australian Public Service, while receiving tailored support, training, and mentoring along the way.

Our investment in our entry level programs has been rewarding - not just for those starting their journey with us, but also for our existing teams. Supporting participants as buddies, mentors, and supervisors has given our people valuable opportunities to build their leadership skills and broaden their professional experience.

In November 2024, two of our Data Graduates (Emily and Arun) completed their program and transitioned smoothly into their ongoing Data Analyst roles, supporting the agency to calculate the Commonwealth's contribution to public hospital funding, analyse actual activity data submitted by States and Territories, present their findings to the NHFB Executive and prepare a range of information packages for our stakeholders.

Here's what Emily and Arun had to say about the transition to their ongoing Data Analyst roles:

Emily discussed how participating in several graduate rotations helped her identify what she wanted her permanent role to be and what she hopes to achieve in it:

*"During my graduate year, I had the opportunity to rotate through a variety of roles and work areas which helped me identify the types of work I find most engaging and where I feel I can contribute most effectively. Having this foundation has made the transition into a permanent role more informed and purposeful. I now have a clearer sense of my strengths, interests, and the kind of impact I want to make in the APS which has made my transition from a graduate role into the APS much smoother"*

**– Emily –**

Arun discussed how support from senior colleagues prepared him for the transition and how despite no longer undertaking formal rotations, he is still able to work on a wide variety of tasks in his permanent role:

*"In my experience, being an ongoing data analyst comes with much more independence than being a graduate. However, thanks to training and guidance from my manager and other senior colleagues, I had a smooth transition to the greater independence of my new role. I was also curious to see how much variety there would be in my permanent role compared to my action-packed graduate year. Besides data analysis, I've helped our HR team draft workplace policies, participated in staff committees, and helped our Chief Finance Officer with departmental accounting – there's never a dull day at the NHFB. Overall, I think the support I was given throughout my transition from graduate to data analyst embodies the APS Value of Stewardship, and I wholeheartedly recommend the NHFB's graduate program to anyone who is interested!"*

**– Arun –**

## Learning and development

We are committed to investing in our people through learning and development that is tailored to individual, team and agency needs. Our Learning and Development Strategy aims to build our organisational capability and support the career development of our people by identifying a broad range of learning methods to best support our workforce. This includes balancing learning activities across both soft skills (e.g. leadership and communication) and targeted technical training (e.g. data and finance) for individual people.

In 2024-25, seven percent of our expenditure reflected our investment in our staff through the provision of formal learning and development programs and professional memberships.

A particular focus for us in 2024-25 has been the planning and development of the NHFB Academy, which is designed to support and develop new starters and existing team members, equipping them with the skills, knowledge and learning pathways to succeed at the NHFB. The NHFB Academy is scheduled to formally launch during 2025-26.

In 2024-25, we provided Study Bank or Professional Membership assistance to 20% of our workforce. Our Study Bank Scheme offers financial assistance, paid leave for study purposes, or a combination of both.

In 2024-25, we identified a broad range of learning methods to best support our workforce including:

- self-managed learning (i.e. online training)
- mobility (inter-team, or secondments and temporary transfers)
- group learning
- facilitator-led training (classroom)
- conferences and seminars
- mentoring and coaching.

Another element of our Learning and Development Strategy is mandatory training. Completing mandatory training ensures our people understand their responsibilities and obligations as APS employees and supports a safe working environment. 100% of our people completed their mandatory training in 2024-25 that covered:

- work health and safety
- integrity
- fraud control
- security
- privacy
- record keeping.

**"In our 2025 Census, 84% of our people agreed their workgroup has the tools and resources needed to perform well."**

In addition to mandatory training, the whole team accessed at least one form of external learning and development in 2024-25, including:

- APS Learning Academy (e-Learning and classroom based)
- Department of Health, Disability and Ageing's e-Learning and classroom based
- SAS coding and analytics courses
- TechnologyOne e-Learning
- APS-wide Data Graduate Development Programs
- Canberra Institute of Technology courses
- Institute of Public Administration Australia (IPAA) ACT forums
- Healthcare Financial Management Association webinars
- First Aid courses and Health and Safety Representative training
- Emergency Warden training.
- leadership programs
- APS and private sector conferences
- Communities of Practice forums
- participation in Commonwealth, State and Territory technical and advisory committees.

## Stewardship

During the APS Reform Agenda, Speech to Institute of Public Administration Australia, 13 October 2023, Senator the Hon Katy Gallagher, Minister for the Public Service, noted *'As servants of the public, we are all responsible and accountable for leaving the APS in better shape than we found it.'*

We ensured our advice to government and our stakeholders reflects both the short-term and long-term impacts on the health system by:

- providing independent advice
- sharing knowledge and information appropriately and openly
- maintaining accurate and accessible records of decisions
- growing our capability (people, process and technology).

In the last 12 months, we invested time into reviewing and refining our standard operating procedures, cross-training, testing, and updating our business and quality assurance processes. This has led to better planning for future work packages and early identification of any issues.

This approach demonstrates our commitment to sustainable outcomes.

## Integrity

We have worked hard to create a psychologically safe workplace where our people can raise ideas or concerns and we talk openly about opportunities for improvement.

We support our people to understand their obligations and responsibilities as APS employees and to act with integrity. We achieved this though formal classroom based training, e-Learning and promoting an awareness of, and engagement with, the legislative, policy and governance frameworks we operate within.

We have a strong record of managing our fraud and corruption risks and a reputation for operating with integrity in our role in Australia's Health System.

Our United Leadership behaviours have supported us to maintain a culture of respect and trust. We are committed to not only upholding integrity in the APS, but championing it. Through regular engagement across a variety of forums, we hold ourselves accountable for 'what' we deliver and 'how' we deliver it, ensuring our decisions and actions are driven by the APS Values, Employment Principles and Code of Conduct.

**"In our 2025 Census, 88% of our people agreed our workplace culture supports them to act with integrity."**

## APS-wide key deliverables

### APS Reform

On 1 November 2023, the Government announced its commitment to continue to strengthen the public service through a second phase of targeted APS Reform initiatives. Three priority areas for ongoing reform were identified:

- bolster integrity
- build an outwardly-engaged APS
- continue to strengthen capability.

Since the initial announcement, the NFHB has been committed to the APS Reform agenda and has been embodying the key priorities in all aspects of our business, including though our United Leadership behaviours.

We demonstrate these by:

- embedding a pro-integrity culture
- developing productive relationships with our stakeholders and partners
- increasing transparency
- championing stewardship.

In 2024-25, we remained committed to the APS Reform agenda and fostered a pro-integrity culture, built on organisational capability and further embedded stewardship as an APS value.

### APS Strategic Commissioning Framework

The APS Strategic Commissioning Framework was issued by the Australian Public Service Commission (APSC) in October 2023. It is intended to strengthen APS capability through reducing reliance on contractors and consultants for core work.

As a small agency with an operating budget of $7.1 million and a staffing allocation of 28 ASL, we have planned rigorously, investing significantly to reduce contractor reliance and strengthen our in-house APS capability. These efforts are reflected in our 2025 APS Agency Survey response where we reported zero core work is outsourced. In 2025-26, our target remains at zero.

### Responsible Use of Artificial Intelligence

The *Policy for the responsible use of AI in government*, which came into effect on 1 September 2024, aims to ensure that government plays a leadership role in embracing AI for the benefit of Australians while ensuring its safe, ethical and responsible use, in line with community expectations.

While the NHFB does not currently use or apply AI, any future use would be done in consultation with our stakeholders while carefully managing the risks to support our vision of improving the transparency of public hospital funding in Australia. The NHFB's AI Transparency Statement is available on our website.

## Performance management

Each year, we work together to set a clear Strategic Direction, supported by our Corporate Plan, Risk Tolerance Statement and Risk Management Framework. This cascades into section plans and individual performance agreements and provides our people with a clear line of sight between their individual role and the agency's objectives.

Our approach to performance agreements:

- focusses on 'how' we do things, not just 'what' we do - NHFB's United Leadership Behaviours
- captures individual career and professional development goals - tailoring learning and development to individual needs
- acknowledges achievements - pausing to celebrate both individual and agency success
- supports planning for the future - reprioritising and identifying new opportunities

While we promote regular feedback opportunities and discussion, the more formal twice yearly performance agreement discussions between individuals and their supervisor provide an opportunity to pause and reflect, celebrate success and plan for the future.

In 2024-25, there were no instances of employees requiring management for underperformance.

### Code of Conduct

The APS Values, Employment Principles, and Code of Conduct detailed in the *Public Service Act 1999* set the standard of behaviour expected of all APS employees.

The APS Values, complemented by our four signpost United Leadership Behaviours, set the foundation for 'how' we do our work. Both are integrated into individual performance agreements, ensuring that our people understand the behaviours expected.

In 2024-25, we had zero Code of Conduct investigations and zero claims of bullying or harassment within the agency.

**Figure 30:** 2024-27 Performance management framework


**APS GOVERNING DOCUMENTS**

- The *Public Service Act 1999*
- APS Commisioner's Directions 2022
- Integrated Leadership System (ILS) Framework

**NHFB GOVERNING DOCUMENTS**

- Enterprise Agreement
- Strategic Direction
- Corporate Plan
- Workforce Capability Plan
- Learning and Development Strategy

**POLICIES**

- Recruitment, Selection and Probation Policy
- Performance Policy and Framework
- Managing Underperformance Guideline

**OTHER TOOLS**

- Department of Health, Disability and Ageing's Success Factors program
- LinkedIn Learning
- Other Learning and Development opportunities
- United Leadership Program

# CASE STUDY

## PEOPLE AND WELLBEING

Each fortnight, we host an all-staff session dedicated to People and Wellbeing. The sessions cover a range of topics from what's in our policies, to days of significance as well as how to access health and wellbeing support services. We host a monthly social event to encourage connection across teams In the workplace. We also host monthly all-staff sessions with senior leaders from across the APS and private sector to share their experiences of navigating leadership at all levels while maintaining work/life balance.

The results of this are reflected in our 2025 Census results where we ranked 4th out of 107 agencies for wellbeing with:

- 94% of our people believing their supervisor cares about their health and wellbeing
- 91% or our people agreeing the NHFB does a good job of promoting health and wellbeing, 20 percentage points higher than the APS overall.

**Figure 31:** People and Wellbeing Support

**Employee Assistance Program (EAP)** – a free and anonymous support service for our people and their immediate family to help support their wellbeing, health, work/life balance and performance.

**Wellbeing webinars** – free wellbeing webinars covering different topics about health, wellbeing and practical tools to support us in work and life.

**Discounted gym memberships** – to support our health and wellbeing initiatives, we have access to discounted membership rates across a number of local facilities.


**Eyesight testing** – we can provide access to subsidised eyesight testing and reimbursement for glasses prescribed for screen-based work.

**Workstation assessments** – available in-person and virtual to ensure our people have correct individual ergonomic set-ups when working from home or the office.

**Workplace software** – to remind us to take regular breaks, including a range of rest and stretch activities.

**Influenza vaccinations** – each year from the end of April, we offer our people free flu vaccinations.

**Blood and plasma donation leave** – we provide opportunities for our people to donate blood and plasma during work hours, without having to access their personal leave.

# Work Health and Safety

We are committed to providing and maintaining a safe and healthy workplace for all our employees and visitors and achieving high levels of psychological safety in the workplace.

We consult with our people regularly on health and safety matters and monitor our performance through our Workplace Consultative Committee (WCC) (see page 108). This provides a forum for communication with our staff in line with our EA (Part J - Consultation and Communication). The WCC reports to the CEO on matters including:

- workplace conditions (e.g. EA, HR policies and change management)
- work health and safety (e.g. policies, procedures and hazard identification).

The WCC also serves as a forum to ensure we meet the legislative requirements of the *Work Health and Safety Act 2011* (WHS Act), the *Work Health and Safety Regulations 2011* and the *Safety, Rehabilitation and Compensation Act 1988*. In 2024-25, no directions or notices were issued to the NHFB under the WHS Act.

We have a rehabilitation management system in line with Comcare's Guidelines for Rehabilitation Authorities 2019; these Guidelines provide a framework for our health and safety management arrangements.

Online Work Health and Safety training is mandatory for all employees, and this training is linked to individual performance agreements. This assists us to meet our WHS obligations and provide for a workplace that is safety conscious.

## Health and safety outcomes

Through our active management and health promotion practices, we aim to eliminate all preventable work-related injuries and illnesses. In 2024-25, there were no workers' compensation claims submitted to Comcare. The premium increase over time since 2020-21 was due the reinvestment and increase of our workforce. Our annual premium is relatively stable and remains lower than 2018-19.

**Table 10:** Comcare premium rates

| YEAR | PREMIUM $ |
|---|---|
| 2024-25 | 24,358 |
| 2023-24 | 24,211 |
| 2022-23 | 20,697 |
| 2021-22 | 19,513 |
| 2020-21 | 18,165 |
| 2019-20 | 19,920 |
| 2018-19 | 26,710 |
| 2017-18 | 35,976 |

Note: Figures are GST inclusive.

## Employee profile

Behind every achievement in 2024-25 are the people who make our organisation what it is. Their dedication, creativity and care shape not only our results, but our positive workplace culture - underpinned by a psychologically secure workplace, outstanding levels of personal integrity and a focus on organisational stewardship for the long-term.

In 2024-25, our Average Staffing Level (ASL) allocation was 28, with the entire team based in our Canberra office. The majority of our people had a flexible work arrangement in place during the reporting period - reflecting our focus on promoting wellbeing and supporting work/life balance.

The following tables (pages 96 to 101) provide a breakdown of our workforce by classification, employment type (ongoing/non-ongoing and full time/part time), gender and salary ranges.

