ANNUAL REPORT

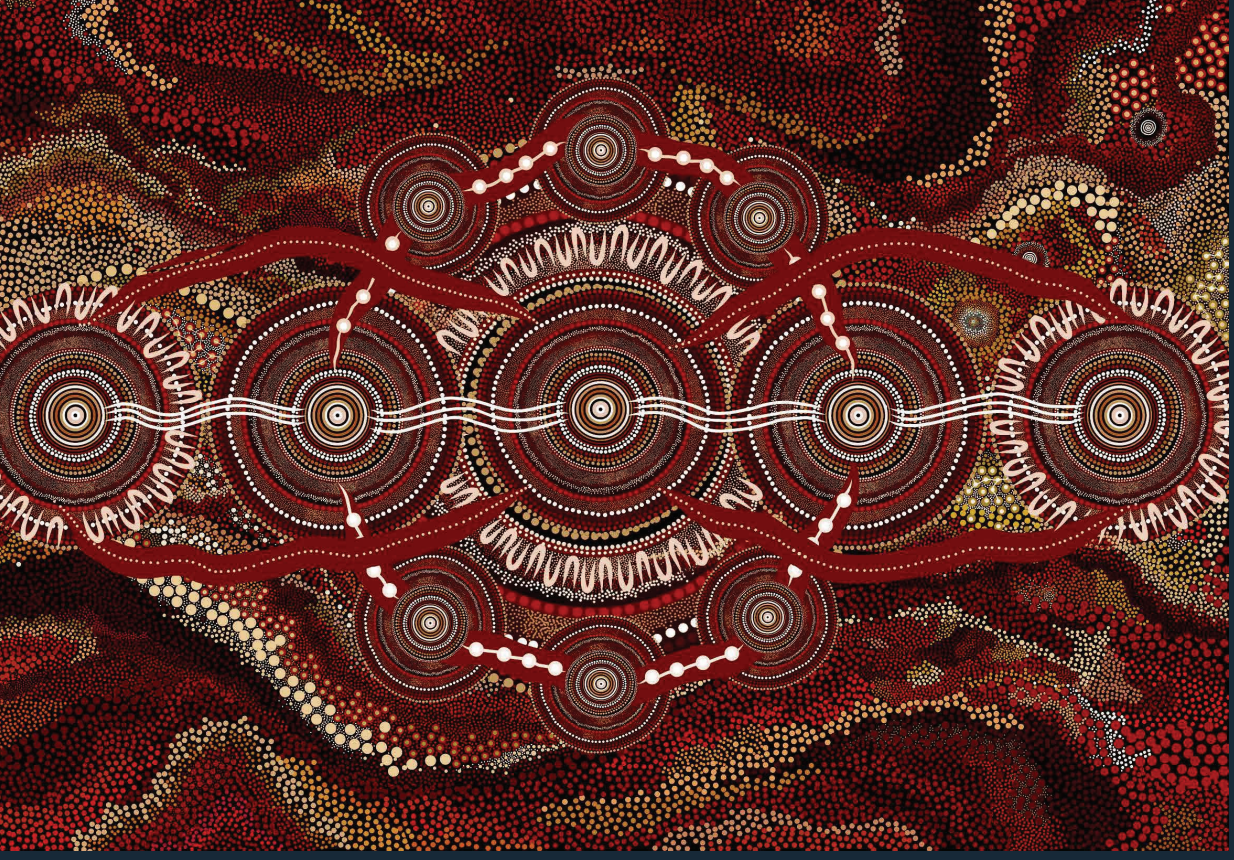
2025–26

Improving the transparency of public hospital funding in Australia

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Administrator
National Health Funding Pool



Acknowledgement of Country

The National Health Funding Pool Administrator and 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 9 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 5 large meeting places, each symbolising the key objectives that the NHFB strives to achieve.

These 5 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 6 smaller ones, representing the core values of the APS and the NHFB.



Administrator
National Health
Funding Pool

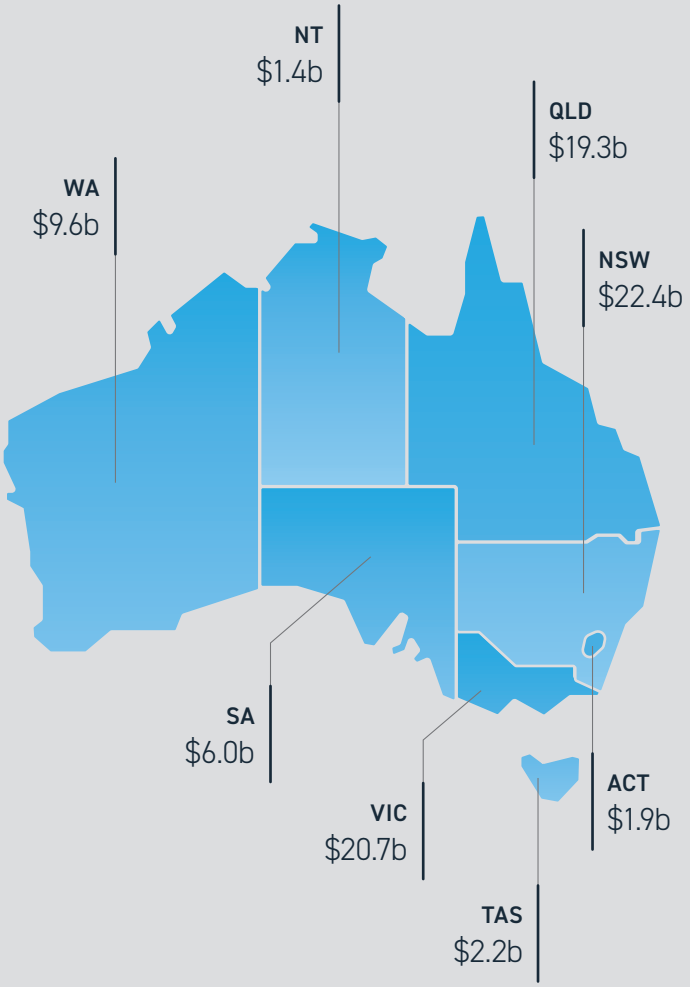
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2025–26 HIGHLIGHTS

PUBLIC HOSPITAL FUNDING



We administered over...

$83.6 billion

in public hospital funding

$83.0 billion

paid to...

138

Local Hospital Networks

Comprising of...

704

public hospitals

That delivered over...

57.6 million

public hospital services

FUNDING BY SERVICE CATEGORY

Commonwealth | States and Territories

Largest service category



ACUTE ADMITTED $16.46b $26.90b

Remaining service categories



EMERGENCY $3.62b $6.22b



MENTAL HEALTH $1.46b $2.32b



COMMUNITY MENTAL HEALTH $1.25b $2.12b



SUB-ACUTE $1.96b $2.68b



NON-ADMITTED $4.05b $6.23b

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...

4.6/5

Publication details

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

Administrator
National Health
Funding Pool

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The Hon Mark Butler MP
Minister for Health and Ageing
Commonwealth of Australia

The Hon Ryan Park MP
Minister for Health
New South Wales

The Hon Ingrid Stitt MP
Minister for Health
Victoria

The Hon Tim Nicholls MP
Minister for Health and Ambulance Services
Queensland

The Hon Meredith Hammat MLA
Minister for Health
Western Australia

The Hon Blair Boyer MP
Minister for Health and Wellbeing
South Australia

The Hon Bridget Archer MP
Minister for Health, Mental Health and Wellbeing
Tasmania

Dr Marisa Paterson MLA
Minister for Health
Australian Capital Territory

The Hon Steve Edgington MLA
Minister for Health
Northern Territory

Dear Ministers,

ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL ANNUAL REPORT 2025–26

I am pleased to submit to you, for tabling in your respective Parliaments, my Annual Report for the year ended 30 June 2026.

This report has been prepared in accordance with the requirements of sections 241 to 243 of the Commonwealth *National Health Reform Act 2011* (NHR Act) and corresponding State and Territory National Health Reform legislation.

The report includes a combined Financial Statement of the National Health Funding Pool accounts, and a Financial Statement for each State and Territory State Pool Account audited by the respective Auditor-General. The report also includes the reporting required under section 241(2) of the NHR Act on National Health Reform funding and payments, on a national level and for each State and Territory.

Yours sincerely,

Toni Cunningham
Administrator
National Health Funding Pool
17 September 2026

The Administrator of the National Health Funding Pool and the National Health Funding Body were established through the *National Health Reform Agreement of August 2011*.

The Administrator is an independent statutory office holder. All Commonwealth, State and Territory Governments have to agree to their appointment to the position. 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 National Health Funding Body (NHFB) 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 people that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the *National Health Reform Agreement* (NHR Agreement).

This Annual Report provides an overview of the role and work of the Administrator during 2025–26 and provides both the combined and individual State and Territory Pool Accounts for 2025–26.



This report should be read in conjunction with the *National Health Funding Body Annual Report 2025–26* that can be found on the NHFB website: publichospitalfunding.gov.au/publications

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PART 1:

OVERVIEW

This section explains the Administrator and NHFB's role in Australia's health system.

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MESSAGE FROM THE ADMINISTRATOR



It is my pleasure to present the Administrator's National Health Funding Pool Annual Report for the financial year ending 30 June 2026. Thank you to all States, Territories and the Commonwealth for your collaboration in the progress on improving the transparency of public hospital funding in Australia.