**Table 11:** Headcount, FTE and ASL 2018-19 to 2024-25

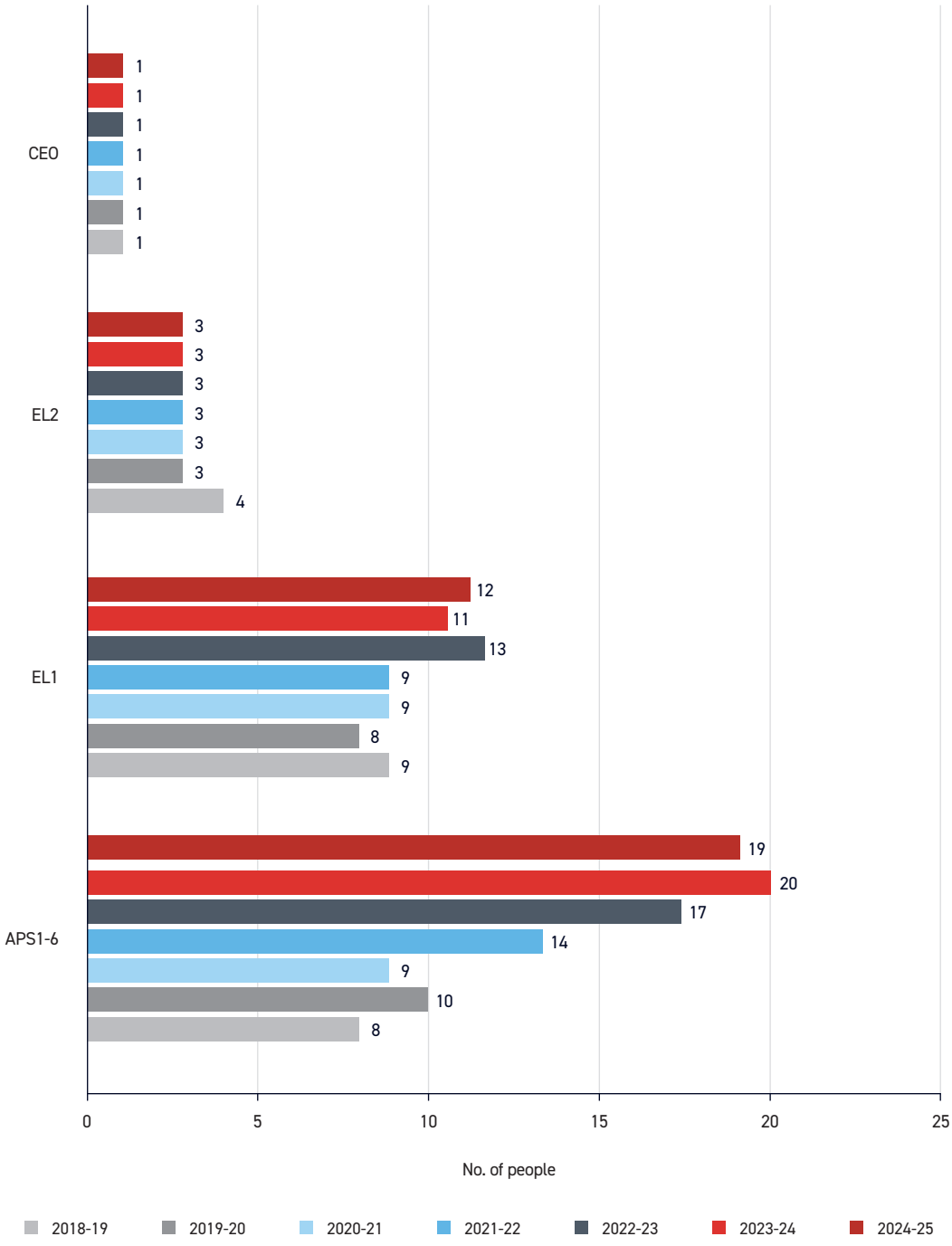
| YEAR | ASL CAP | HEADCOUNT | FTE | ASL |
|---|---|---|---|---|
| 2024-25 | 27.4 | 35 | 33.5 | 33.7 |
| 2023-24 | 27.4 | 35 | 33.4 | 29.7 |
| 2022-23 | 27.4 | 34 | 28.7 | 29.6 |
| 2021-22 | 28.4 | 27 | 25.9 | 23.7 |
| 2020-21 | 20.4 | 22 | 21.4 | 20.8 |
| 2019-20 | 20.4 | 22 | 19.6 | 18.9 |
| 2018-19 | 20.4 | 22 | 20.2 | 18.0 |

**Table 12:** Key Management Personnel

| NAME | POSITION TITLE | TERM AS KMP |
|---|---|---|
| Toni Cunningham | Administrator | 1 |
| Shannon White | Chief Executive Officer | 7 |

Note: the Administrator of the National Health Funding Pool is a Statutory Appointment (0.6 full-time equivalent) and has been excluded from our staffing profile.

**Figure 32:** Headcount by classification 2018-19 to 2024-25



## Workforce planning, employee retention and turnover

We have been operational since 2012-13 and have continued to grow our ASL over time, from 15 in 2012-13 to 34 in 2024-25.

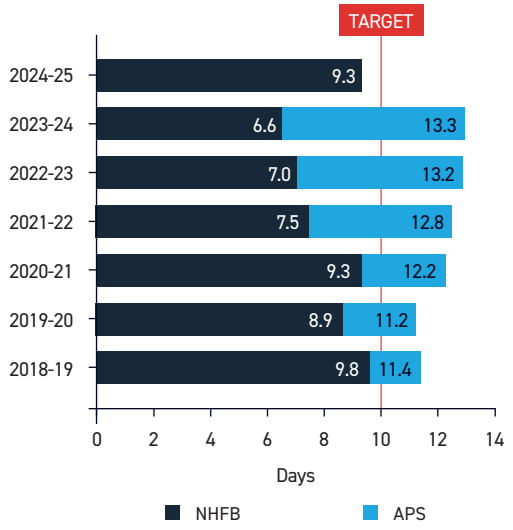
In our 2025 Census, over 50% of our people said they wanted to stay with our agency for the next one to three years. Figure 33 shows our turnover rate has reduced year on year since 2019-20.

We continue to invest in our workforce and succession planning through our Learning and Development strategies and entry level programs.

### Unscheduled absences

Our unscheduled absence rate has consistently been below the APS average (see Figure 34). Over time, our unscheduled absence rate continues to decline. The increase from 2023-24 was due to planned and active management of known medical and personal requirements.

**Figure 34:** Unscheduled absences (days) 2018-19 to 2024-25




Note: APS rate for 2024-25 is not yet available.

**Figure 33:** Turnover rate 2018-19 to 2024-25

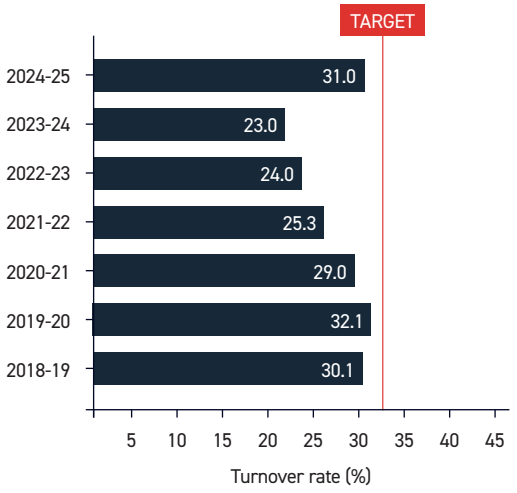



**Figure 35:** Average length of service 2018-19 to 2024-25

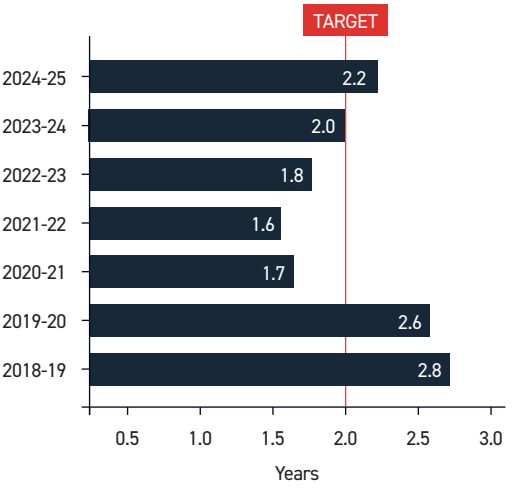


**Table 13:** Headcount by classification and gender 2021-22 to 2024-25

| CLASSIFICATION | 2021-22 | | 2022-23 | | 2023-24 | | 2024-25 | |
|---|---|---|---|---|---|---|---|---|
| | M | F | M | F | M | F | M | F |
| APS1 - 4 | 0 | 2 | 2 | 1 | 4 | 3 | 2 | 4 |
| APS5 | 1 | 0 | 3 | 0 | 4 | 3 | 4 | 3 |
| APS6 | 5 | 6 | 6 | 5 | 3 | 4 | 3 | 3 |
| EL1 | 3 | 6 | 4 | 9 | 6 | 5 | 6 | 6 |
| EL2 | 2 | 1 | 2 | 1 | 2 | 1 | 1 | 2 |
| CEO | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 |
| **TOTAL** | **12** | **15** | **18** | **16** | **20** | **16** | **17** | **18** |

**Table 14:** Headcount employment type (full time and part time) 2021-22 to 2024-25

| EMPLOYMENT TYPE | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|
| Full-time | 24 | 31 | 30 | 31 |
| Part-time | 3 | 3 | 5 | 4 |

Note: due to the size of our agency, the NHFB is unable to report on the split of full-time and part time employees by classification or gender for privacy reasons.

**Table 15:** Headcount by employment status and gender 2018-19 to 2024-25

| YEAR | 2018-19 | | 2019-20 | | 2020-21 | | 2021-22 | | 2022-23 | | 2023-24 | | 2024-25 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| Ongoing | 7 | 13 | 8 | 9 | 10 | 12 | 12 | 15 | 18 | 16 | 20 | 16 | 16 | 18 |
| Non-ongoing | 1 | 1 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| **TOTAL** | **8** | **14** | **11** | **11** | **10** | **12** | **12** | **15** | **18** | **16** | **20** | **16** | **17** | **18** |

**Table 16:** Senior Executive - Holders of Public Office

| SENIOR EXECUTIVE | MALE | TOTAL |
|---|---|---|
| Holder of Public Office - Office of the Chief Executive Officer | 1 | 1 |

**Table 17:** Details of Accountable Authority

| NAME | POSITION | DATE OF COMMENCEMENT | DATE OF CESSATION |
|---|---|---|---|
| Shannon White | Chief Executive Officer | 3 April 2018 | N/A |

## Remuneration Framework

On 30 January 2024, the EA came into effect, meaning 2024-25 was the first full financial year under the new agreement. The NHFB EA outlines the terms and conditions of employment to all non-SES NFHB employees and provided a 3.8% remuneration increase to all pay scales on 13 March 2025. The non-SES updated pay scales are listed at Table 18.

In our 2025 Census:

- 97% of our people were satisfied with the stability and security of their jobs, 11 percentage points higher than the APS overall
- 88% of staff agreed that they are fairly remunerated for the work they do, 22 percentage points higher than the APS overall
- 94% of staff reported being satisfied with non-monetary employment conditions (e.g. leave, flexible work), 9 percentage points higher than the APS overall.

Our agency currently has only one substantive SES-level employee, the CEO for the National Health Funding Body, who is a Holder of Public Office. The remuneration and employment conditions for the CEO and Administrator (Statutory Appointment) are set by the Commonwealth Remuneration Tribunal (see Table 19).

Four non-SES employees had Individual Flexibility Agreements in place during 2024-25. Performance pay was not made to any employees during this financial year.

### Non-Salary Benefits

We also provide a range of non-salary benefits that are incorporated into our HR policies. Any changes to these policies are reviewed by our internal Workplace Consultative Committee and cleared by the CEO. Examples of non-salary benefits provided to employees include:

- access to an Employee Assistance Program
- substitution of public holidays for religious or cultural days of significance
- flexible working locations and home-based work
- influenza vaccinations
- time off for blood and/or plasma donation
- financial assistance to access financial advice for our people aged 54 years and over.

**Table 18:** Salary range by classification and allowances as at 30 June 2025

| CLASSIFICATION | SALARY RANGE $ |
|---|---|
| EL2 | 141,473 – 167,498 |
| EL1 | 118,577 – 135,239 |
| APS6 | 96,492 – 108,859 |
| APS5 | 86,197 – 93,217 |
| APS4 | 80,419 – 84,971 |
| APS3 | 70,981 – 78,676 |
| APS2 | 61,422 – 67,027 |
| APS1 | 53,858– 59,023 |
| First Aid Officer | 36.47* |
| Health and Safety Representative | 36.47* |
| Emergency Warden | 36.47* |
| Harassment Contact Officer | 36.47* |

* Per fortnight.

**Table 19:** Remuneration for key management personnel

| Name | Position title | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration $ |
|---|---|---|---|---|---|---|---|---|---|
| | | Base salary $ | Bonuses | Other benefits and allowances | Superannuation contributions $ | Long service leave $ | Other long-term benefits | | |
| Toni Cunningham | Administrator | 235,566 | - | - | 18,031 | 3,865 | - | - | 257,463 |
| Shannon White | CEO | 312,142 | - | - | 45,529 | 12,389 | - | - | 370,060 |
| **TOTAL** | | **547,708** | **-** | **-** | **63,560** | **16,255** | **-** | **-** | **627,522** |

Note: The amounts presented in the above table differ to the amounts disclosed in the Remuneration Tribunal Determination. The Remuneration Tribunal determines remuneration and allowances on a cash basis. The difference between the above table and remuneration tribunal is due to the above table being prepared on an accrual basis in accordance with the Public Governance, Performance and Accountability Rule 2014.

**Table 20:** Senior Executive Remuneration

| Total remuneration bands $ | Number of senior executives | Short-term benefits | | | Post-employment benefits | Other long-term benefits | | Termination benefits | Total remuneration |
|---|---|---|---|---|---|---|---|---|---|
| | | Average base salary $ | Average bonuses | Average other benefits and allowances | Average superannuation contributions $ | Average long service leave $ | Average other long-term benefits | Average termination benefits | Average total remuneration $ |
| 220,001 - 245,000 | 1 | 211,110 | - | - | 23,676 | 6,867 | - | - | 241,652 |

Note: The NHFB does not have any other highly paid staff remunerated above the reporting threshold of $260,000.