Toni Cunningham
Administrator
National Health Funding Pool

2025–26 represented a one-year extension of the Addendum 2020–2025 for the purposes of calculation, reconciliation, payment and reporting of the Commonwealth contribution to the States and Territories for services in the public health system. This extension was enacted through *Schedule K – Addendum to the NHR Agreement: Revised Public Hospital Funding and Health Reform Arrangements* (Schedule K).

During this year the NHFB has supported me to:

- reconcile $30.2 billion in Commonwealth NHR funding for 2024–25
- reconcile over 11 million activities delivered in 2024–25 (as measured by National Weighted Activity Units, or NWAUs)
- calculate $32.2 billion in Commonwealth NHR funding for 2025–26
- make over $83.6 billion in payments through the Pool to LHNs and State and Territory health departments
- produce a National, State and Territory and Local Hospital Network (LHN) level report each month detailing payments through the Pool and estimated activity
- produce a quarterly report on jurisdictional compliance with the Addendum and the requirements set out in my Three-Year Data Plan.

In 2025–26, 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 6-month and annual reconciliation processes
- providing advice on funding arrangements under the Addendum, including the management of payment and reporting of activities related to Schedule K as required for States and Territories.

"The NHFB has supported me to make over $83.6 billion in payments through the Pool to LHNs and State and Territory health departments."

Schedule K – Addendum to the National Health Reform Agreement 2025–26

On 5 February 2025, the Commonwealth, States and Territories agreed Schedule K which 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 were required to use the one-time fixed funding to fund hospital and related health services. The one-time fixed funding was paid from Commonwealth Treasury through to:

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

Some States and Territories flowed the Schedule K funds through the Pool to LHNs and provided information on the activities to which those payments related. Activities reported as being funded by Schedule K arrangements were not considered in scope for counting or funding under the Addendum to the NHR Agreement.

Cash and entitlement

An important distinction is between what are termed cash payments made by the Commonwealth and what are termed Commonwealth funding entitlements. The cash payment reflects actual Commonwealth payments made in the financial year and are based on activity estimates provided by States and Territories. The Commonwealth funding entitlement is calculated after the end of each financial year and is based on the actual level of activity delivered in that year.

The table on page 57 shows the national comparison between Commonwealth cash and funding entitlement, with State and Territory information provided in each chapter.

Annual Report on Maintenance of Effort and funding transparency

Under the Addendum, all Parties agreed, at a minimum, to maintain levels of funding for public hospital services through the Pool for 2020–21 to 2024–25 and 2025–26 at not less than the level of funding for 2018–19. The assessment of Maintenance of Effort applies to the Commonwealth, States and Territories. The assessment 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.

My compliance reports for 2024–25 demonstrate increased funding in all jurisdictions, though this work has revealed some inconsistencies across States, including:

- some States transact ABF contributions for out-of-scope activity through the Pool but do not identify this activity as out of scope
- some States make payments based on estimated activity, noting there is no reconciliation of State funding contributions.

Whilst States and Territories have continued to improve funding transparency through the incorporation of a detailed breakdown of NHR funding by source in their service agreements, there is still work to do:

- ensuring State Prices are published in LHN Service Agreements
- identifying funding for out-of-scope activity and whether or not it is transacted through the Pool
- working with the Australian Institute of Health and Welfare (AIHW). the Commonwealth, States and Territories to improve public hospital expenditure reporting (including third party revenue).

Funding integrity

One of my 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, such as the Medicare Benefits Schedule (MBS). Where a matched payment is identified as a false positive, such as an incorrectly coded privately funded hospital service (i.e. a private patient not eligible for NHR funding), the NHFB and I 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.

"States and Territories have continued to improve funding transparency through the incorporation of a detailed breakdown of NHR funding by source in their service agreements."

National Health Funding Pool Payments System

The Pool receives all Commonwealth (ABF and Block) and State and Territory (ABF only) public hospital funding. The Pool comprises a Reserve Bank of Australia (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 opened 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. The Payments System, administered by the NHFB, has transacted over $439 billion since its launch on 1 October 2019 with no errors or delays and zero instances of fraud.

Stakeholder engagement

In 2025–26 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 any issues at a local level, improve our understanding of their operating environment and help build collective understanding of funding calculations and outcomes. Through these engagements, the NHFB and I also consulted with our stakeholders to review the suite of policies that provide transparency over the approach taken to perform my functions as Administrator of the Pool:

- 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.

"The Payments System has transacted over $439 billion since its launch on 1 October 2019, with no errors or delays and zero instances of fraud."

The year ahead

The Addendum to the *National Health Reform Agreement 2026–2031* was signed by the Australian Government and State and Territory Governments on 27 February 2026 to take effect 1 July 2026.

This is a significant update to Commonwealth public hospital funding arrangements. The Addendum replaces the 2020–25 arrangements (extended by one year to 2025–26) and introduces a comprehensive new framework for public hospital funding for the period to 30 June 2031.

Changes include:

- the introduction of an Input Contribution Rate glide path, rising from 40.5% in 2026–27 to 42.5% by 2030–31
- the introduction of a higher funding cap – growing at 10.25% in 2026–27 and 8% per annum thereafter (compared to 6.5% under the previous Addendum)
- a Minimum Funding Guarantee (MFG) of $15 billion nationally over 2026–27 to 2030–31 compared to what States would have received under 2020–25 arrangements
- new dedicated reform funding through the Service Model Reform Funding stream, commencing 2027–28
- expanded safety, quality and value-based pricing settings that will progressively apply across the Addendum term.

"Thank you to Shannon, the NHFB CEO, and his excellent team for their support in improving the transparency of public hospital funding in Australia."

Key milestones

2025

OCT	6-year anniversary of the Payments System
	Published the *Administrator's National Health Funding Pool 2024–25 Annual Report*
DEC	Completed 2024–25 funding integrity data matching and miscoded private patients activities
	Finalised the 2024–25 Annual Reconciliation
	Provided Payment Advice to the Commonwealth Treasurer
	Published the *Administrator's 2024–25 Annual Report on Maintenance of Effort*
	Published the Administrator's Calculation of NHR Funding Policy

2026

JAN	Payments System annual software upgrade
FEB	Provided Payment Advice to the Commonwealth Treasurer
APR	Provided 2026–27 Budget Advice to the Commonwealth Treasurer
MAY	Commonwealth Budget 2026–27
JUN	Published the Administrator's Calculation of NHR Funding Policy
	2026 Stakeholder Survey
SEP	Payments System minor upgrade
OCT	Publish the *Administrator's National Health Funding Pool 2025–26 Annual Report*
NOV	Payment System annual software upgrade
DEC	Complete 2025–26 funding integrity data matching and miscoded private patients activities
	Finalise the 2025–26 Annual Reconciliation
	Provide Payment Advice to the Commonwealth Treasurer
	Publish the *Administrator's 2025–26 Annual Report on Maintenance of Effort*

2027

FEB	Publish final entitlement and activity for all years of the Addendum
MAY	Commonwealth 2027–28 Budget
JUN	Provide Payment Advice to the Commonwealth Treasurer

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 5 key objectives



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

Our behaviours

- **ONE NHFB**
  We contribute as a united team and encourage new ideas.
- **ENHANCE TRUST**
  We treat others as equals and collaborate openly across boundaries.
- **OPEN COMMUNICATION**
  We listen actively to the views of others and share information.
- **OWN IT**
  We own our performance by knowing, accepting and performing our roles to the best of our ability.

OUR APS VALUES

- Impartial
- Committed
- Accountable
- Respectful
- Ethical
- Stewardship

ABOUT THE ADMINISTRATOR AND NHFB

The Administrator

The Administrator of the National Health Funding Pool (the Pool) is a statutory office holder, independent from Commonwealth and State and Territory Governments, and is appointed to the position under Commonwealth, State and Territory legislation.

The Administrator's position was given legislative effect through the NHR Act and relevant legislation of each State and Territory. The Administrator is supported by the National Health Funding Body (NHFB), which is also independent of all Governments.

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 effective relationships with stakeholders and industry partners, including all Australian Governments and national bodies



The National Health Funding Body

The NHFB and the Administrator of the the Pool were established through the *National Health Reform Agreement* (NHR Agreement) of August 2011 (see page 18).

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 within the Commonwealth Department of Health, Disability and Ageing Portfolio.

The NHFB is an independent agency of 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 4 key functions outlined in Figure 1.