# MANAGING RISKS

Understanding our risks, and managing them well, helps us to deliver on our objectives.

## Our risk culture - communication is key

By using consistent language, robust methodologies and simple documentation across the organisation, managing risk has become a part of our core business.

We have embedded 'risk' as a natural part of our business – this means that everyone understands their responsibilities for managing risk. We have created an organisational culture that supports risk–aware decision-making and encourages innovation.

Having regular risk discussions at all levels ensures our people have the opportunity to raise potential risks, as well as identify potential opportunities as part of their day-to-day activities.

We acknowledge that sometimes things can and do go wrong. When they do, we discuss these 'near misses' so that differences can be addressed quickly. Instead of finger-pointing or laying blame, we reflect on, and use the lessons learned to improve our capability, internal processes and technology.

When it comes to our people however, we have no appetite for risks that would compromise their safety or wellbeing. This means we work as a united team to keep our working environment safe, friendly, and inclusive for everybody.

## Best practice and fit-for-purpose approach

Our Risk Tolerance Statement defines the level of risk we are willing to take to achieve our objectives (see Figure 36).

Our Risk Management Policy and Framework is based on the International Standard on Risk Management (ISO 31000:2018 - Risk Management Guidelines) and aligns with the nine elements of the Commonwealth Risk Management Policy. Our Risk Management Instructions support the risk policy and framework and describe 'how' our risks are managed.

To ensure we maintain an appropriate system for risk oversight we undertake an annual review of our Strategic Risks and the associated preventative, detective and recovery controls.

**Figure 36:** Risk Tolerance Statement

# RISK TOLERANCE
## 2025-2026

Administrator National Health Funding Pool

National Health Funding Body

## Message from the Chief Executive Officer

As the Accountable Authority under the *Public Governance, Performance and Accountability (PGPA) Act 2013*, it is my responsibility to establish and maintain appropriate systems of risk oversight and management for the Agency. This includes setting the Agency's appetite and tolerance for risk, as well as our underpinning risk culture.

At the NHFB, our United Leadership behaviours underpin an inclusive approach to managing risk across the agency. We actively promote a risk aware culture that encourages innovation, particularly through digital transformation and continuous business process improvements.

One of our behaviours, 'One NHFB', emphasises the importance of contributing as a united team and fostering a workplace environment where we encourage new ideas. We empower all of our people to understand and embrace their role in risk management, recognising that risk management is a shared responsibility.

Our behaviours 'Open Communication' and 'Enhance Trust' are central to this approach. Together, these behaviours support meaningful and constructive risk discussions, including on lessons learnt.

By regularly reflecting on lessons learned, we inform and shape improvements to our people, process and technology – ensuring our approach to risk management remains best practice and fit-for-purpose for our small agency.

These are essential elements to foster a psychologically safe workplace, uphold integrity in our decision making and sustain improvements in our performance.

**Shannon White**
Chief Executive Officer

### Our risk culture

In a perfect world there would be no breakdown in risk management controls, nor a risk event realised, however this is not realistic. Our final behaviour, 'Own it' encourages everyone to perform their roles to the best of their ability and at the same time acknowledges that sometimes things can and do go wrong.

Underpinning our approach to risk, is a culture of 'not blaming others' and 'no finger pointing'.

## Risk tolerance statement

Our risk tolerance levels across our five key objectives are highlighted below. Tolerance levels are based on the supporting business function, together with the potential cost and/or the benefit of engaging with risk to improve our decision-making ability.

| KEY OBJECTIVES | STRATEGIC RISKS |
|---|---|
| **CALCULATIONS**<br>▪ Timely advice<br>▪ Accurate calculation<br>▪ Reconcile activity<br>▪ Funding integrity | **LOW TOLERANCE**<br>1 **Error(s) or delay in the calculation of payments:** We have a **LOW** tolerance for incorrect calculations due to poor governance, processes and delivery.<br>2 **Error(s) or delay in the reconciliation of payments:** We have a **LOW** tolerance for inaccurate reconciliation processes between estimated and actual service volumes that impact on public hospital funding. |
| **PAYMENTS**<br>▪ Timely payments to LHNs<br>▪ Payments System<br>▪ Funding Pool Financial Statements | **LOW TOLERANCE**<br>3 **Error(s) or delay in payments:** We have a **LOW** tolerance for poor governance, processes and illegal activity.<br>4 **Integrity issues with the Funding Pool Financial Statements:** We have a **LOW** tolerance for risks that impact transparency due to failures to meet our reporting requirements. |
| **REPORTING**<br>▪ Accurate information<br>▪ Funding reports<br>▪ Compliance reports<br>▪ Data security | **LOW TOLERANCE**<br>5 **Error(s) or delay in the reporting of public hospital funding, payments and services:** Whilst dependent on stakeholders to complete accurate and timely end of month processing, we have a **LOW** tolerance for failure to meet our reporting requirements.<br>6 **Inappropriate or unauthorised data release:** We have a **LOW** tolerance for risks that impact the management and security of data. |
| **STAKEHOLDERS**<br>▪ Impartial advice<br>▪ Engagement | **MEDIUM TOLERANCE**<br>7 **Unproductive stakeholder relationships:** We have a **MEDIUM** tolerance for risk when developing and sustaining approaches to stakeholder relationships whilst maintaining the integrity of the Administrator and the NHFB. |
| **ORGANISATION**<br>▪ Positive culture<br>▪ Innovation<br>▪ Good governance<br>▪ Funding Body Financial Statements | **MEDIUM-LOW TOLERANCE**<br>8 **Poor workplace culture:** We have a **MEDIUM** tolerance for risks which jeopardise our ability to attract, retain and develop talent to achieve outcomes.<br>9 **Inability to adapt and innovate:** We have a **MEDIUM** tolerance to adapt or explore best practice approaches that promote innovation.<br>10 **Health, well-being and safety:** We have a **LOW** tolerance for a working environment that adversely impacts the health, safety and wellbeing of staff.<br>11 **Fraudulent and / or corrupt activity:** We have a **LOW** tolerance for poor governance or defective processes that lead to illegal activity. |

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## Risk Management approach

With a $7.1 million budget and an allocation of 28 ASL administering over $77 billion in public hospital payments, it is critical that we have a proactive approach to risk management.

Figure 37 shows the NHFB's approach to risk management and the policies and frameworks that support our people to maintain a robust system of risk management and oversight.

In 2024-25 we continued to:

- hold monthly all-staff discussions on our strategic objectives, budget, risk, stakeholder engagement and workplace culture
- fortnightly risk management updates
- weekly executive meetings
- lessons learned workshops.

Our people understand the tools and guidance we have developed and have the confidence they need to deal with any uncertainty that comes with engaging with risk. Shared risks are those risks with no single owner, where more than one entity is exposed to or can significantly influence the risk. Shared risks may include those where management responsibilities can extend across teams or involve other entities. The growth of inter-agency projects, for example, means that shared risk is becoming a common occurrence. Good risk management is reflecting on risk learnings within the agency and sharing knowledge and experiences – good or bad.

For example:

- in our data team, an awareness of what needs to go right under the 'Calculate' objective enables the team to identify gaps in critical data models and quickly mitigate before things go wrong
- the Finance team is responsible for the administration of the Payment System – another key critical resource. Managing the shared risks includes effective stakeholder relationships to ensure processes, people and technology all work effectively and are in sync with each other
- supporting the agency across all five strategic objectives means the Policy, Planning and Performance team are managing not just the associated strategic risks but the way the NHFB approach risk, including regular risk reviews, risk discussions and reporting to the independent Audit and Risk Committee.

We continue to develop and improve our risk management capability through 'best practice, fit-for-purpose' initiatives. We achieve this through strong leadership who promote and influence a proactive risk culture, empowering and supporting our people to explore potential opportunities.

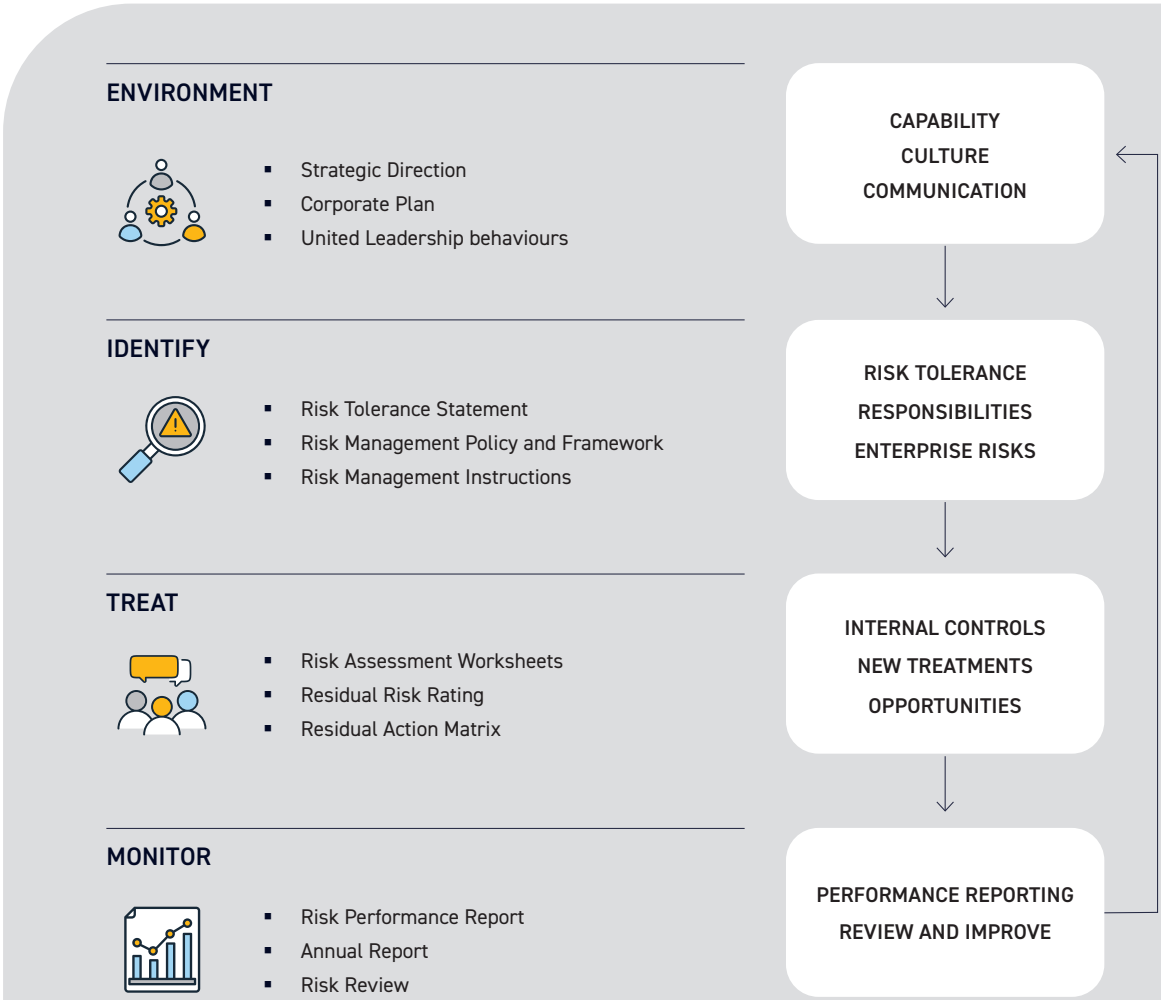
## Our risk reviews

Each year, we formally review our eleven strategic risks. This annual review is an opportunity for risk managers and control owners to collaborate, identify and assess any emerging or new risks that may impact our agency. Through this process we:

- review and update preventative, detective and recovery controls
- confirm the effectiveness of risk controls
- consider any new treatments
- confirm/update responsible risk or treatment control owners.

We don't always wait for the annual review though. Through our monthly meetings on organisational performance, budget and risk, we have the opportunity to review and update as needed and share these quarterly with our independent Audit and Risk Committee (see page 110).

**Figure 37:** Risk management approach



# CORPORATE GOVERNANCE

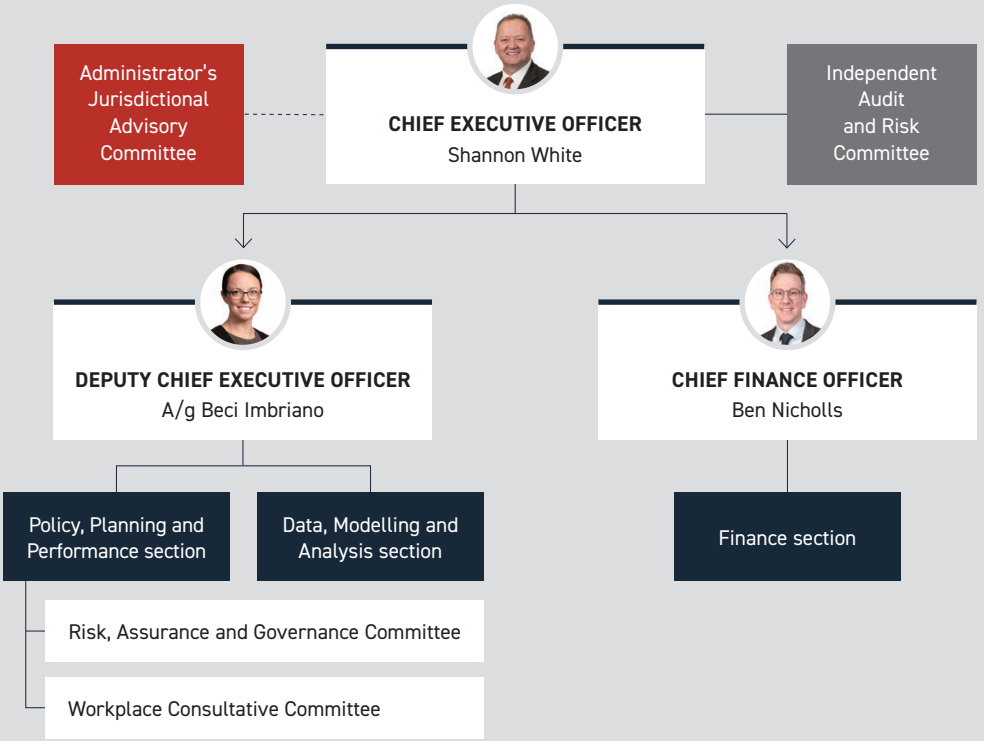
Our governance approach ensures we can deliver on our strategic objectives and statutory obligations.

We are subject to legislation, regulations, standards, and guidelines applicable to our status as a non-corporate Commonwealth entity under the PGPA Act and the PGPA Rule. We are also subject to both Commonwealth, State and Territory legislation when assisting the Administrator to fulfil their obligations under the NHR Act and Agreement.

In 2024-25 we reviewed and updated our Accountable Authority Instructions, Financial Delegations and Human Resource Delegations to ensure we commenced the new financial year fully compliant.

Our Executive (see pages 14 and 15 for profiles) meet weekly and use these meetings as a forum for engagement and discussion, including providing advice to the CEO on strategic direction, key initiatives, agency policies, as well as any immediate and emerging issues.

**Figure 38:** National Health Funding Body Governance



## Risk, Assurance and Governance Committee

The Risk, Assurance and Governance Committee (RAGC) provides assurance to the CEO, Executive, and the independent Audit and Risk Committee on the adequacy, effectiveness and performance of our governance arrangements including:

- risk management (including fraud and corruption control)
- compliance and control
- audit and assurance
- information governance
- cyber security and agency security (people and systems)
- business continuity.

The RAGC is comprised of the following members:

- Chair (currently the Director, Policy, Planning and Performance)
- CFO
- Director Data, Modelling and Analysis
- Risk Manager
- Payments System Administrator
- Health and Safety Representative.

The RAGC met four times in 2024-25:

- 8 August 2024
- 4 November 2024
- 6 March 2025
- 20 May 2025.

Key area of focus for the RAGC in 2024-25 included:

- recommending the CEO approve the 2024-25 Risk Tolerance Statement, providing updates to critical controls, reviewing risk performance reporting, and oversight of the Agency's 2024 risk review
- reviewing and recommending the CEO endorse the:
  - Accountable Authority Instructions, Financial Delegations and Procurement and Contract Management Policy
  - National Health Funding Pool Payments System Internal Controls Framework
  - NHFB's Internal Control Framework
  - NHFB's suite of security policies and plans
  - NHFB's Fraud and Corruption Control Plan.

In 2025-26, our Risk Assurance and Governance Committee will oversee the review and updates to internal policies and procedures across our core functions (calculate, pay, report) stemming from a new Addendum.

## Workplace Consultative Committee

The Workplace Consultative Committee (WCC) is our staff consultative body for communication, consultation and engagement with our people on topics related to the work environment and employment conditions.

The WCC is comprised of the following members:

- Chair (currently the Director Policy, Planning and Performance)
- Management Representative
- Human Resource Manager
- Health and Safety Representative
- Employee Representative.

In 2024-25, the WCC reviewed our workplace health and safety and human resource policies as part of our corporate policy annual review cycle.

Key area of focus for the WCC in 2024-25 included:

- refreshing and monitoring the implementation of our Workforce Capability Plan, Workforce Diversity Plan and Learning and Development Strategy
- reviewing, updating, and recommending the CEO endorse updates to the following policies:
  - Human Resources Delegations
  - Recruitment, Selection and Probation Guidelines
  - Workplace Health, Safety and Wellbeing Policy (includes Domestic Violence Support)
  - Flexible Work Guidelines (including remote work agreements)
  - Leave, Travel and Allowances Policy
  - Performance Development Agreement Framework
  - Study Bank Guidelines
  - Preventing Bullying, Harassment and Discrimination in the Workplace
  - Managing Underperformance Guideline
  - Dispute Resolution Plan.

## Oversight and assurance

Our strong corporate governance framework is critical to managing our strategic and operational activities to ensure we achieve our purpose and deliver on our objectives. Our formal governance arrangements provide a clear structure and process for reporting to the CEO and independent Audit and Risk Committee on the effectiveness of current risk controls and the implementation of new treatments.

We have adopted the principles of the Institute of Internal Auditors 'three lines' model and adapted the model to ensure it is fit-for-purpose for our small agency (see Figure 39).

This model ensures that we have robust, independent and objective oversight embedded at all levels to provide appropriate assurance.

## Audit and assurance

NHFB's Audit and Assurance Strategy 2024-25 outlined the role of audit in addressing our assurance requirements, as well as the approaches used.

The Strategy was developed through the RAGC, before being considered by our Independent Audit and Risk Committee. It was then signed off by the CEO in consultation with the Administrator.

In 2024-25, NHFB's audit and assurance functions were provided by external resources to provide assurance to the CEO that the NHFB's risk management, governance and internal control processes are operating effectively.

**Figure 39:** NHFB three lines model

# Independent Audit and Risk Committee

The Independent Audit and Risk Committee (the Committee) is an integral component of our corporate governance and a valuable source of independent advice for the CEO.

The Committee has been established in accordance with subsection 45 of the PGPA Act and section 17 of the PGPA Rule - Audit Committee for Commonwealth entities.

The Committee's role is to provide independent advice and assurance to the NHFB CEO on the agency's performance and financial reporting, risk oversight and management, and system of internal control.

This includes providing advice to the NHFB CEO and the Administrator on the operation, management and financial reporting of the National Health Funding Pool. The Committee is not responsible for the executive management of these functions.

The Audit and Risk Committee Charter (the Charter) provides a blueprint of the Audit and Risk Committee's operations and responsibilities and is reviewed annually. Full details on the functions of the ARC are available from the NHFB Audit and Risk Committee Charter at publichospitalfunding.gov.au/publications/audit-and-risk-committee-charter.

## Performance reporting

In reviewing the appropriateness of the NHFB's performance reporting as a whole, the Committee reviews the NHFB's systems and processes for developing, measuring and reporting the achievement of the NHFB's performance.

In particular, the Committee will satisfy itself that:

- the NHFB's Portfolio Budget Statements and Corporate Plan include details of how the NHFB's performance will be measured and assessed
- the NHFB's approach to measuring its performance throughout the financial year against the performance measures included in its Portfolio Budget Statements and Corporate Plan is sound, and has considered guidance issued by the Department of Finance
- the NHFB has sound processes in place for the preparation of its Annual Performance Statement and its inclusion in the NHFB's Annual Report
- the NHFB's proposed Annual Performance Statement is consistent with the NHFB's financial information, including its financial statements that it proposes to include in the Annual Report.

## Financial reporting

In reviewing the appropriateness of the NHFB's systems and processes for financial reporting, the Committee:

- reviews the NHFB's financial statements and compliance with accounting standards and the PGPA Act and the Rule, having regard to any supporting guidance
- reviews the appropriateness of NHFB's Accountable Authority Instructions, financial delegations, procurement and contract management policies

- reviews the appropriateness of accounting policies and disclosures, including any significant changes to accounting policies
- reviews sign-off by NHFB management in relation to the quality of the financial statements, internal controls and compliance
- reviews the auditor's judgments about the adequacy of the NHFB's accounting policies and the quality of the NHFB processes for the preparation of both the NHFB's financial statements and the NHFP's financial statements, through discussions with the ANAO.

## System of risk management and oversight

In reviewing the appropriateness of the NHFB's system of risk oversight and management, the Committee:

- reviews whether NHFB management has in place a current and sound enterprise risk management framework and associated internal controls for effective identification and management of identified risks
- assesses the impact of the NHFB's risk management framework on the NHFB's control environment
- reviews the process of developing and implementing the NHFB's fraud and corruption control arrangements and satisfy itself that the NHFB has appropriate processes and systems in place to detect, capture and effectively respond to fraud and corruption risks
- review reports from management that outline any significant or systemic allegations of wrongdoing, the status of any ongoing investigations and any changes to the fraud and corruption risk environment in the NHFB
- satisfies itself that the NHFB has appropriate systems and procedures in place to identify the NHFB's key assurance arrangements and is reviewed annually.

## Internal control

In reviewing the appropriateness of the NHFB's system of internal control, the Committee:

- reviews NHFB management's approach to maintaining an effective internal control framework
- notes NHFB's HR delegations, and associated bullying and harassment policies
- satisfies itself that appropriate processes are in place to assess the entity's compliance with laws, regulations and associated government policies
- satisfies itself that management periodically assesses the adequacy of the NHFB information security arrangements.
  - reviews the proposed audit coverage, ensuring that it takes into account the NHFB's key risks, and recommend approval of the Annual Work Plan by the NHFB CEO
  - reviews all audit reports and provide advice to the NHFB CEO on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- satisfies itself that the NHFB has sound business continuity procedures in place.

## Audit and Risk Committee Members 2024-25

Summary of their skills, knowledge and experience

**Stephen Horne**
Chair
(September 2020 – Present)

As a Non-Executive Director since 2015, Stephen has developed a portfolio of audit committee experience spanning the Commonwealth, NSW Local Government and Victorian Local Government sectors, with a diverse range of entity types.

Stephen previously served for 38 years in the NSW public sector, including roles of Assistant Auditor-General for NSW, looking after Performance Audits, and the Chief Executive of IAB, a Government Trading Enterprise undertaking internal audits and misconduct investigations.

Stephen is a qualified Company Director (GAICD), Governance Professional (FGIA, FCG, CGP), certified internal auditor (PFIIA, CIA, CGAP), certified in risk management assurance (CRMA), and has a business degree and postgraduate qualifications in management, management communications and fraud control.

Stephen chaired five NHFB ARC meetings in 2024-25.

**Figure 40:** 2024-25 Audit and Risk Committee demographic breakdown

### Gender

Male 2, Female 3

### Tenure

0-2 years = 2

4-6 years = 3

Average tenure = 3 years

### Professional experience

- internal audit
- risk
- financial management
- policy
- human resources
- governance
- performance
- accountability

**Jeanette Barker**
Member
(September 2020 – June 2025)

Jeanette has worked and held appointments on boards and committees associated with the NSW public health system for over 25 years. She is a former senior executive of NSW Health where she was employed in roles specialising in governance and risk, policy and health regulation. Jeanette is chairperson of the Cancer Institute of NSW ARC and an independent member on the ARC for the Mid North Coast Local Health District.

Jeanette has a Bachelor of Arts from the University of Sydney (History and Government) and a Masters of Criminal Justice and Criminology from the University of New South Wales.

Jeanette attended five NHFB ARC meetings in 2024-25.

**Mark Jenkin**
Member
(October 2020 – Present)

Mark currently serves on the board of two ACT-based registered not for profit charities and is an independent member of the audit and risk committee of the Office of the Inspector General of Aged Care.

He has extensive senior management experience in the public sector including serving as the Chief Financial Officer of the Australian Department of Human Services (Services Australia) from May 2015 to January 2020. Prior to this, Mark was in the Department of Defence for many years, his last position being Head of Defence Support Operations Division with responsibility for delivering a range of base support and facilities services around Australia.

Mark has a Bachelor of Commerce, a Master of Financial Management and is a Fellow Certified Practising Accountant, a Member of the Australian Institute of Company Directors and a past member of the Australian Accounting Standards Board.

Mark attended five NHFB ARC meetings in 2024-25.

**Table 21:** 2024-25 Audit and Risk Committee meeting attendance and remuneration

| NAME | NUMBER OF MEETINGS HELD | NUMBER OF MEETINGS ATTENDED | 2024-25 TOTAL REMUNERATION $ |
|---|---|---|---|
| Stephen Horne (Chair) | 5 | 5 | 13,200 |
| Jeanette Barker | 5 | 5 | 6,212 |
| Mark Jenkin | 5 | 5 | 9,500 |
| Josephine Schumann* | 3 | 3 | 4,500 |
| Gayle Ginnane* | 3 | 3 | 6,600 |
| **TOTAL 2024-25 ARC REMUNERATION** | | | **40,012** |

*Commenced October 2024.

**Josephine Schumann**
Member
(October 2024 – Present)

Josephine currently serves as an independent Chair of the Office of Australian Information Commissioner Audit committee and is a member of the DPS Audit committee, the PWSS Audit committee and the Clean Energy Regulator Audit committee.

She has extensive experience in the public sector having worked in both the ACT and Commonwealth government, and for the Canadian government. During her 30 plus year career, she held senior executive positions responsible for corporate services at the Department of Veterans' Affairs, the Australian Competition and Consumer Commission and Murray Darling Basin Authority.

Josephine has a Masters of Arts (Urban Geography) and is a graduate of the Australian Institute of Company Directors. Josephine holds certifications in executive coaching and emotional intelligence assessment. Since 2017, Josephine has run her own business as a qualified coach and mentor, providing services to senior executives and middle level public servants within the public and not for profit sector.

Josephine attended three NHFB ARC meetings in 2024-25.

**Gayle Ginnane**
Member
(October 2024 – Present)

Gayle has 40 years of experience in public sector management, corporate governance, regulation, policy review, multi-stakeholder engagement, and audit and risk management, primarily within health and early childhood education.

Gayle held the position of CEO of the Private Health Insurance Administration Council (PHIAC) for 12 years. She possesses significant knowledge of governance, risk management, the public-private interface, and assessing commercial realities in business environments. Previously, she held Director/Board Member positions with the National Blood Authority, ACT Medicare Local, CIT Solutions, National Childcare Accreditation Council, Australian Pharmacy Council and the Australian Children's Education & Care Quality Authority.

She holds Bachelor degrees in Arts and Economics from the University of Queensland, a Master's degree in Defence Studies from UNSW and a Graduate Diploma in Strategic Studies from Joint Services Staff College (now the Australian War College).

Gayle attended three NHFB ARC meetings in 2024-25.

## External scrutiny

During 2024-25, there were no reports on the operations of the NHFB including:

- judicial, tribunal or Australian Information Commissioner reviews
- Auditor-General, Parliamentary Committee or Commonwealth Ombudsman inquiries
- external capability reviews.