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

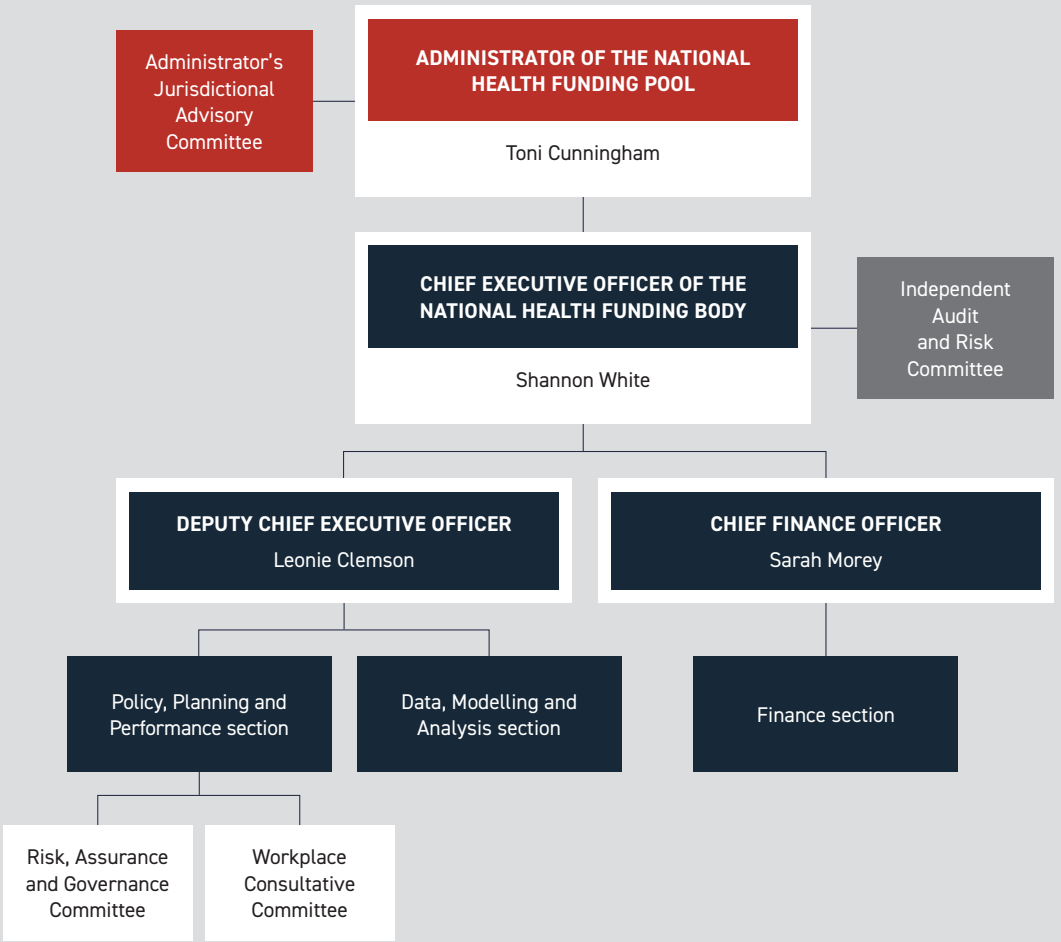
- Leadership and culture
- Corporate planning
- Organisational performance
- Risk management, assurance and governance

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, and align to our core functions, providing clear lines of responsibility.

Figure 2 shows the relationship between the Administrator and NHFB's organisational and governance elements.

Figure 2: Organisational structure as at 30 June 2026



NHFB teams



Policy, Planning and Performance

The Policy, Planning and Performance (PPP) 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. This includes risk management, assurance, governance, communications, security, management of Memoranda of Understanding 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 develops models that determine the Commonwealth funding contribution to LHNs for delivering public hospital services.

The section reconciles estimated and actual service volumes through a range of data submissions related to public hospital funding. DMA is also responsible for ensuring the integrity of hospital funding by linking hospital activity data with MBS claims data to identify if the Commonwealth may have paid for the same hospital service more than once. The section has also commenced work linking hospital activity data with Pharmaceutical Benefits Scheme claims data to identify instances where the Commonwealth may have paid twice for pharmaceuticals supplied in public hospitals.

The section also engages with States and Territories on data quality and timeliness, sharing best practice across jurisdictions. These engagements support the development and maintenance of the Administrator's policies.



Finance

The Finance section provides financial support to the NHFB CEO and Administrator, including maintaining the integrity of the Pool Payments System (Payments System). This includes working with jurisdictions, industry partners and the Reserve Bank of Australia on further enhancements to the Payments System.

The section monitors payments of public hospital funding out of the Pool and improves transparency through publishing monthly funding and activity data on publichospitalfunding.gov.au.

The section assists the Administrator to prepare the annual financial statements for each State and Territory Pool account, audited by each State and Territory Auditor-General, as well as the NHFB's financial statements, audited by the Commonwealth Auditor-General.

The Finance section 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 5-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 40 years, has been predominantly in leadership roles that improved systems and processes for the development of transparency in public hospital casemix data collection, including costing, funding and reporting.



Shannon White
Chief Executive Officer
National Health Funding Body

Shannon was appointed CEO of the NHFB in April 2018 and was subsequently reappointed on 1 July 2023 for a further 5 years.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has 30 years' experience in the Australian Public Service (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, health system fiscal sustainability as well as the negotiations on public hospital funding under the 2 Addenda to the NHR Agreement.



Leonie Clemson
Deputy Chief Executive Officer
National Health Funding Body

Leonie Clemson joined the NHFB in September 2025 as the Deputy Chief Executive Officer.

She is a highly experienced senior executive with a passion for strategic leadership, governance, and building organisational capability across the public sector. Prior to joining the NHFB, Leonie worked in the Department of Health, Disability and Ageing leading system–wide assurance and governance functions, managing complex stakeholder relationships, and driving capability uplift initiatives. Leonie is committed to strengthening accountability through internal frameworks and improving performance through best practice approaches.

NHFB AND AUSTRALIA'S HEALTH SYSTEM

Prime Minister, Premiers and Chief Ministers

Commonwealth, State and Territory Health Ministers

Commonwealth Treasurer

WHO THE NHFB SUPPORTS

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 NHFB team supports 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 THE NHFB WORKS WITH

Commonwealth, State and Territory stakeholders

Portfolio agencies

Industry partners

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 NHR 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 27 February 2026, the Commonwealth and States and Territories signed the new Addendum to the NHR Agreement for 2026–31, taking effect from 1 July 2026. This is the most significant update to Commonwealth public hospital funding arrangements since the introduction of Activity Based Funding in 2012–13. The Addendum replaces the 2020–25 NHRA arrangements (extended by one year to 2025–26) and introduces a comprehensive new framework for public hospital funding for the period to 30 June 2031.

The previous one-year extension provided financial certainty for public hospitals while the Commonwealth and States negotiated the new Addendum. Under the extension States were provided with a one-off funding boost of $1.7 billion for hospital and related health services through bilateral agreements and a one-off uplift to the Northern Territory.

The extension and new Addendum maintain 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 provided States and Territories with $95.9 billion in payments for specific purposes (see Figure 3), with over a third of that money (almost $35.2 billion) calculated by the NHFB and paid through our Payments System.

"Over a third of the $95.9 billion in Commonwealth payments to States and Territories in 2025–26, almost $35.2 billion, was 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 delivered 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.

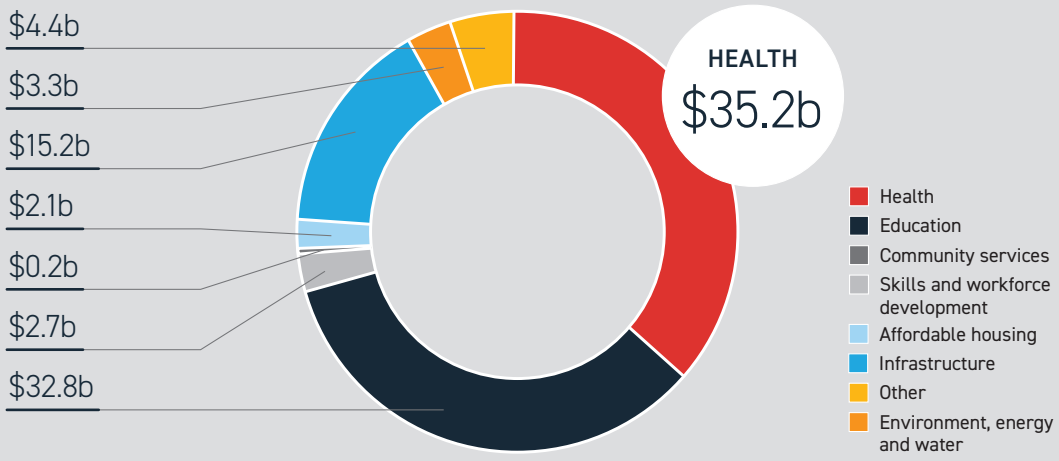
These activities contribute to an efficient, sustainable and accessible public hospital system for all Australians.

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.

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



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 a new Addendum, Commonwealth, State and Territory Governments agreed to 4 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 5 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 were required to use the one-time fixed funding to fund hospital and related health services. The one-time fixed funding was paid from Commonwealth Treasury through to:

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

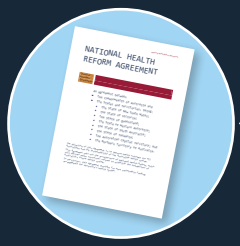
2026–31 Addendum to the National Health Reform Agreement

The Addendum to the National Health Reform Agreement 2026–2031 was agreed by National Cabinet in January 2026. The Addendum introduces fundamental changes to the Commonwealth's public hospital funding methodology through several changes including:

- transition from a growth formula to a glide path formula
- an increase in the funding cap from 6.5% to 10.25% in the first year, and 8% in following years
- introduction of a Minimum Funding Guarantee (MFG) (additional $15 billion)
- introduction of a new Service Model Reform Funding (SMRF) stream commencing 2027–28
- continuation of existing Public Health Funding arrangements until Public Health Funding is incorporated into the Block Funding stream
- transition from no reconciliation of Block funding to reconciling Block funding against actual payments from State Managed Funds.

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



Images from left to right:

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)



2011

The *National Health Reform Agreement* was signed, establishing the Administrator and NHFB. A new approach to health funding based on ABF was put into effect and 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 NPCR 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 NHR 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 was agreed in February 2025, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion in 2025–26

2026

The *Addendum to the National Health Reform Agreement 2026–2031*, agreed in January 2026, introduced a new glide path funding model, higher funding cap, MFG and a range of health reforms

ADMINISTRATOR POLICIES

The Administrator's policies make transparent the approach taken to performing the Administrator's functions.

This includes the provision of data, data quality and management, calculation of initial payments, reconciliation of final entitlements, funding integrity and guidance on the operation of the Pool.

Three-Year Data Plan

The Administrator's Three-Year Data Plan describes the minimum level of data required from the Commonwealth, States and Territories, to calculate the Commonwealth's NHR funding for public hospital services, conduct reconciliation activities and report publicly on NHR funding and payments.

Data Compliance Policy

The Data Compliance Policy comprises the Administrator's policy on jurisdictional compliance with data provision as required in the Administrator's Three-Year Data Plan. The NHFB, on behalf of the Administrator, publishes a quarterly Data Compliance Report on jurisdictional compliance with the Three-Year Data Plan and Data Compliance Policy.

Data Governance Policy

The Data Governance Policy covers both the Administrator and the NHFB. It details the information collected and the purpose for its collection, use, storage, disclosure and disposal by the Administrator of the Pool.

Calculation of Commonwealth National Health Reform Funding

The Calculation of Commonwealth National Health Reform Funding Policy (the calculation policy) sets out the approach and processes used by the Administrator to calculate Commonwealth NHR funding paid to States and Territories. The calculation policy includes funding for ABF, Block and Public Health funding categories as well as the approach to reconciliation activities.

Data Matching Business Rules

The business rules outline rules in relation to clause A6 of the NHR Agreement where assessment is undertaken to ensure the Commonwealth does not fund activities twice, through ABF and through MBS and/or Pharmaceutical Benefits Scheme (PBS) funding or another Commonwealth program.

National Health Funding Pool Payments System Policy

The policy covers the governance and management of the Payments System, and the obligations and responsibilities of users.

CALCULATING THE COMMONWEALTH CONTRIBUTION IN 2025–26

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

The Commonwealth Contribution Model (CCM) calculations form the basis of the Administrator's payment advice to the Commonwealth Treasurer. This advice is also provided to State and Territory health ministers and State and Territory health departments.

There are 2 broad types of funding: Activity Based Funding (ABF) and Block funding (see Figure 4). Public hospital services within scope are eligible for a Commonwealth funding contribution under the NHR Agreement, calculated on one of these 2 bases. Scope includes:

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

Each funding type has specific criteria set for what services are appropriate, with the preference to use ABF wherever possible.

Commonwealth funding for ABF, Block and Public Health is calculated using the CCM which is independently reviewed each year. 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, home and community care, dental services, residential aged care and disability services).

Figure 4: Types of public hospital funding



ACTIVITY BASED FUNDING

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



BLOCK FUNDING

- Teaching, training and research
- Small rural hospitals
- Other mental health
- Other non-admitted services
- Highly specialised therapies

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 National Weighted Activity Unit (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).

“ABF is calculated based on the number of weighted services provided to patients and the price for delivering those services.”

Payment advice

The Administrator provides payment advice to the Commonwealth Treasurer for the following purposes:

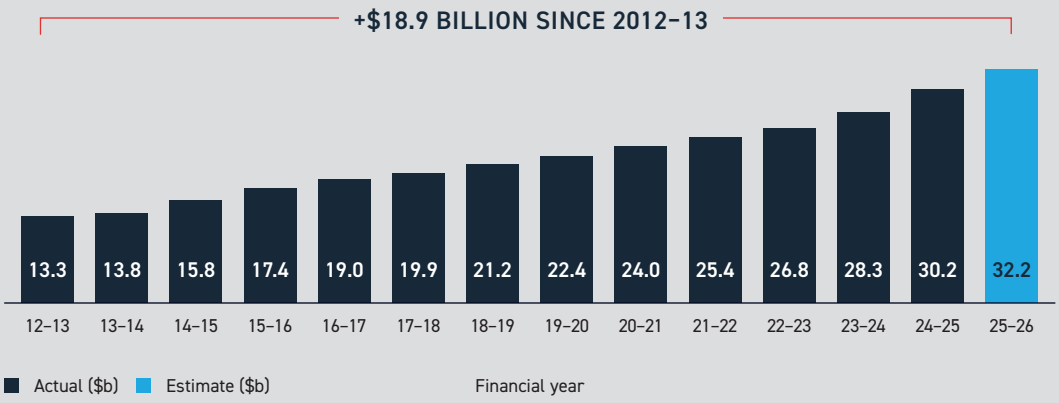
- as input to the Commonwealth Budget, based on initial estimates of activity from States and Territories
- establishing Commonwealth contributions for the future financial year, based on confirmed estimates of activity from States and Territories
- updating Commonwealth contributions for the current financial year, based on revised activity estimates from States and Territories
- as input to the Mid-Year Economic and Fiscal Outlook (MYEFO)
- updating Commonwealth contributions following the 6-month Reconciliation and Annual Reconciliation.

The first payment advice for 2025–26 was provided to the Treasurer on 23 June 2025, with further updates to 2025–26 Payment Advice provided to the Commonwealth Treasurer on:

- 22 September 2025, which updated payments from 1 October 2025 to 30 June 2026
- 10 December 2025, which updated payments from 1 January 2026 to 30 June 2026
- 24 February 2026, which updated payments from 1 March 2026 to 30 June 2026
- 18 May 2026, which updated payments from 1 June 2026 to 30 June 2026.

Once the Payment Advice is provided to the Treasurer, the advice is also distributed to all health ministers and State and Territory health department CFOs. The final 2025–26 Payment Advice resulted in $32.214 billion in Commonwealth NHR funding.

Figure 5: Commonwealth funding contributions from 2012–13 to 2025–26



Note: These amounts include NHR, Hospital Service Payments and MFG amounts. State Public Health Payments and Financial Viability Payments are not included. 2025–26 is an estimate and excludes the one-off $1.7 billion Schedule K funding.

PUBLIC HOSPITAL FUNDING AND PAYMENTS

Commonwealth funding is calculated using the Commonwealth Contribution Model, a transparent, robust and independently reviewed methodology.

Payments

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

The Pool comprises an RBA account for each State and Territory, with each State and Territory also having established a 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 cross-border, reimbursements and public health).

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 2025–26.

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 that they 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 financial year once actual volumes have been validated.

To ensure that individual 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: 2025–26 public hospital funding and payment flows

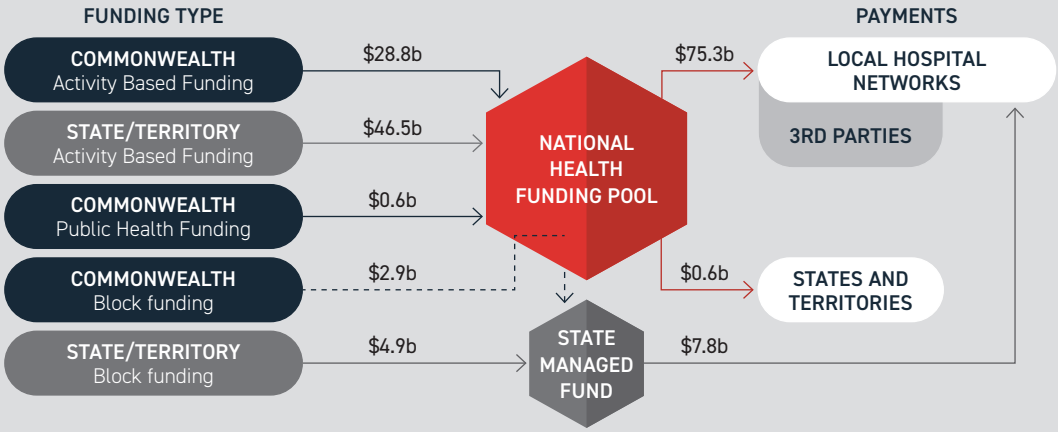
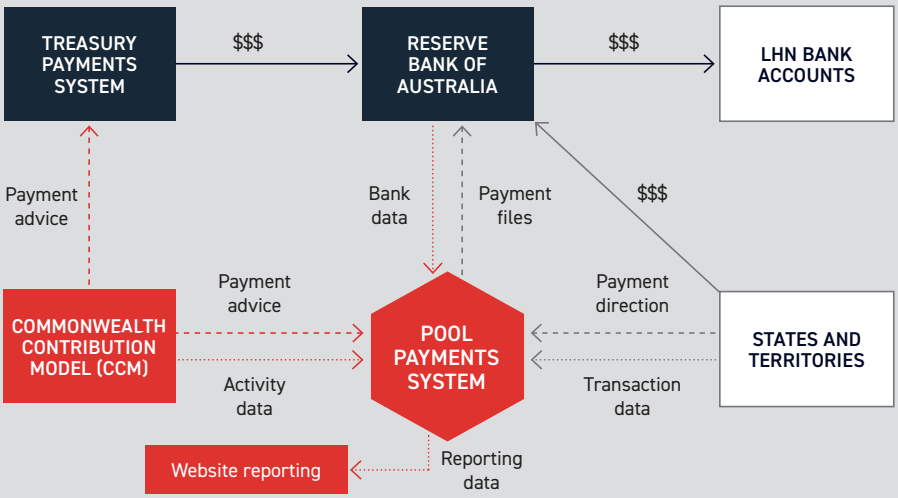


Figure 7: Payment System data and funding flows



Annual Reconciliation overview

Twice yearly, following 6-month and annual data submissions (due 31 March and 30 September respectively for 2024–25, and 15 March and 15 September respectively for 2025–26), 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.