## Freedom of Information

The *Freedom of Information Act 1982* (The FOI Act) gives members of the public a right to access copies of documents, other than exempt documents, that we hold.

However, the NHFB can refuse access to some or part of those documents that have an exemption under the FOI Act.

Two FOI requests were made to the NHFB in 2024-25, one in relation to NHFB Style, Writing and Brand Guides and one seeking information regarding the nature and function of Indigenous Liaison Officers in Commonwealth agencies. Access to the information for both requests was granted under Administrative Access arrangements.

**Table 22:** Audit and assurance activities undertaken in 2024-25

| STRATEGIC OBJECTIVE | ACTIVITY | PROVIDER |
|---|---|---|
| Calculate | External assurance review of the completeness and accuracy of the NWAU calculation | Taylor Fry |
| Calculate | External assurance review of the CCM including the integrity of the methodology, formulas and inputs | Taylor Fry |
| Pay | Assurance review of Payments System documentation | Cyconsol |
| Pay | Assurance review of Payments System Control Framework and proposed actions | RSM |
| Report | Audit of the National Health Funding Pool Special Purpose Financial Statements for each State and Territory | Each State and Territory Auditor-General |
| Organisation | Internal audit of the National Health Funding Body arrangements for:<br>▪ credit card, travel and Cabcharge<br>▪ procurement<br>▪ payroll function<br>▪ risk management<br>▪ privacy | RSM |

## Fraud and Corruption Control

The NHFB's Fraud and Corruption Control Plan has been developed to manage the risks of fraud and corruption in our workplace. The current plan, approved by the CEO on 1 December 2024, will be considered by the Risk, Audit and Governance Committee in November 2025, ahead of being shared for staff consultation.

The Plan puts into place a comprehensive program that covers prevention, detection, investigation, and reporting of fraud and corruption.

Identifying and assessing fraud and corruption risks ensures the NHFB can:

- protect public resources, including money, information and property
- protect the integrity and reputation of the NHFB and Administrator
- provide for accountability as to implementation of fraud and corruption control arrangements.

We encourage our people and contractors to report all incidents of suspected illegal or corrupt conduct including fraud and the misconduct or mismanagement of resources.

In 2024-25, the NHFB did not detect or report any suspected or actual instances of fraud or corruption.

## Certification of Fraud and Corruption Control Arrangements

I, Shannon White, certify that I am satisfied that for 2024-25, the NHFB has:

- prepared a fraud and corruption control plan and associated risk assessment
- appropriate prevention, detection, investigation and reporting mechanisms that meet NHFB's needs
- taken all reasonable measures to appropriately deal with fraud and corruption relating to the NHFB.

**Shannon White**
Chief Executive Officer
National Health Funding Body
18 September 2025

# OTHER ACCOUNTABILITIES

As a PGPA agency, we are required to report on the effectiveness of our public administration.

## Data privacy

Our Data Governance Policy was reviewed by the RAGC and circulated to the Administrator's JAC in June 2025 and covers both the Pool and NHFB. It details the information collected, the purpose for the collection, its use, storage, disclosure and disposal, by the Administrator of the National Health Funding Pool.

Our systems and processes used for collection, storage and reporting have been designed to ensure security of information in line with the Australian Government's Protective Security Policy Framework. Further information can be found in our Data Governance Policy, available on our website, publichospitalfunding.gov.au.

## Purchasing

With support from the Commonwealth Department of Health, Disability and Ageing Procurement Advisory Service, all our procurement activities in 2024-25 were conducted in line with the Commonwealth Procurement Guidelines, NHFB Accountable Authority Instructions and NHFB Procurement and Contract Management Policy.

### Consultants

In 2024-25, the NHFB did not enter into any new consultancy contracts, therefore, our expenditure on Reportable Consultancy Contracts in 2024-25 is $0. Any future decisions to engage consultants will be made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and the NHFB internal policies.

### Reportable non-consultancy contracts 2024-25

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

**Table 23:** Reportable non-consultancy contracts 2024-25

| | NUMBER | EXPENDITURE (INCL. GST) $ |
|---|---|---|
| New contracts entered into during the reporting period | 4 | 214,848 |
| Ongoing contracts entered into during a previous reporting period | 8 | 816,143 |
| **TOTAL** | | **1,030,991** |

**Table 24:** Organisations receiving a share of reportable non-consultancy contract expenditure 2024-25

| ORGANISATION | ABN | EXPENDITURE (INCL. GST) $ |
|---|---|---|
| Taylor Fry Pty Ltd | 29087047809 | 431,151 |
| TechnologyOne Ltd | 84010487180 | 192,195 |
| KPMG Chartertech Pty Ltd | 30617464990 | 133,444 |
| RSM Australia Pty Ltd as trustee for Birdanco Practice Trust | 65319382479 | 155,093 |

## Australian National Audit Office access

The NHFB did not enter into any contracts precluding access by the Commonwealth Auditor-General in 2024-25.

## Exempt contracts

The NHFB did not enter into any contracts that were exempt from publication on the AusTender website in 2024-25.

## Grants

There were no grant programs undertaken by the NHFB in 2024-25.

## Procurement initiatives to support small business

The NHFB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

Our measures to support SMEs include:

- complying with the Commonwealth Procurement Framework
- using standardised contracts for low-risk procurements valued under $200,000
- implementing the Indigenous Procurement Policy, noting that many Indigenous businesses are also SMEs
- using credit cards for procurements valued below $10,000
- complying with the Government's Supplier Pay on-Time or Pay Interest Policy.

## Advertising and market research

The NHFB did not conduct any advertising campaigns or market research in 2024-25.

## Ecological and environmental reporting

The NHFB is committed to the principles of ecologically sustainable development.

In 2024-25 the NHFB continued to minimise its environmental impact by:

- encouraging staff to reduce the volume of printing, for example using laptops for committee meetings instead of printing folders of agenda papers
- turning off lights and computers when the office is not in use
- using a waste recycling station
- limiting travel by using technological solutions whenever possible, for example, holding meetings via videoconference.

## APS Net Zero 2030

APS Net Zero 2030 is the Government's policy for the APS to reduce its greenhouse gas emissions to net zero by 2030 and transparently report on its emissions. As part of the Net Zero in Government Operations Strategy, non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the 2024–25 period. Results are presented based on Carbon Dioxide Equivalent (CO2-e) emissions. Greenhouse gas emissions have been calculated in line with the APS Net Zero Emissions Reporting Framework, consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy.

Not all data sources were available at the time of the report and amendments to data may be required in future reports.

Reporting on refrigerants is optional for 2024-25 and will be phased in over time as emissions reporting matures. The NHFB had zero fleet vehicles in 2024-25.

**Table 25:** Greenhouse gas emissions inventory - location-based method

| EMISSION SOURCE | SCOPE 1 t $CO_2$-e | SCOPE 2 t $CO_2$-e | SCOPE 3 t $CO_2$-e | TOTAL t $CO_2$-e |
|---|---|---|---|---|
| Electricity (Location Based Approach) | N/A | 23.00 | 1.39 | 24.39 |
| Natural Gas | - | N/A | - | - |
| Solid Waste[1] | - | N/A | - | - |
| Refrigerants[2] | - | N/A | N/A | - |
| Fleet and Other Vehicles | - | N/A | - | - |
| Domestic Commercial Flights | N/A | N/A | 14.40 | 14.40 |
| Domestic Hire Car | N/A | N/A | - | - |
| Domestic Travel Accommodation | N/A | N/A | 4.41 | 4.41 |
| Other Energy | - | N/A | - | - |
| **TOTAL t $CO_2$-e** | **-** | **23.00** | **20.20** | **43.20** |

Note: The table above presents emissions related to electricity usage using the location-based accounting method.
$CO_2$-e = Carbon Dioxide Equivalent. n/a = not applicable

1 Solid waste data was unable to be separated from Landlord data and has not been included.

2 Indicates optional emission source for 2024-25 emissions reporting.

**Table 26:** Electricity greenhouse gas emissions

| EMISSION SOURCE | SCOPE 2 t $CO_2$-e | SCOPE 3 t $CO_2$-e | TOTAL t $CO_2$-e | ELECTRICITY kWh |
|---|---|---|---|---|
| Electricity (Location Based Approach) | 23.00 | 1.39 | 24.39 | 34,847.66 |
| Market-based electricity emissions | 0.65 | 0.09 | 0.74 | 799.75 |
| **TOTAL RENEWABLE ELECTRICITY CONSUMED** | **n/a** | **n/a** | **n/a** | **34,047.91** |
| Renewable Power Percentage[1] | n/a | n/a | n/a | 6,340.53 |
| Jurisdictional Renewable Power Percentage[2,3] | n/a | n/a | n/a | 27,707.37 |
| GreenPower[2] | n/a | n/a | n/a | - |
| Large-scale generation certificates[2] | n/a | n/a | n/a | - |
| Behind the meter solar[4] | n/a | n/a | n/a | - |
| **TOTAL RENEWABLE ELECTRICITY PRODUCED** | **n/a** | **n/a** | **n/a** | **-** |
| Large-scale generation certificates[2] | n/a | n/a | n/a | - |
| Behind the meter solar[4] | n/a | n/a | n/a | - |

Note: The table above presents emissions related to electricity usage using both the location-based and the market-based accounting methods. $CO_2$-e = Carbon Dioxide Equivalent. Electricity usage is measured in kilowatt hours (kWh).

1 Listed as Mandatory renewables in 2023-24 Annual Reports. The renewable power percentage (RPP) accounts for the portion of electricity used, from the grid, that falls within the Renewable Energy Target (RET).

2 Listed as Voluntary renewables in 2023-24 Annual Reports.

3 The Australian Capital Territory is currently the only state with a jurisdictional renewable power percentage (JRPP).

4 Reporting behind the meter solar consumption and/or production is optional. The quality of data is expected to improve over time as emissions reporting matures.

# PART 4:

# FINANCIAL STATEMENTS

This section of our report details our budget and expenditure for 2024-25 and includes our financial statements which have been audited by the Australian National Audit Office.

For the period ended 30 June 2025

# SUMMARY OF FINANCIAL PERFORMANCE

The net operating result as at 30 June 2025 is a surplus of $0.02 million.

Revenue for the 2024-25 financial year was $6.977 million which consisted of appropriation funding of $6.879 million and resources received free of charge of $0.98 million.

Total expenditure in 2024-25 was $6.85 million and is primarily driven by employee benefits, supplier costs and amortisation. The increase in employee expenditure reflects the NHFB's investment in APS capability through reducing reliance on contractors and consultants for core work.

**Table 27:** NHFB Budgeted v Actual Expenditure 2020-21 to 2024-25

| | 2020–21 $ million | 2021-22 $ million | 2022-23 $ million | 2023-24 $ million | 2024-25 $ million |
|---|---|---|---|---|---|
| **BUDGETED EXPENDITURE[1]** | **6.8** | **8.0** | **7.8** | **7.7** | **7.1** |
| Employee Benefits | 3.2 | 3.6 | 4.4 | 4.3 | 4.8 |
| Supplier Expenses | 1.9 | 2.1 | 2.3 | 1.7 | 1.7 |
| Amortisation | 0.8 | 0.9 | 0.9 | 0.4 | 0.4 |
| **TOTAL ACTUAL EXPENDITURE** | **5.9** | **6.6** | **7.5** | **6.4** | **6.9** |
| **SURPLUS (DEFICIT)** | **0.9** | **1.4** | **0.3** | **1.3** | **0.2** |

1 Includes 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources' under section 74 of the PGPA Act.

**Table 28:** NHFB resource statement 2024-25

| | Actual available appropriations for 2024–25 $'000 | Payments made in 2024–25 $'000 | Balance remaining in 2024-25 $'000 |
|---|---|---|---|
| **ORDINARY ANNUAL SERVICES** | | | |
| **Departmental** | | | |
| Annual appropriations | 7,256[1] | (2,054) | 5,202 |
| Prior year available appropriations | 5,439 | (5,439) | - |
| **TOTAL DEPARTMENTAL RESOURCING** | **12,695** | **(7,493)** | **5,202** |

1 Appropriation Bill (No. 1) 2024-25 and section 74 receipts.

**Table 29:** Expenses for outcome 2024-25

| | Budget[1] 2024-25 $'000 | Actual expenses 2024-25 $'000 | Variation 2024-25 $'000 |
|---|---|---|---|
| **OUTCOME:** Improve transparency of public hospital funding in Australia by supporting the obligations and responsibilities of the Administrator of the National Health Funding Pool through best practice administration of public hospital funding. | | | |
| **PROGRAM 1.1: NATIONAL HEALTH FUNDING BODY** | | | |
| **Departmental expenses** | | | |
| Departmental appropriation[2] | 6,496 | (6,465) | 31 |
| Expenses not requiring appropriation in the budget year[3] | 614 | (488) | 126 |
| **TOTAL FOR PROGRAM 1.1** | **7,110** | **(6,953)** | **157** |
| **TOTAL FOR OUTCOME 1** | **7,110** | **(6,953)** | **157** |

| | 2024-25 | 2023-24 |
|---|---|---|
| Average staffing level (number)[4] | 34 | 30 |

1 Full year budget.

2 Departmental appropriations combine 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources' under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

3 Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses, audit fees and services received free of charge.

4 Represents the average number of staff paid per fortnight averaged across the financial year.

## Compliance with Finance Law

There were no instances of significant non-compliance with finance law for the year ended 30 June 2025.

Australian National Audit Office

## INDEPENDENT AUDITOR'S REPORT

### To the Minister of Health and Ageing

### Opinion

In my opinion, the financial statements of the National Health Funding Body (the Entity) for the year ended 30 June 2025:

(a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Entity as at 30 June 2025 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2025 and for the year then ended:

- Statement by the Accountable Authority and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2025 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information, and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

### Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Ann MacNeill
Acting Executive Director
Delegate of the Auditor-General
Canberra
18 September 2025

National Health Funding Body

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Canberra ACT 2601
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**publichospitalfunding.gov.au**

## Statement by the Accountable Authority and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2025 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Health Funding Body will be able to pay its debts as and when they fall due.