Preliminary 2024–25 Annual Reconciliation results were provided to the Commonwealth, States and Territories during a series of bilateral discussions in late October 2025 ahead of the Administrator's JAC meeting on 26 November 2025.

Following a period of engagement and collaboration with stakeholders, the Administrator's advice on the 2024–25 Annual Reconciliation was provided to the Commonwealth Treasurer (and all health ministers) on 2 December 2025.

This is the eighth year in a row that advice has been provided to the Commonwealth Treasurer before the end of March (as required under the Addendum).

In 2025–26, the Administrator provided advice to the Commonwealth Treasurer on funding adjustments related to the:

- Commonwealth NHR funding 2024–25 Annual Reconciliation
- final funding entitlements for the National Partnership for Priority Group Testing and Vaccinations (PGTV).

"The timeliness performance of data submissions from the States and Territories has improved in 2025–26."

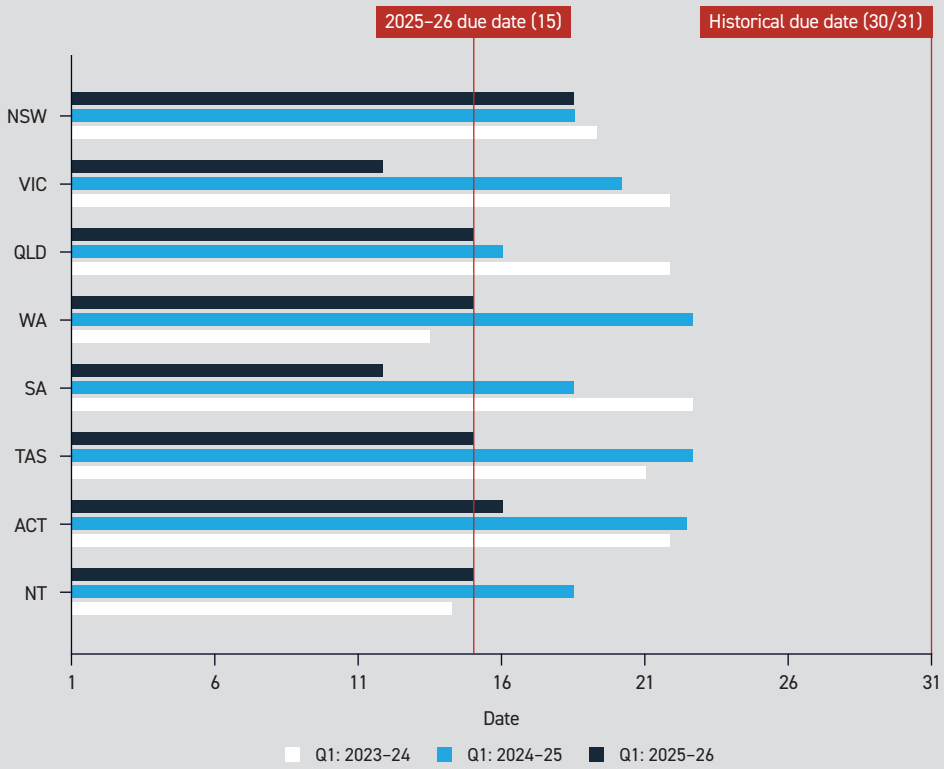
Data Submissions

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.

Based on this, for 2025–26, the Administrator introduced a reduced timeframe from the last day of the respective month to the 15th of the month. Figure 8 provides an overview of the dates Q1 data submissions were received in 2023–24 and 2024–25 compared to the end of month due date, and the 2025–26 performance against the 15th of the month due date. The Administrator and the NHFB worked closely with States and Territories to support them to meet the reduced timeframes for quarterly data submissions.

See Figure 10 on page 35 for a high-level overview of the reduced timeframe (submission deadline moved to the 15th of the month), which brings the annual data cycle forward from 65 weeks to 63 weeks, followed by an automatic 2-week resubmission period.

Figure 8: Q1 data submissions from 2023–24 to 2025–26



2024–25 Annual Reconciliation funding adjustments

The 2024–25 Annual Reconciliation for NHR funding ($30.215 billion) was finalised within 9 weeks of receiving activity data – matching last year's benchmark for the earliest an annual reconciliation has been completed.

The Treasurer's Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025 was made on 5 December 2025, with the January Payment Advice for 2025–26 provided to all health ministers on 10 December 2025.

The 2024–25 Annual Reconciliation resulted in a positive adjustment of +$26 million.

Funding over time

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 ABF. Based on these calculations, the Commonwealth makes advance payments throughout the year.

As hospitals deliver services, States and Territories collect and submit actual activity data quarterly, in line with the Administrator's Three-Year Data Plan.

Twice yearly, following 6-month and annual data submissions (due 15 March and 15 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 1 shows the final Commonwealth funding entitlements since 2020–21 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).

"The 2024–25 Annual Reconciliation was finalised within 9 weeks of receiving activity data – matching last year's benchmark for the earliest reconciliation ever completed."

Table 1: Commonwealth's contribution to public hospital funding

NATIONAL $ million	2020–21 ENTITLEMENT	2021–22 ENTITLEMENT	2022–23 ENTITLEMENT	2023–24 ENTITLEMENT	2024–25 ENTITLEMENT	2025–26 ESTIMATE
Emergency Department	3,163.3	3,315.0	2,919.4	3,048.4	3,385.9	3,883.7
Acute Admitted	11,757.4	12,042.2	13,778.2	14,725.6	15,378.1	16,346.4
Admitted Mental Health	1,016.3	1,086.9	1,126.2	1,189.9	1,381.9	1,411.9
Sub-acute	1,193.7	1,428.6	1,543.4	1,690.3	1,820.5	1,758.2
Non-admitted	3,153.5	3,204.2	3,407.7	3,600.2	3,961.0	4,003.9
Community Mental Health	–	–	–	–	0.0	1,253.7
TOTAL ABF FUNDING	**20,284.2**	**21,076.8**	**22,775.0**	**24,254.3**	**25,927.5**	**28,657.8**
Teaching Training and Research	623.2	737.5	732.3	781.8	821.9	899.6
Small Rural Hospitals	1,111.5	1,153.4	1,160.2	1,212.0	1,004.4	1,091.7
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]	–	–	–	–	1,710.1	753.0
Non-admitted Home Ventilation	31.2	36.6	32.8	32.6	35.3	38.0
Other Non-admitted Services	22.6	22.7	22.9	23.1	11.7	12.3
Other Public Hospital Programs	126.7	106.1	52.4	52.7	68.6	54.9
Highly Specialised Therapies	25.9	38.9	40.1	73.4	80.7	115.4
TOTAL BLOCK FUNDING	**3,043.8**	**3,315.0**	**3,350.7**	**3,571.8**	**3,732.7**	**2,964.9**
PUBLIC HEALTH FUNDING	**439.3**	**470.0**	**491.9**	**522.4**	**554.6**	**591.5**
TOTAL ENTITLEMENT[2]	**23,767.3**	**24,861.8**	**26,617.7**	**28,348.5**	**30,214.7**	**32,214.2**

1 In 2024–25, Other Mental Health includes Non-admitted Mental Health, Non-admitted Child and Adolescent Mental Health Service (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.

Delivering best practice financial administration of more than $78.8 billion in public hospital funding

In 2025–26, we administered over $78.8 billion in NHR payments from Commonwealth, State and Territory funding contributions (compared to $36 billion in 2012–13).

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 CCM to a more reliable SAS-based platform, launching a new Payments System on a TechnologyOne platform and transitioning our website to the whole-of-government GovCMS platform.

Fast forward to 30 June 2026, and since its launch on 1 October 2019, more than $439 billion has been transacted through the Payments System with no errors or delays in the processing of payments and zero instances of fraud.

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

As the system owner, we are required to maintain key governance documentation as outlined by the Australian 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.

"In 2025–26, we administered over $78.8 billion in NHR payments – more than double the $36 billion administered in 2012–13."

These documents include:

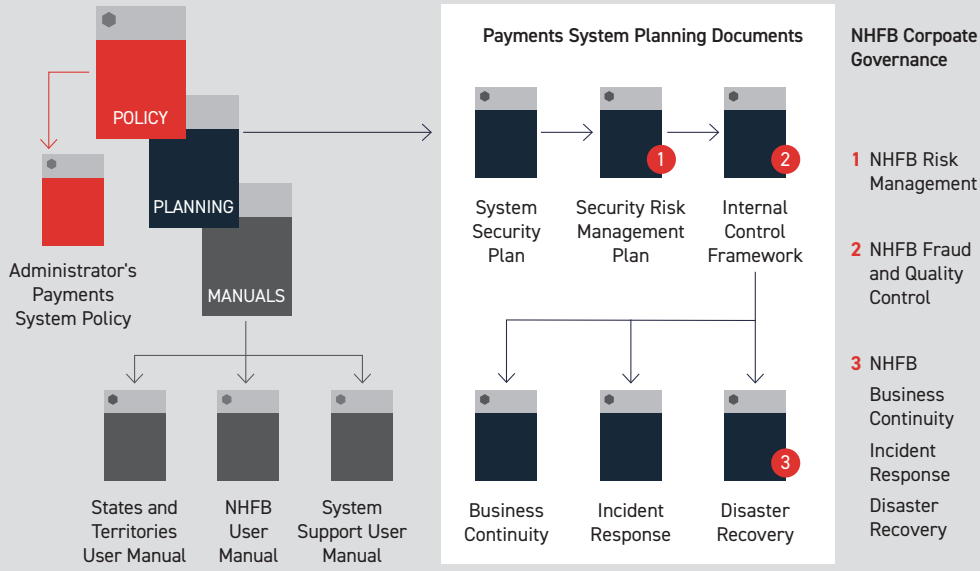
- Administrator's Payments System Policy
- System Security Plan
- System Management Plan
- System Security Risk Management Plan
- Internal Controls Framework
- Incident Response, Business Continuity and Disaster Recovery Plan
- Jurisdiction User Manual
- NHFB User Manual
- System Support User Guide.

Figure 9 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 expert to assess the compliance of our documentation. In 2025–26, this included:

- assessment of the Payments System against the PSPF
- assessment of the Payments System against the ISM
- assessment of the Payments System against the Australian Signals Directorate's Essential Eight framework.

Figure 9: Payments System Documentation



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 2025–26 funding and payment information was published to the website on 14 July 2026, within 3 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 2025–26 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. The Administrator and the NHFB 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:

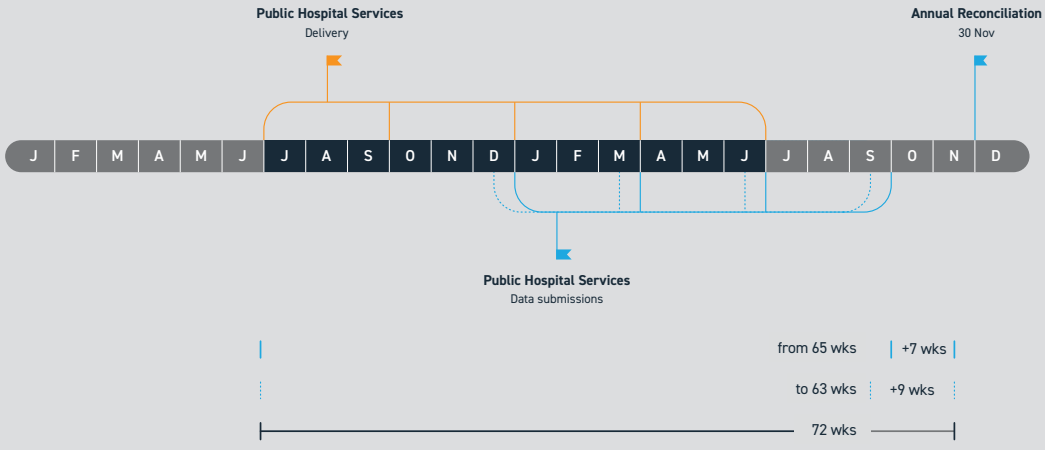
a. the number and broad mix of services to be provided by the LHN, to inform the community of the expected outputs from the LHN and allow the Administrator to calculate the Commonwealth's funding contribution

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. This includes on accuracy of State Prices and identification of in-scope and out-of-scope activity.

Figure 10: Three-Year Data Plan – annual cycle



Service Agreements

Figure 11 shows a summary of when 2025–26 Service Agreements were provided to the Administrator.

In 2025–26, 7 out of 8 States and Territories submitted all 2025–26 Service Agreements to the Administrator, with Victoria providing partial submissions as at 30 June 2026.

Of the Service Agreements submitted, 5 States provided Service Agreements to the Administrator within the required 14 calendar days from finalisation or amendment. This is a slight decrease from last year, when 6 of 8 States provided Service Agreements within the required timeframe.

As reported in the June 2026 quarterly compliance report (see Table 2), 53 of the 96 Service Agreements submitted to the Administrator aligned to estimate submissions. In 2025–26, we continued to work with States and Territories through the Administrator's 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 2026–27 LHN Service Agreements.

Figure 11: 2025–26 Service Agreements provided to the Administrator

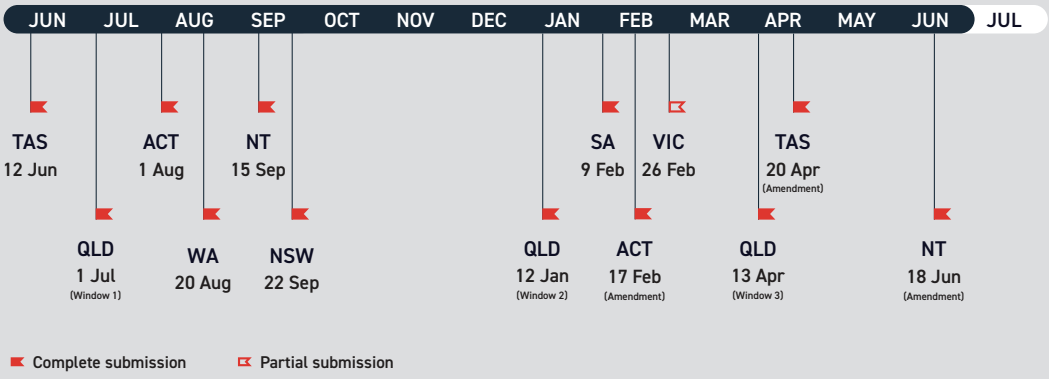


Table 2: Service Agreement compliance with the Administrator's Three-Year Data Plan

DATA REQUIREMENT	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2025–26 LHN Service Agreements provided to the Administrator (ABF and Block LHNs)	19/19	70/71[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	18/18	0/42	16/16	6/6	11/11	0/1	1/1	1/1
LHN Service Agreements include the price set by the State (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 (inyear activity)	2/18	N/A[2]	7/16	2/6	7/11	0/1	0/1	0/1
LHN Service Agreement Block Funding aligns to the National Efficient Cost (NEC)	✗	Partial[3]	Partial[3]	Partial[3]	Partial[3]	Partial[3]	Partial[3]	Partial[3]

1 Outstanding Service Agreements:

Contracted services LHN Victoria: note that for all Virtual LHNs, a breakdown of in-scope NHR activity and funding by service category is required.

2 Victoria's Service Agreements do not provide a breakdown of Commonwealth and State NHR Activity Base Funding.

3 Partial refers to some service categories aligning with the National Efficient Cost Determination 2025–26, but not all.

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 2025–26 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 build trust in our functions. Figure 12 provides an overview of who we engage with and why.

Our engagement

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 with Chief Finance Officers, Chief Operating Officers and General Managers across 8 State and Territory health departments, the Commonwealth, other national bodies and other health portfolio agencies.

The Administrator's JAC met 4 times in 2025–26:

- 11 September 2025
- 26 November 2025
- 11 March 2026
- 11 June 2026.

Key discussion topics at the Administrator's JAC in 2025–26 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.

Figure 12: NHFB stakeholders and partners

STAKEHOLDER:

Our people

WHY WE ENGAGE:

Our focus on our people and our culture is at the heart of everything we do.

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.

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.

STAKEHOLDER:

Portfolio agencies

WHY WE ENGAGE:

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.

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.

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.

STAKEHOLDER:

States & Territories

WHY WE ENGAGE:

We are committed to our early and impartial engagement with all stakeholders, especially States and Territories.

Through early, open and respectful engagement, we seek to understand diverse perspectives, identify best-practice approaches across States and address shared challenges.

Our quarterly bilateral discussions and formal JAC meetings support open conversations and transparency over decisions.

Additionally, our Finance Community of Practice supports knowledge sharing, drives innovation and enhances our support to users.

STAKEHOLDER:

Commonwealth

WHY WE ENGAGE:

We value our strong, collaborative relationships across the Commonwealth.

Our monthly Commonwealth roundtable provides a trusted space for us to share critical information, raise new ideas or highlight areas for further improvement

This group, made up of representatives from the Treasury and the Departments of Prime Minister and Cabinet; Health, Disability and Ageing; and Finance, helps us to promote evidence based decision making and contribute to strengthening the overall health system.

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 provide support across our core functions of calculate, pay, report. Key topics in 2025–26 included calculation of NHR funding, activity analysis, funding integrity, payments through the Pool and funding transparency.

Additionally, we supplemented the Finance CoP with information sessions on topics including:

- end of month processing
- end of financial year
- Funding transparency trends
- system software changes.

Commonwealth

In 2025–26, 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 State and Territory health departments
- 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.

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

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

The IHACPA vision is for a sustainable Australian care system that is accessible, resilient and delivers quality care outcomes for everyone. 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 2025–26, 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
- 6-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

The 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 35 years of experience working with health and welfare data. We collaborate with the AIHW on public hospital funding related matters.

In 2025–26, 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 2025–26, 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

The 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 4 key priority areas:

- high-quality care in an evolving environment
- strong outcome focused clinical governance
- empowered patients, carers and communities
- an improvement driven workforce culture.

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.

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

OVERVIEW OF THE RELATIONSHIP BETWEEN THE IHACPA AND THE NHFB

Independent Health and Aged Care Pricing Authority



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 ABF, providing valuable information for pricing purposes.



Pricing

The IHACPA determines the NEP. 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



Calculate

Commonwealth funding is calculated using the CCM. The IHACPA's NEP 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 LHNs.



Report

Reports on funding, payments and services are published on the NHFB website on a monthly basis to provide transparency of public hospital funding.





PART 2:

FINANCIAL STATEMENTS

National Health Reform Disclosures and Special Purpose Financial Statements.