**Shannon White**
Chief Executive Officer
National Health Funding Body
18 September 2025

**Ben Nicholls**
Chief Finance Officer
National Health Funding Body
18 September 2025

## National Health Funding Body Statement of Comprehensive Income for the period ended 30 June 2025

| | NOTES | 2025 $ | 2024 $ | ORIGINAL BUDGET $ |
|---|---|---|---|---|
| **NET COST OF SERVICES** | | | | |
| **Expenses** | | | | |
| Employee benefits | 2A | 4,849,697 | 4,276,324 | 4,231,000 |
| Suppliers | 2B | 1,709,879 | 1,729,702 | 2,356,000 |
| Depreciation and amortisation | 5 | 389,828 | 416,519 | 516,000 |
| Finance costs | | 3,517 | 7,390 | 7,000 |
| TOTAL EXPENSES | | 6,952,921 | 6,429,935 | 7,110,000 |
| **OWN-SOURCE INCOME** | | | | |
| **Own-source revenue** | | | | |
| Resources received free of charge | 3A | 98,000 | 108,400 | 98,000 |
| TOTAL OWN-SOURCE REVENUE | | 98,000 | 108,400 | 98,000 |
| TOTAL OWN-SOURCE INCOME | | 98,000 | 108,400 | 98,000 |
| **NET COST OF SERVICES** | | **6,854,921** | **6,321,535** | **7,012,000** |
| Revenue from Government | 3B | 6,879,000 | 7,456,000 | 6,879,000 |
| SURPLUS/(DEFICIT) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT | | 24,079 | 1,134,465 | (133,000) |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT** | | **24,079** | **1,134,465** | **(133,000)** |

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 16.

## National Health Funding Body Statement of Financial Position as at 30 June 2025

| | NOTES | 2025 $ | 2024 $ | ORIGINAL BUDGET $ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Financial Assets** | | | | |
| Cash and Cash Equivalents | 4A | 35,856 | 28,857 | 39,000 |
| Trade and Other Receivables | 4B | 5,231,986 | 5,441,912 | 4,190,000 |
| TOTAL FINANCIAL ASSETS | | 5,267,842 | 5,470,769 | 4,229,000 |
| **Non-Financial Assets** | | | | |
| Intangible Assets | 5 | 26,690 | 53,381 | 345,000 |
| Right-of-use Asset | 5 | 161,807 | 524,945 | 162,000 |
| Prepayments | | 55,097 | 83,827 | 50,000 |
| TOTAL NON-FINANCIAL ASSETS | | 243,594 | 662,152 | 557,000 |
| **TOTAL ASSETS** | | **5,511,436** | **6,132,921** | **4,786,000** |
| **LIABILITIES** | | | | |
| **Payables** | | | | |
| Suppliers | 6A | 82,450 | 316,229 | 238,000 |
| Other Payables | 6B | 222,791 | 348,927 | 170,000 |
| TOTAL PAYABLES | | 305,241 | 665,156 | 408,000 |
| **Interest Bearing Liabilities** | | | | |
| Leases | 7 | 136,632 | 571,680 | 189,000 |
| TOTAL INTEREST BEARING LIABILITIES | | **136,632** | **571,680** | **189,000** |
| **Provisions** | | | | |
| Other Provisions | 8 | 10,500 | 10,500 | 11,000 |
| Employee Provisions | 9 | 1,184,319 | 1,034,920 | 1,184,000 |
| TOTAL PROVISIONS | | 1,194,819 | 1,045,420 | 1,195,000 |
| **TOTAL LIABILITIES** | | **1,636,692** | **2,282,256** | **1,792,000** |
| **NET ASSETS** | | **3,874,744** | **3,850,665** | **2,994,000** |
| **EQUITY** | | | | |
| Retained surplus/ (Accumulated deficit) | | 3,874,744 | 3,850,665 | 2,994,000 |
| **TOTAL EQUITY** | | **3,874,744** | **3,850,665** | **2,994,000** |

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 16.

## National Health Funding Body Statement of Changes in Equity for the period ended 30 June 2025

| | RETAINED EARNINGS | | TOTAL EQUITY | | ORIGINAL BUDGET |
|---|---|---|---|---|---|
| | 2025 $ | 2024 $ | 2025 $ | 2024 $ | $ |
| **Opening balance** | | | | | |
| Balance carried forward from previous period | 3,850,665 | 2,716,200 | 3,850,665 | 2,716,200 | 3,127,000 |
| **Comprehensive income** | | | | | |
| Surplus/(Deficit) for the period | 24,079 | 1,134,465 | 24,079 | 1,134,465 | (133,000) |
| **TOTAL COMPREHENSIVE INCOME** | **24,079** | **1,134,465** | **24,079** | **1,134,465** | **(133,000)** |
| CLOSING BALANCE | 3,874,744 | 3,850,665 | 3,874,744 | 3,850,665 | 2,994,000 |

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 16.

## National Health Funding Body Cash Flow Statement for the period ended 30 June 2025

| | NOTES | 2025 $ | 2024 $ | ORIGINAL BUDGET $ |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| **Cash received** | | | | |
| Appropriations | | 7,590,204 | 6,484,607 | 6,879,000 |
| GST received | | 105,004 | 125,252 | 211,000 |
| Other s74 receipts | | 376,833 | 164,335 | - |
| Total cash received | | 8,072,041 | 6,774,194 | 7,090,000 |
| **Cash used** | | | | |
| Employees | | 5,209,743 | 4,413,818 | 4,231,000 |
| Suppliers | | 1,949,212 | 1,685,877 | 2,476,000 |
| Section 74 receipts transferred to the Official Public Account | | 467,522 | 294,209 | – |
| Total cash used | | 7,626,478 | 6,393,904 | 6,707,000 |
| **NET CASH FROM OPERATING ACTIVITIES** | | **445,563** | **380,290** | **383,000** |
| **INVESTING ACTIVITIES** | | | | |
| TOTAL CASH USED | | - | - | - |
| **NET CASH USED BY INVESTING ACTIVITIES** | | **-** | **-** | **-** |
| **FINANCING ACTIVITIES** | | | | |
| **Cash used** | | | | |
| Lease principal repayments | | 438,565 | 390,468 | 383,000 |
| TOTAL CASH USED | | 438,565 | 390,468 | 383,000 |
| **NET CASH USED BY FINANCING ACTIVITIES** | | **(438,565)** | **(390,468)** | **(383,000)** |
| NET INCREASE/(DECREASE) IN CASH HELD | | 6,999 | (10,178) | - |
| Cash and cash equivalents at the beginning of the reporting period | | 28,857 | 39,034 | 39,000 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD** | **4A** | **35,856** | **28,857** | **39,000** |

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 16.

# CONTENTS

## Notes to and forming part of the Financial Statements for the period ended 30 June 2025

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 1: Overview

The National Health Funding Body (NHFB) is a non-corporate Commonwealth entity under the PGPA Act and was established to support the obligations and responsibilities of the Administrator of the National Health Funding Pool.

The role and function of the NHFB are set out in the *National Health Reform Act 2011*.

In order to achieve our objectives, our primary functions are to assist the Administrator in:

**a.** calculating and advising the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory

**b.** reconciling estimated and actual hospital services, and adjusting Commonwealth payments

**c.** undertaking funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs

**d.** monitoring payments of Commonwealth, State and Territory public hospital funding into the National Health Funding Pool (the Pool)

**e.** making payments from the Pool to each Local Hospital Network

**f.** reporting publicly on NHR Agreement funding, payments and services

**g.** developing and providing rolling three year data plans to the Commonwealth, States and Territories

**h.** supporting additional funding streams to be transacted through the Pool.

The NHFB's registered office is 21-23 Marcus Clarke Street, New Acton, ACT, 2601.

The continued existence of the NHFB in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the entity's administration and programs.

### 1.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are required by s42 of the PGPA Act.

The financial statements have been prepared in accordance with:

**a.** Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FFR)

**b.** Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

### 1.2 NEW AUSTRALIAN ACCOUNTING STANDARDS

#### Adoption of New Australian Accounting Standard Requirements

No amending standards were issued prior to the signing of the statement by the Accountable Authority and Chief Finance Officer and were applicable to the current reporting period that had a material effect on the NHFB's financial statements.

### 1.3 TAXATION

The NHFB is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### 1.4 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period affecting the financial statements.

## Note 2: Expenses

| | 2025 $ | 2024 $ |
|---|---|---|
| **NOTE 2A: EMPLOYEE BENEFITS** | | |
| Wages and salaries | 3,164,032 | 2,942,829 |
| Leave and other entitlements | 1,067,605 | 788,701 |
| **Superannuation** | | |
| Defined contribution plans | 547,687 | 443,452 |
| Defined benefit plans | 70,373 | 101,342 |
| Separation and redundancies | - | - |
| **TOTAL EMPLOYEE BENEFITS** | **4,849,697** | **4,276,324** |
| **ACCOUNTING POLICY** | | |
| The accounting policy for Employee Benefits is contained in Note 9 Employee Provisions. | | |
| **NOTE 2B: SUPPLIERS** | | |
| **Goods and Services Supplied or Rendered** | | |
| Contractors and support agreements | 1,345,745 | 1,383,751 |
| Professional fees | 98,000 | 98,000 |
| Travel | 98,963 | 108,475 |
| Consumables, printing and training | 92,635 | 82,378 |
| Other | 55,188 | 33,782 |
| **TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED** | **1,690,530** | **1,706,385** |
| Goods supplied | 19,375 | 15,416 |
| Services rendered | 1,671,155 | 1,690,970 |
| **TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED** | **1,690,530** | **1,706,385** |
| **Other suppliers** | | |
| Workers' compensation expenses | 19,349 | 23,317 |
| **TOTAL OTHER SUPPLIER EXPENSES** | **19,349** | **23,317** |
| **TOTAL SUPPLIER EXPENSES** | **1,709,879** | **1,729,702** |

**ACCOUNTING POLICY**

**Short-term leases and leases of low-value assets**

NHFB has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than $10,000 per asset). The NHFB recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 3: Income

| | 2025 $ | 2024 $ |
|---|---|---|
| **OWN-SOURCE OTHER REVENUE** | | |
| **NOTE 3A: RESOURCES RECEIVED FREE OF CHARGE** | | |
| Remuneration of auditors | 98,000 | 98,000 |
| Services received free of charge | - | 10,400 |
| **TOTAL RESOURCES RECEIVED FREE OF CHARGE** | **98,000** | **108,400** |

**ACCOUNTING POLICY**

**Resources received free of charge**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

| | | |
|---|---|---|
| **NOTE 3B: REVENUE FROM GOVERNMENT** | | |
| **Appropriations** | | |
| Departmental appropriations | 6,879,000 | 7,456,000 |
| **TOTAL REVENUE FROM GOVERNMENT** | **6,879,000** | **7,456,000** |

**ACCOUNTING POLICY**

**Revenue from Government**

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the NHFB gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 4: Financial Assets

| | 2025 $ | 2024 $ |
|---|---|---|
| **NOTE 4A: CASH AND CASH EQUIVALENTS** | | |
| Cash on hand or on deposit | 35,856 | 28,857 |
| **TOTAL CASH AND CASH EQUIVALENTS** | **35,856** | **28,857** |
| **ACCOUNTING POLICY** | | |
| **Cash and Cash Equivalents** | | |
| Cash is recognised at its nominal amount. Cash and cash equivalents include: | | |
| **a.** cash on hand | | |
| **b.** cash held in respect to employee salary sacrifice arrangements. | | |
| **NOTE 4B: TRADE AND OTHER RECEIVABLES** | | |
| **Goods and Services receivables in connection with:** | | |
| Other | 50,119 | 28,660 |
| **TOTAL GOODS AND SERVICES RECEIVABLES** | **50,119** | **28,660** |
| **Appropriations receivable:** | | |
| Appropriation receivable | 5,166,414 | 5,410,096 |
| **TOTAL APPROPRIATIONS RECEIVABLE** | **5,166,414** | **5,410,096** |
| **Other receivables:** | | |
| GST receivable from the Australian Taxation Office | 15,453 | 3,156 |
| **TOTAL OTHER RECEIVABLES** | **15,453** | **3,156** |
| **TOTAL TRADE AND OTHER RECEIVABLES** | **5,231,986** | **5,441,912** |

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 5: Non-Financial Assets

| | RIGHT-OF-USE ASSET $ | INTANGIBLES[1] $ | TOTAL $ |
|---|---|---|---|
| **NOTE 5: RECONCILIATION OF THE OPENING AND CLOSING BALANCE OF RIGHT-OF USE ASSETS AND INTANGIBLES** | | | |
| **As at 1 July 2024** | | | |
| Gross book value | 2,159,065 | 344,875 | 2,503,940 |
| Accumulated depreciation, amortisation and impairment | (1,634,120) | (291,496) | (1,925,616) |
| **TOTAL AS AT 1 JULY 2024** | **524,945** | **53,381** | **578,326** |
| Additions | - | - | - |
| Depreciation and amortisation | (363,138) | (26,690) | (389,828) |
| Impairments recognised in net cost of services | - | - | - |
| **TOTAL AS AT 30 JUNE 2025** | **161,807** | **26,690** | **188,498** |
| **Total as at 30 June 2025 represented by** | | | |
| Gross book value | 2,159,065 | 344,875 | 2,503,940 |
| Accumulated depreciation, amortisation and impairment | (1,997,258) | (318,185) | (2,315,443) |
| **TOTAL AS AT 30 JUNE 2025** | **161,807** | **26,690** | **188,497** |

1 The carrying amount of computer software is comprised of all internally generated software including WIP and software assets at cost.

No right-of-use assets or intangible assets are expected to be sold or disposed of within the next 12 months.

**Contractual commitments for the acquisition of property, plant, equipment and intangible assets**

At 30 June 2025, NHFB had no contractual commitments for the acquisition of intangible assets to be completed in the 2024-25 financial year.