National 46

New South Wales 72

Victoria 94

Queensland 120

Western Australia 142

South Australia. 164

Tasmania 186

Australian Capital Territory 208

Northern Territory 230

NATIONAL

FUNDING AND PAYMENTS

$83.6b

TOTAL FUNDING WITH **$83.0b** PAID TO

138

LOCAL HOSPITAL NETWORKS (LHNs)

$75.3b

IN ACTIVITY BASED FUNDING THAT DELIVERED OVER

57.6 million

PUBLIC HOSPITAL SERVICES

11,396,960

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

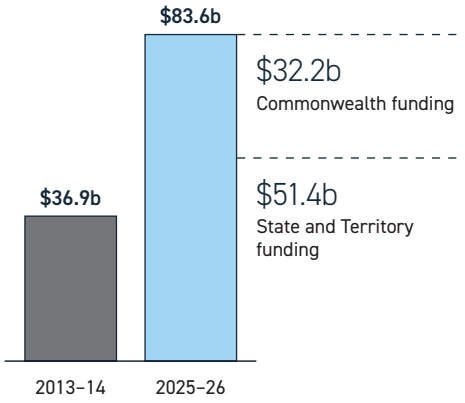
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011*.

Guide to tables:

- 2025–26
- 2024–25

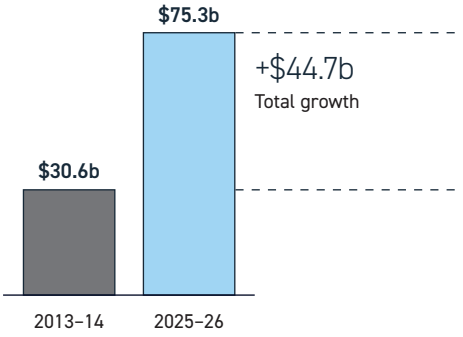
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



NATIONAL FUNDING BY SERVICE CATEGORY

Commonwealth | States and Territories

Largest service category

ACUTE ADMITTED	$16.46b		$26.90b

Remaining service categories

EMERGENCY	$3.62b		$6.22b
MENTAL HEALTH	$1.46b		$2.32b
COMMUNITY MENTAL HEALTH	$1.25b		$2.12b
SUB-ACUTE	$1.96b		$2.68b
NON-ADMITTED	$4.05b		$6.23b



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CERTIFICATION LETTER TO THE ADMINISTRATOR

Toni Cunningham
Administrator of the National Health Funding Pool
GPO Box 1252
Canberra ACT 2601

Dear Ms Cunningham,

NATIONAL HEALTH FUNDING POOL ANNUAL REPORT 2025–26

This letter outlines the assurance arrangements in place for the preparation of the 2025–26 Financial Statements for the State Pool Accounts, and the Funding and Payment disclosures as per the Commonwealth *National Health Reform Act 2011* (the Act) and expresses opinion on their inclusion in the National Health Funding Pool Annual Report 2025–26.

Financial statements

The National Health Funding Body (NHFB) has prepared a financial statement for the year ended 30 June 2026 for each of the State Pool Accounts as required by section 241(3) of the Act. The financial statements have been prepared as Special Purpose Financial statements on a cash accounting basis in accordance with Australian Accounting Standards and other mandatory professional and statutory reporting requirements. This is consistent with the financial statements prepared in previous financial years.

The financial statements for each of the States and Territories have been audited by their respective Auditor-General. To assist with this process, the NHFB has provided all financial records and related data, explanations, and assistance necessary to conduct the audit in accordance with the Act and relevant State and Territory legislation.

The NHFB maintains strong governance processes over the preparation of the financial statements including monthly reconciliations of transactions recorded through the Pool Accounts with transactions recorded through the National Health Funding Pool (NHFP) Payments System.

The NHFB has internal controls and policies in place to prevent and detect errors, misstatements, or instances of fraud. These include:

- the NHFP 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) and no material issues were identified
- a Reasonable Assurance Review of the NHFP Payments System (conducted by a third party) and no material issues were identified.

In addition, the NHFB's processes and approach relating to risk management and oversight of the preparation of the financial statements are monitored through its external Audit and Risk Committee.

No errors, misstatements or instances of fraud have been identified in relation to the operation of the State Pool Accounts through the NHFP Payments System or the Reserve Bank of Australia processes. In addition, we are not aware of any breaches, or possible breaches, of relevant legislation, contracts, agreements or licensing conditions, that could affect the financial statements.

Funding and payments

The NHFB has also prepared funding and payment information for the 2025–26 financial year as required by section 241(2) of the Act. This information includes detail on funding and payments into and out of the State Pool Accounts and State Managed Funds by the Commonwealth, States and Territories, as well as amounts paid to Local Hospital Networks, including the number of public hospital services funded.

The NHFB works with each State and Territory to prepare and publish reports containing this data on a monthly basis. This process includes strong governance arrangements, including a monthly verification by the State and Territory, to ensure the accuracy of the data. These reports form the basis of the information used to prepare the funding and payments section of the Annual Report.

To enhance the presentation of the funding and payments section, we have excluded the over deposits of ABF in excess of funding obligations by States and Territories which are subsequently withdrawn, interest and cross-border transactions.

NHFB opinion

It is the NHFB's opinion that the Special Purpose Financial Statements and the funding and payments information, prepared for the year ended 30 June 2026, give a true and fair view of the matters required by the Act and the National Health Reform Agreement.

Yours sincerely,



Shannon White
Chief Executive Officer
National Health Funding Body
27 August 2026



Sarah Morey
Chief Finance Officer
National Health Funding Body
27 August 2026

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by States and Territories and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

The information contained in this chapter is on a national basis; detailed information for each State or Territory appears in the chapters following.

Basis of National Health Reform funding – Commonwealth 2020–21 to 2025–26

The basis of Commonwealth NHR funding for 2020–21 to 2025–26 as specified in the Addendum is as follows:

Activity Based Funding (A33-A35)

The Commonwealth will fund 45 per cent of the efficient growth of ABF Service delivery, subject to the operation of the National Funding Cap. The Commonwealth's funding for all ABF Service Categories will be calculated individually for each State and Territory by summing:

- previous year amount – the Commonwealth's contribution rate for the relevant State or Territory in the previous year, multiplied by the volume of weighted ABF Services provided in the previous year, multiplied by the National Efficient Price in the previous year
- price adjustment – the volume of weighted services provided in the previous year, multiplied by the change in the National Efficient Price relative to the previous year, multiplied by 45 per cent
- volume adjustment – the net change in volume of weighted services provided in the relevant State or Territory (relative to the volume of weighted ABF Services provided in the previous year), multiplied by the National Efficient Price, multiplied by 45 per cent.

Commonwealth funding will be distributed across all ABF Service Categories in each State and Territory at a single Commonwealth Contribution Rate.

Block funding (A49)

The Commonwealth will continue to provide funding to States and Territories for public hospital services or functions that are more appropriately funded through Block funding and will fund 45 per cent of the growth in the efficient cost of providing these services or performing these functions. Payments will consist of the previous year's payment plus 45 per cent of the growth in the efficient cost of providing the services, adjusted for the addition or removal of Block services as provided in clauses A52 to A55 (calculated in accordance with clause A7). Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

Public Health (A14)

Payments for Public Health activities will continue to grow by the former National Healthcare Specific Purpose Payment (SPP) growth factor. That is, payments for public health activities will be equal to the previous year's payment indexed by the former National Healthcare SPP growth factor.

Funding Cap (A56)

Overall growth in Commonwealth funding will be capped at 6.5 per cent a year (the National Funding Cap).

States and Territories may be entitled to additional funding over the Soft Cap if there is funding available under the National Funding Cap (a Redistribution Amount) upon completion of the annual reconciliation.

The Redistribution Amount will be determined as the total of any funding remaining under the National Funding Cap, resulting from a State or Territory with growth less than 6.5 per cent.

Safety and Quality adjustment (A163, A165, A175)

Services that are considered to put patient safety and quality at risk will be subject to a Safety and Quality adjustment, calculated as part of a State or Territory's actual National Weighted Activity Unit (NWAU) during the reconciliation process. Adjustments will be included for Sentinel events, Hospital Acquired Complications (HACs), and avoidable hospital readmissions.

Data Conditional Payment (A155)

A temporary deferral of an agreed percentage of Commonwealth NHR funding will apply in the event a State or Territory has not provided the required data for annual reconciliation to the Administrator by 30 September of the relevant financial year. If the required data is not provided by 31 October of the relevant financial year, a deferral of further funds will occur.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

STATE OR TERRITORY	AMOUNT PAID BY COMMONWEALTH ($'000)							
	2025–26				2024–25			
	Activity Based Funding	Block funding	Public Health funding	TOTAL	Activity Based Funding	Block funding	Public Health funding	TOTAL
New South Wales	8,452,073	860,824	183,933	9,496,830	7,576,324	1,147,382	172,919	8,896,625
Victoria	7,028,296	604,484	150,961	7,783,741	6,080,730	1,083,717	142,366	7,306,813
Queensland	6,864,326	557,799	121,344	7,543,469	6,126,642	830,794	114,162	7,071,598
Western Australia	2,984,880	417,124	65,668	3,467,673	2,718,987	485,390	60,972	3,265,349
South Australia	1,908,940	229,726	40,812	2,179,478	1,760,860	246,125	38,094	2,045,079
Tasmania	569,141	125,479	12,270	706,891	524,843	124,645	11,606	661,094
Australian Capital Territory	542,290	26,839	10,492	579,621	496,279	38,068	9,597	543,944
Northern Territory	439,143	37,560	5,806	482,509	396,532	25,103	5,149	426,783
TOTAL	**28,789,088**	**2,859,835**	**591,288**	**32,240,211**	**25,681,197**	**3,981,223**	**554,865**	**30,217,285**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State or Territory — Section 241(2)(A)

STATE OR TERRITORY	AMOUNT PAID BY STATE/TERRITORY ($'000)					
	2025–26			2024–25		
	State Pool Account – ABF	State Managed Fund – Block	TOTAL	State Pool Account – ABF	State Managed Fund – Block	TOTAL
New South Wales	11,474,282	1,433,813	12,908,095	9,704,994	1,737,054	11,442,048
Victoria	12,221,615	686,307	12,907,922	10,685,276	1,261,613	11,946,888
Queensland	10,286,545	1,502,512	11,789,057	9,248,331	1,694,923	10,943,254
Western Australia	5,504,613	639,127	6,143,740	4,601,015	913,594	5,514,609
South Australia	3,467,998	392,900	3,860,898	3,087,375	490,407	3,577,782
Tasmania	1,394,384	127,686	1,522,070	1,089,056	300,197	1,389,253
Australian Capital Territory	1,293,979	61,864	1,355,843	1,218,106	118,334	1,336,440
Northern Territory	822,398	57,868	880,266	720,163	61,063	781,226
TOTAL	**46,465,813**	**4,902,078**	**51,367,892**	**40,354,316**	**6,577,184**	**46,931,500**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department, or cross-border contributions for transfer to other States or Territories.