**ACCOUNTING POLICY**

**Acquisition of assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

The NHFB does not have any Property, Plant and Equipment (PP&E) assets and use of PP&E is paid for under the shared services Memorandum of Understanding (MOU) with the Department of Health, Disability and Ageing as a supplier expense.

**Asset recognition threshold**

Purchases of Property, Plant and Equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $10,000 (excluding GST), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

**Right-of-Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by the NHFB (as lessee) as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the NHFB has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

**Impairment**

All assets were assessed for impairment at 30 June 2025. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount. For non-cash generating assets held at fair value, the recoverable amount is expected to be materially the same as fair value as at 30 June 2025.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Intangibles**

The NHFB's intangibles comprise internally developed software for internal use which have a capitalisation threshold of $100,000 and external purchased software threshold of $2,000. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. All software assets were assessed for indications of impairment. No indicators of impairment were identified.

**Depreciation and amortisation**

Depreciable Property, Plant and Equipment assets are written-off to their estimated residual values over their estimated useful lives to the NHFB using in all cases, the straight-line method of depreciation.

Software assets are amortised on a straight-line basis over their anticipated useful life. Amortisation rates (useful lives), residual values and methods are reviewed at each reporting date. Amortisation rates applying to each class of amortisable asset are based on the following useful lives:

| | 2025 | 2024 |
|---|---|---|
| Right-of-use Asset | Lease Term | Lease Term |
| Intangible Asset | 3-5 years | 3-5 years |

The NHFB has made a minor change to the policy, allowing for useful lives for computer software to be extended beyond five years to reflect the extension of the Addendum to the NHR Agreement 2020-25 to 30 June 2026.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 6: Payables

| | 2025 $ | 2024 $ |
|---|---|---|
| **NOTE 6A: SUPPLIERS** | | |
| Trade creditors and accruals | 82,450 | 316,229 |
| **TOTAL SUPPLIER PAYABLES** | **82,450** | **316,229** |
| Settlement was usually made within 21 days. (2024: 21 days) | | |
| **NOTE 6B: OTHER PAYABLES** | | |
| Wages and salaries | 111,215 | 118,293 |
| Superannuation | 18,850 | 15,967 |
| Leave provisions payable | 71,029 | 201,168 |
| Salary sacrifice payable | 11,191 | 3,466 |
| Fringe Benefits Tax payable | 10,505 | 10,033 |
| **TOTAL OTHER PAYABLES** | **222,791** | **348,927** |

## Note 7: Interest Bearing Liabilities

| | 2025 $ | 2024 $ |
|---|---|---|
| **LEASES** | | |
| Lease liabilities | 136,632 | 571,680 |
| **TOTAL LEASES** | **136,632** | **571,680** |
| **Maturity analysis - contractual undiscounted cash flows** | | |
| Within 1 year | 136,801 | 404,477 |
| Between 1 to 5 years | - | 171,001 |
| More than 5 years | - | - |
| TOTAL UNDISCOUNTED LEASES | 136,801 | 575,478 |
| Discount | (169) | (3,798) |
| **TOTAL LEASES** | **136,632** | **571,680** |

Total cash outflow for leases for the year ended 30 June 2025 was $438,565 (2024: $390,468).

The NHFB in its capacity as lessee has entered into a sub-lease arrangement with the Department of Health, Disability and Ageing from January 2020 for 5 years, with the option to extend for an additional 5 years.

**ACCOUNTING POLICY**

For all new contracts entered into, the NHFB considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the NHFB's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 8: Other provisions

| | PROVISION FOR RESTORATION $ | TOTAL $ |
|---|---|---|
| **NOTE 8: OTHER PROVISIONS** | | |
| As at 1 July 2024 | 10,500 | 10,500 |
| Additional provisions made | - | - |
| **TOTAL OTHER PROVISIONS** | **10,500** | **10,500** |

## Note 9: Employee Provisions

| | 2025 $ | 2024 $ |
|---|---|---|
| **NOTE 9: EMPLOYEE PROVISIONS** | | |
| Leave | 1,184,319 | 1,034,920 |
| **TOTAL EMPLOYEE PROVISIONS** | **1,184,319** | **1,034,920** |

**ACCOUNTING POLICY**

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

**Leave**

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NHFB's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for the long service leave has been determined by our best estimates based on the NHFB staff profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. The NHFB applies the shorthand method for calculation of LSL liabilities.

**Superannuation**

Staff of the NHFB are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or employee nominated superannuation funds. The PSS is a defined benefit scheme for the Australian Government. The PSSap and employee nominated superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The NHFB makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. The NHFB accounts for the contributions as if they were contributions to defined contribution plans.

## Note 10: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The NHFB has determined the key management personnel to be the Administrator and CEO. Key management personnel remuneration is reported in the table below:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Short-term employee benefits | 547,708 | 469,587 |
| Post-employment benefits | 63,560 | 58,228 |
| Other long-term employee benefits | 16,255 | 10,379 |
| **TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION EXPENSES** | **627,522** | **538,194** |

Notes:

The total number of key management personnel that are included in the above table is 2 (2024: 3). Michael Lambert ceased as Administrator of the National Health Funding Pool on 7 July 2023. While health ministers considered the appointment of a new administrator, Michael was the acting Administrator for the period 11 September to 5 November 2023. Ms Toni Cunningham was appointed the Administrator on 6 November 2023.

The above key management personnel remuneration excludes the remuneration and other benefits of the Responsible Minister. The Responsible Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the NHFB.

## Note 11: Related Party Disclosures

Related parties for the NHFB are the Key Management Personnel, the Portfolio Ministers, and other Australian Government entities. Significant transactions with related entities include the purchase of goods and services and payments in relation to a Memorandum of Understanding for shared services.

No payments were made outside of the normal course of business. There are no related party transactions by Key Management Personnel or Ministers requiring disclosure (2024: Nil).

## Note 12: Contingent Assets and Liabilities

### Quantifiable contingencies

As at 30 June 2025, the NHFB had no quantifiable contingencies (2024: Nil).

### Unquantifiable contingencies

As at 30 June 2025, the NHFB had no unquantifiable contingencies (2024: Nil).

### Significant remote contingencies

As at 30 June 2025, the NHFB had no significant remote contingencies (2024: Nil).

**ACCOUNTING POLICY**

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are reported in this note. They may arise from uncertainty as to the existence of an asset or liability, represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 13: Financial Instruments

| | 2025 $ | 2024 $ |
|---|---|---|
| **NOTE 13A: CATEGORIES OF FINANCIAL INSTRUMENTS** | | |
| **FINANCIAL ASSETS AT AMORTISED COSTS** | | |
| Cash and Equivalents | 35,856 | 28,857 |
| Trade and other receivables | – | - |
| TOTAL | 35,856 | 28,857 |
| **CARRYING AMOUNT OF FINANCIAL ASSETS** | **35,856** | **28,857** |
| **FINANCIAL LIBILITIES AT AMORTISED COSTS** | | |
| Trade creditors and accruals | 14,247 | 252,982 |
| Payable to the Commonwealth Department of Health, Disability and Ageing | 68,203 | 63,247 |
| TOTAL | 82,450 | 316,229 |
| **CARRYING AMOUNT OF FINANCIAL LIABILITIES** | **82,450** | **316,229** |

### NOTE 13B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS

There is no income or expense from financial assets in 2025 (2024: Nil).

### NOTE 13C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES

There is no net income or expense from financial liabilities in 2025 (2024: Nil).

### NOTE 13D: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all financial assets and liabilities equals its carrying amount in 2025 and 2024.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

**ACCOUNTING POLICY**

In accordance with AASB 9 Financial Instruments, the NHFB classifies its financial assets as financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition.

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

**Financial Assets at Amortised Cost**

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and

2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

**Effective Interest Method**

Income is recognised on an effective interest rate basis.

**Impairment of financial assets**

Financial assets are assessed for impairment at the end of each reporting period. The NHFB did not impair any of its financial assets.

**Financial liabilities**

NHFB classifies its financial liabilities as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## NOTE 14: Appropriations

### TABLE 14A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Annual appropriation $ | Adjustment to appropriation[1] $ | Total appropriation $ | Appropriation applied in 2025 (current and prior years) $ | Variance[2] $ |
| **DEPARTMENTAL** | | | | | |
| Ordinary annual services | 6,879,000 | 376,833 | 7,255,833 | (7,499,515) | (243,682) |
| **TOTAL DEPARTMENTAL** | **6,879,000** | **376,833** | **7,255,833** | **(7,499,515)** | **(243,682)** |

1 Adjustments to appropriation includes current year annual appropriation PGPA Act section 74 receipts.

2 The 2025 variance of $243,682 is due to increased payments made in respect of employees offset by reductions in supplier expenditure. The variance analysis is presented in Note 16.

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Annual appropriation $ | Adjustment to appropriation[1] $ | Total appropriation $ | Appropriation applied in 2024 (current and prior years) $ | Variance[2] $ |
| **DEPARTMENTAL** | | | | | |
| Ordinary annual services | 7,456,000 | 164,335 | 7,620,335 | (6,372,203) | 1,248,132 |
| **TOTAL DEPARTMENTAL** | **7,456,000** | **164,335** | **7,620,335** | **(6,372,203)** | **1,248,132** |

1 Adjustments to appropriation includes current year annual appropriation PGPA Act section 74 receipts.

2 The 2024 variance of $1,248,132 is due to an underspend on supplier expenses.

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## TABLE 14B: DEPARTMENTAL AND ADMINISTERED CAPITAL BUDGETS (RECOVERABLE GST EXCLUSIVE)

There was no Departmental or Administered Capital Budget appropriated to the NHFB in 2025 (2024: Nil).

## TABLE 14C: UNSPENT ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

| | 2025 $ | 2024 $ |
|---|---|---|
| **DEPARTMENTAL** | | |
| Supply Act (No.3) 2022–23[1] | 124,000 | 124,000 |
| Appropriation Act (No.1) 2023-24 | - | 5,410,096 |
| Appropriation Act (No.1) 2024-25 | 5,166,414 | – |
| Cash at bank | 35,856 | 28,857 |
| **TOTAL** | **5,326,270** | **5,562,953** |

1 The Supply Act (No.3) 2022-23 includes $124,000 withheld under section 51 of the PGPA Act.

## TABLE 14D: NET CASH APPROPRIATION ARRANGEMENTS

| | 2025 $ | 2024 $ |
|---|---|---|
| Total comprehensive income/(loss) - as per the Statement of Comprehensive Income | 24,079 | 1,134,465 |
| Plus: depreciation of right-of-use assets[1] | 363,138 | 363,140 |
| Less: lease principal repayments[1] | (438,565) | (390,468) |
| **NET CASH OPERATING SURPLUS/ (DEFICIT)** | **(51,348)** | **1,107,137** |

1 The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

## Note 15: Current/non-current distinction for assets and liabilities

| | 2025 $ | 2024 $ |
|---|---|---|
| **ASSETS EXPECTED TO BE RECOVERED IN:** | | |
| **No more than 12 months** | | |
| Cash and cash equivalents | 35,856 | 28,857 |
| Trade and other receivables | 5,231,986 | 5,441,912 |
| Prepayments | 55,097 | 83,827 |
| Right of Use Asset | 161,807 | 363,132 |
| Intangible Assets | 26,690 | 53,381 |
| TOTAL NO MORE THAN 12 MONTHS | 5,511,436 | 5,971,109 |
| **More than 12 months** | | |
| Right of Use Asset | - | 161,812 |
| Intangible Assets | - | - |
| TOTAL MORE THAN 12 MONTHS | - | 161,812 |
| **TOTAL ASSETS** | **5,511,436** | **6,132,921** |
| **LIABILITIES EXPECTED TO BE SETTLED IN:** | | |
| **No more than 12 months** | | |
| Suppliers | 82,450 | 316,229 |
| Other payables | 222,791 | 348,927 |
| Employee provisions | 400,662 | 319,588 |
| Leases | 136,632 | 403,291 |
| Other provisions | 10,500 | - |
| TOTAL NO MORE THAN 12 MONTHS | 853,035 | 1,388,035 |
| **More than 12 months** | | |
| Employee provisions | 783,657 | 715,332 |
| Leases | - | 168,389 |
| Other provisions | - | 10,500 |
| TOTAL MORE THAN 12 MONTHS | 783,657 | 894,221 |
| **TOTAL LIABILITIES** | **1,636,692** | **2,282,256** |

**Notes to and forming part of the Financial Statements**
for the period ended 30 June 2025

## Note 16: Budgetary Reporting

The following note provides high level commentary of major variance between budgeted information for the NHFB published in the Health, Disability and Ageing's Portfolio Budget Statements (PBS) 2024-25 and the 2024-25 final outcome as presented in accordance with the Australian Accounting Standards for the NHFB. The budget is not audited.

An explanation for a major variance may not be provided where the item is considered immaterial in the overall context of the financial statements.

As a guide, variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater or less than 10%; and
- the variance between budget and actual is greater or less than 2% of the total relevant financial statements line item; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the NHFB.

### Explanation of Major Variances:

| IMPACTED LINE ITEMS | VARIANCE EXPLANATION |
|---|---|
| Employee expenses, cash used for employees and appropriation cash received.<br>Supplier expenses, supplier payables and cash used for suppliers | The variance is a result of investment in APS capability through reducing reliance on contractors and consultants for core work. We have planned rigorously and invested significantly to reduce contractor reliance in line with the APS Strategic Commissioning Framework issued by the Australian Public Service Commission in 2023. This is demonstrated in our in 2025 APS Agency survey response where we reported zero core work is outsourced. |
| Depreciation and amortisation and intangible assets | Depreciation and amortisation expense and intangible assets were lower than budgeted due to the restatement of the balances for the Payments System as reported in the 2023-24 financial statements. The NHFB is not appropriated for depreciation and amortisation expenses. |
| Trade and other receivables | The variance is a result of a higher than budgeted opening balance of appropriation receivable due to the 2023-24 operating surplus. |
| Other payables | Other payables were higher than budgeted due to the amounts payable for employees transferred to other Commonwealth entities. |
| Lease liability, Lease principal repayments cash used | The variance is a result of the advance payment of a lease payment. |
| Retained surplus/ (accumulated deficit) | The variance is a result of a higher than budgeted opening balance of retained surpluses due to the 2023-24 operating surplus. |

End of General Purpose Financial Statements.

# PART 5:

# REFERENCE INFORMATION

This section provides an explanation of the terms used throughout our report and an alphabetical index to help our readers locate key information easily.

# ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| **ABF** | Activity Based Funding |
| **ACSQHC** | Australian Commission on Safety and Quality in Health Care |
| **AIHW** | Australian Institute of Health and Welfare |
| **CCM** | Commonwealth Contribution Model |
| **CEO** | Chief Executive Officer |
| **CFO** | Chief Finance Officer |
| **COAG** | Council of Australian Governments |
| **IGA** | Intergovernmental Agreement on Federal Financial Relations |
| **IHACPA** | Independent Health and Aged Care Pricing Authority |
| **JAC** | Jurisdictional Advisory Committee |
| **LHN** | Local Hospital Network |
| **NEC** | National Efficient Cost |
| **NEP** | National Efficient Price |
| **NHFB** | National Health Funding Body |
| **NHR Act** | *National Health Reform Act 2011* |
| **NHR Agreement** | *National Health Reform Agreement 2011* |
| **NPCR** | National Partnership on COVID-19 Response |
| **NWAU** | National Weighted Activity Unit |
| **PGPA Act** | *Public Governance, Performance and Accountability Act 2013* |
| **PGTV** | Priority Groups COVID-19 Testing and Vaccination |
| **RBA** | Reserve Bank of Australia |
| **SPP** | National Healthcare Specific Purpose Payment |
| **The Administrator** | Administrator of the National Health Funding Pool |
| **The Pool** | National Health Funding Pool |

# GLOSSARY

| | |
|---|---|
| **Activity Based Funding** | Refers to a method for funding public hospital services provided to individual patients using national classifications, cost weights and nationally efficient prices developed by the IHACPA. Funding is based on the actual number of services provided to patients and the efficient cost of delivering those services. |
| **(the) Administrator** | The Administrator of the National Health Funding Pool (the Administrator) is an independent statutory office holder, distinct from Commonwealth and State and Territory government departments, established under legislation of the Commonwealth and State and Territory governments. The role of the Administrator, with support from the NHFB, is to oversee the responsible, efficient and effective administration of Commonwealth and State and Territory public hospital funding and payments under the National Health Reform Agreement (NHR Agreement). |
| **Block funding** | A method of funding public hospital functions and services as a fixed amount based on population and previous funding. Under the NHR Agreement, Block funding will be provided to States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate, particularly smaller rural and regional hospitals. |
| **Council of Australian Governments (COAG)** | The peak intergovernmental forum in Australia up until March 2020. The members of COAG were the Prime Minister, State and Territory Premiers and Chief Ministers and the President of the Australian Local Government Association. On 13 March 2020, COAG's functions and operations were replaced with a National Cabinet. |
| **Local Hospital Networks (LHNs)** | Recipients of the payments from the National Health Funding Pool, Commonwealth Block funding and State (and Territory) Managed Funds. |
| **Medicare Benefits Schedule (MBS)** | A listing of the Medicare services subsidised by the Australian Government. |
| **National Funding Cap** | The limit in growth in Commonwealth funding for Public Hospital Services for all States and Territories of 6.5% per annum and where the context so requires includes the operation of the Funding Cap as provided in the NHR Agreement. |
| **National Health Funding Body (NHFB)** | An independent statutory body established under Commonwealth legislation to assist the Administrator in carrying out his or her functions under Commonwealth, State and Territory legislation. |
| **National Health Funding Pool (the Pool)** | A collective name for the State Pool Accounts of all States and Territories, also known as the 'the Pool'. The Pool was established under Commonwealth and State and Territory legislation for the purpose of receiving all Commonwealth and Activity Based State and Territory public hospital funding, and for making payments under the NHR Agreement. |
| **National Health Funding Pool Payments System (the Payments System)** | The Administrator's National Health Funding Pool Payments System processes the NHR Commonwealth, State/Territory deposits and payments into and out of the Pool, as required under the NHR Act. |
| **PGPA Act** | *The Public Governance, Performance and Accountability Act 2013* establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. |
| **State Managed Fund (SMF)** | A separate bank account or fund established by a State or Territory for the purpose of health funding under the NHR Agreement which must be undertaken in the State or Territory through a State Managed Fund. |
| **State Pool Account (SPA)** | A Reserve Bank of Australia account established for the purpose of receiving all Commonwealth and Activity Based State and Territory public hospital funding, and for making payments under the Agreement. The State (and Territory) Pool Accounts of all States and Territories are collectively known as the National Health Funding Pool or the Pool. |

# DISCLOSURE INDEX

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

| PGPA Rule Reference | DESCRIPTION | REQUIREMENT | LOCATION |
|---|---|---|---|
| **17AD(g) LETTER OF TRANSMITTAL** | | | |
| 17AI | A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report. | Mandatory | vii |
| **17AD(h) AIDS TO ACCESS** | | | |
| 17AJ(a) | Table of contents. | Mandatory | ix |
| 17AJ(b) | Alphabetical index. | Mandatory | 159-164 |
| 17AJ(c) | Glossary of abbreviations and acronyms. | Mandatory | 152-153 |
| 17AJ(d) | List of requirements. | Mandatory | 154-158 |
| 17AJ(e) | Details of contact officer. | Mandatory | vi |
| 17AJ(f) | Entity's website address. | Mandatory | vi |
| 17AJ(g) | Electronic address of report. | Mandatory | vi |
| **17AD(a) REVIEW BY ACCOUNTABLE AUTHORITY** | | | |
| 17AD(a) | A review by the accountable authority of the entity. | Mandatory | 4-6 |
| **17AD(b) OVERVIEW OF THE ENTITY** | | | |
| 17AE(1)(a)(i) | A description of the role and functions of the entity. | Mandatory | 10-11 |
| 17AE(1)(a)(ii) | A description of the organisational structure of the entity. | Mandatory | 12-15 |
| 17AE(1)(a)(iii) | A description of the outcomes and programmes administered by the entity. | Mandatory | 37 |
| 17AE(1)(a)(iv) | A description of the purposes of the entity as included in corporate plan. | Mandatory | 37 |
| 17AE(1)(aa)(i) | Name of the accountable authority or each member of the accountable authority | Mandatory | 36 |
| 17AE(1)(aa)(ii) | Position title of the accountable authority or each member of the accountable authority | Mandatory | 36 |
| 17AE(1)(aa)(iii) | Period as the accountable authority or member of the accountable authority within the reporting period | Mandatory | 96 |
| 17AE(1)(b) | An outline of the structure of the portfolio of the entity. | Portfolio departments - Mandatory | 14-15 |
| 17AE(2) | Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change. | If applicable, Mandatory | N/A |

| PGPA Rule Reference | DESCRIPTION | REQUIREMENT | LOCATION |
|---|---|---|---|
| **17AD(c) REPORT ON THE PERFORMANCE OF THE ENTITY** | | | |
| **Annual performance Statements** | | | |
| 17AD(c)(i); 16F | Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule. | Mandatory | 36-79 |
| **17AD(c)(II) REPORT ON FINANCIAL PERFORMANCE** | | | |
| 17AF(1)(a) | A discussion and analysis of the entity's financial performance. | Mandatory | 32-33 |
| 17AF(1)(b) | A table summarising the total resources and total payments of the entity. | Mandatory | 122-123 |
| 17AF(2) | If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results. | If applicable, Mandatory. | N/A |
| **17AD(d) MANAGEMENT AND ACCOUNTABILITY** | | | |
| **Corporate Governance** | | | |
| 17AG(2)(a) | Information on compliance with section 10 (fraud systems) | Mandatory | 116 |
| 17AG(2)(b)(i) | A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared. | Mandatory | 116 |
| 17AG(2)(b)(ii) | A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place. | Mandatory | 116 |
| 17AG(2)(b)(iii) | A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity. | Mandatory | 116 |
| 17AG(2)(c) | An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance. | Mandatory | 106-115 |
| 17AG(2)(d) – (e) | A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance. | If applicable, Mandatory | N/A |
| **Audit Committee** | | | |
| 17AG(2A)(a) | A direct electronic address of the charter determining the functions of the entity's audit committee. | Mandatory | 110 |
| 17AG(2A)(b) | The name of each member of the entity's audit committee. | Mandatory | 112-114 |
| 17AG(2A)(c) | The qualifications, knowledge, skills or experience of each member of the entity's audit committee. | Mandatory | 112-114 |
| 17AG(2A)(d) | Information about the attendance of each member of the entity's audit committee at committee meetings. | Mandatory | 112-114 |
| 17AG(2A)(e) | The remuneration of each member of the entity's audit committee. | Mandatory | 113 |
| **External Scrutiny** | | | |
| 17AG(3) | Information on the most significant developments in external scrutiny and the entity's response to the scrutiny. | Mandatory | 115 |

| PGPA Rule Reference | DESCRIPTION | REQUIREMENT | LOCATION |
|---|---|---|---|
| 17AG(3)(a) | Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity. | If applicable, Mandatory | 115 |
| 17AG(3)(b) | Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman. | If applicable, Mandatory | 115 |
| 17AG(3)(c) | Information on any capability reviews on the entity that were released during the period. | If applicable, Mandatory | 115 |
| **Management of Human Resources** | | | |
| 17AG(4)(a) | An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives. | Mandatory | 82 |
| 17AG(4)(aa) | Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following:<br>▪ statistics on full-time employees;<br>▪ statistics on part-time employees;<br>▪ statistics on gender; and<br>▪ statistics on staff location. | Mandatory | 96-100 |
| 17AG(4)(b) | Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:<br>▪ Statistics on staffing classification level;<br>▪ Statistics on full-time employees;<br>▪ Statistics on part-time employees;<br>▪ Statistics on gender;<br>▪ Statistics on staff location; and<br>▪ Statistics on employees who identify as Indigenous. | Mandatory | 96-100 |
| 17AG(4)(c) | Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*. | Mandatory | 100 |
| 17AG(4)(c)(i) | Information on the number of SES and non SES employees covered by agreements etc identified in paragraph 17AG(4)(c). | Mandatory | 100 |
| 17AG(4)(c)(ii) | The salary ranges available for APS employees by classification level. | Mandatory | 100 |
| 17AG(4)(c)(iii) | A description of non-salary benefits provided to employees. | Mandatory | 100 |
| 17AG(4)(d)(i) | Information on the number of employees at each classification level who received performance pay. | If applicable, Mandatory | N/A |
| 17AG(4)(d)(ii) | Information on aggregate amounts of performance pay at each classification level. | If applicable, Mandatory | N/A |
| 17AG(4)(d)(iii) | Information on the average amount of performance payment, and range of such payments, at each classification level. | If applicable, Mandatory | N/A |
| 17AG(4)(d)(iv) | Information on aggregate amount of performance payments. | If applicable, Mandatory | N/A |
| **Assets Management** | | | |
| 17AG(5) | An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities | If applicable, Mandatory | N/A |

| PGPA Rule Reference | DESCRIPTION | REQUIREMENT | LOCATION |
|---|---|---|---|
| **Purchasing** | | | |
| 17AG(6) | An assessment of entity performance against the *Commonwealth Procurement Rules*. | Mandatory | 117 |
| **Reportable consultancy contracts** | | | |
| 17AG(7)(a) | A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST). | Mandatory | 117 |
| 17AG(7)(b) | A statement that "*During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of $[specified million]*". | Mandatory | 117 |
| 17AG(7)(c) | A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged. | Mandatory | 117 |
| 17AG(7)(d) | A statement that *"Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website"* | Mandatory | 117 |
| **Reportable non-consultancy contracts** | | | |
| 17AG(7A)(a) | A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contacts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST). | Mandatory | 117 |
| 17AG(7A)(b) | A statement that "*Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.*" | Mandatory | 117 |
| **17AD(daa) ADDITIONAL INFORMATION ABOUT ORGANISATIONS RECEIVING AMOUNTS UNDER REPORTABLE CONSULTANCY CONTRACTS OR REPORTABLE NON-CONSULTANCY CONTRACTS** | | | |
| 17AGA | Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts. | Mandatory | 117 |
| **Australian National Audit Office Access Clauses** | | | |
| 17AG(8) | If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract. | If applicable, Mandatory | 118 |

| PGPA Rule Reference | DESCRIPTION | REQUIREMENT | LOCATION |
|---|---|---|---|
| **Exempt contracts** | | | |
| 17AG(9) | If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters. | If applicable, Mandatory | 118 |
| **Small business** | | | |
| 17AG(10)(a) | A statement that *"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."* | Mandatory | 118 |
| 17AG(10)(b) | An outline of the ways in which the procurement practices of the entity support small and medium enterprises. | Mandatory | 118 |
| 17AG(10)(c) | If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that *"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."* | If applicable, Mandatory | N/A |
| **Financial Statements** | | | |
| 17AD(e) | Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act. | Mandatory | 122-149 |
| **Executive Remuneration** | | | |
| 17AD(da) | Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule. | Mandatory | 101 |
| **17AD(f) OTHER MANDATORY INFORMATION** | | | |
| 17AH(1)(a)(i) | If the entity conducted advertising campaigns, a statement that *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."* | If applicable, Mandatory | N/A |
| 17AH(1)(a)(ii) | If the entity did not conduct advertising campaigns, a statement to that effect. | If applicable, Mandatory | 118 |
| 17AH(1)(b) | A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."* | If applicable, Mandatory | 118 |
| 17AH(1)(c) | Outline of mechanisms of disability reporting, including reference to website for further information. | Mandatory | 83 |
| 17AH(1)(d) | Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found. | Mandatory | 115 |
| 17AH(1)(e) | Correction of material errors in previous annual report | If applicable, Mandatory | N/A |
| 17AH(2) | Information required by other legislation | Mandatory | 92-105 |

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