The amounts paid from each State Pool Account to Local Hospital Networks, a State Managed Fund or other organisations or funds — Section 241(2)(C)

STATE OR TERRITORY	AMOUNT PAID FROM STATE POOL ACCOUNT (INCLUDING CW & S/T) ($'000)							
	2025–26				2024–25			
	Local Hospital Networks	State Managed Fund	Other Organisations or Funds	TOTAL	Local Hospital Networks	State Managed Fund	Other Organisations or Funds	TOTAL
New South Wales	19,926,354	860,824	183,933	20,971,111	17,281,319	1,147,382	172,919	18,601,619
Victoria	19,249,911	604,484	150,961	20,005,356	16,766,005	1,083,717	142,366	17,992,088
Queensland	17,150,871	557,799	121,344	17,830,014	15,374,973	830,794	114,162	16,319,929
Western Australia	8,489,493	417,124	65,668	8,972,286	7,320,002	485,390	60,972	7,866,364
South Australia	5,376,938	229,726	40,812	5,647,476	4,848,235	246,125	38,094	5,132,454
Tasmania	1,963,525	125,479	12,270	2,101,275	1,613,899	124,645	11,606	1,750,150
Australian Capital Territory	1,836,268	26,839	10,492	1,873,599	1,714,385	38,068	9,597	1,762,050
Northern Territory	1,261,541	37,560	5,806	1,304,908	1,116,695	25,103	5,149	1,146,947
TOTAL	**75,254,902**	**2,859,835**	**591,288**	**78,706,025**	**66,035,513**	**3,981,223**	**554,865**	**70,571,601**

The previous table does not include out-of-scope funding (ABF), any interest paid from the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department, or cross-border funding transferred to other States or Territories or paid back to the respective State or Territory Health Departments.

The amounts paid from each State Managed Fund to Local Hospital Networks or other organisations or funds — Section 241(2)(D)

STATE OR TERRITORY	AMOUNT PAID FROM STATE MANAGED FUND (INCLUDING CW & S/T) ($'000)					
	2025–26			2024–25		
	Local Hospital Networks	Other Organisations or Funds	TOTAL	Local Hospital Networks	Other Organisations or Funds	TOTAL
New South Wales	2,294,637	–	2,294,637	2,884,435	–	2,884,435
Victoria	1,251,425	39,366	1,290,791	2,301,075	44,255	2,345,330
Queensland	2,060,311	–	2,060,311	2,525,717	–	2,525,717
Western Australia	1,056,251	–	1,056,251	1,398,985	–	1,398,985
South Australia	622,626	–	622,626	736,532	–	736,532
Tasmania	253,165	–	253,165	424,842	–	424,842
Australian Capital Territory	88,704	–	88,704	156,402	–	156,402
Northern Territory	95,428	–	95,428	86,165	–	86,165
TOTAL	**7,722,548**	**39,366**	**7,761,913**	**10,514,152**	**44,255**	**10,558,408**

The previous table does not include out-of-scope funding (Block).

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

STATE OR TERRITORY	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
New South Wales	3,253,639	3,085,445	3,126,520
Victoria	2,759,594	2,566,518	2,524,139
Queensland	2,744,315	2,446,368	2,540,738
Western Australia	1,183,164	1,138,162	1,104,976
South Australia	798,951	780,798	749,920
Tasmania	240,294	228,009	218,801
Australian Capital Territory	219,791	215,836	210,294
Northern Territory	197,212	187,429	191,332
TOTAL	**11,396,960**	**10,648,565**	**10,666,720**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The number of Other Public Hospital Services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to: 362 small regional, remote and very remote hospitals, 18 standalone hospitals providing specialist mental health services; and 10 standalone major city hospitals providing specialist services. Funding was also provided for other public hospital programs.

The actual number of patients treated and associated costs of high cost, highly specialised therapies are assessed by the Administrator at the end of each financial year.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

$'000	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	24,315,259	–	–	–	–	24,055,113[3]
Cash Paid 2022–23	(797,317)	26,608,630	–	–	–	25,811,313
Cash Paid 2023–24	–	(1,894)	28,319,917	–	–	28,318,023
Cash Paid 2024–25	–	–	28,602	30,188,683	–	30,217,285
Cash Paid 2025–26	–	–	–	26,057	32,214,154	32,240,211
FINAL ENTITLEMENT	**23,517,942**	**26,606,735**	**28,348,519**	**30,214,741**	**32,214,154**	

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

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

3 The total cash paid for 2021–22 includes recoveries of $260,145,840 related to entitlements for the 2020–21 financial year.

The previous table 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 an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

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National Health Funding Pool Combined State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011.*

Administrator
National Health
Funding Pool

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Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Combined State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a Statement of Receipts and Payments and accompanying notes provides a true and fair presentation in accordance with the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham
Administrator
National Health Funding Pool
17 September 2026

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Combined State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NSW $'000	VIC $'000	QLD $'000	WA $'000	SA $'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Activity Based Funding	8,452,073	7,028,296	6,864,326	2,984,880	1,908,940
Block funding	860,824	604,484	557,799	417,124	229,726
Public Health funding	183,933	150,961	121,344	65,668	40,812
From State/Territory					
Activity Based Funding (in-scope)	11,474,282	12,222,230	10,286,545	5,504,613	3,467,998
Withdrawal of ABF in excess of funding obligations	–	(615)	–	–	–
Activity Based Funding (out-of-scope)	–	–	680,850	–	–
Other funding (out-of-scope)	–	–	415,300	158,134	–
Cross-border contribution	483,611	70,181	89,496	26,423	4,004
From other States or Territories					
Cross-border receipts	150,156	130,164	192,965	16,757	3,281
From Reserve Bank of Australia					
Interest receipts	5,987	4,560	2,026	4	3,482
TOTAL RECEIPTS	**21,610,866**	**20,210,261**	**19,210,651**	**9,173,604**	**5,658,243**
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To Local Hospital Networks					
Activity Based Funding (in-scope)	19,926,354	19,249,911	17,150,871	8,489,493	5,376,938
Activity Based Funding (out-of-scope)	–	–	680,850	–	–
Other funding (out-of-scope)	–	–	415,300	158,134	–
To State Managed Funds					
Block funding	860,824	604,484	557,799	417,124	229,726
To State/Territory Health Department					
Public Health funding	183,933	150,961	121,344	65,668	40,812
Interest payments	5,987	4,560	2,026	4	3,482
Cross-border transfer	150,156	130,164	192,965	16,757	3,281
To other States or Territories					
Cross-border payments	483,611	70,181	89,496	26,423	4,004
TOTAL PAYMENTS	**21,610,866**	**20,210,261**	**19,210,651**	**9,173,604**	**5,658,243**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	–	–	–	–	–
OPENING CASH BALANCE	–	–	–	–	–
CLOSING CASH BALANCE	–	–	–	–	–

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

	TAS $'000	ACT $'000	NT $'000	TOTAL $'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Activity Based Funding	569,141	542,290	439,143	28,789,088
Block funding	125,479	26,839	37,560	2,859,835
Public Health funding	12,270	10,492	5,806	591,288
From State/Territory				
Activity Based Funding (in-scope)	1,394,384	1,293,979	822,398	46,466,429
Withdrawal of ABF in excess of funding obligations	–	–	–	(615)
Activity Based Funding (out-of-scope)	–	53,482	6,118	740,450
Other funding (out-of-scope)	–	50,000	–	623,434
Cross-border contribution	1,363	50,583	17,255	742,916
From other States or Territories				
Cross-border receipts	4,543	225,384	19,658	742,909
From Reserve Bank of Australia				
Interest receipts	13	–	–	16,072
TOTAL RECEIPTS	**2,107,194**	**2,253,049**	**1,347,939**	**81,571,806**
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To Local Hospital Networks				
Activity Based Funding (in-scope)	1,963,525	1,836,268	1,261,541	75,254,902
Activity Based Funding (out-of-scope)	–	53,482	6,118	740,450
Other funding (out-of-scope)	–	50,000	–	623,434
To State Managed Funds				
Block funding	125,479	26,839	37,560	2,859,835
To State/Territory Health Department				
Public Health funding	12,270	10,492	5,806	591,288
Interest payments	13	–	–	16,072
Cross-border transfer	4,543	225,384	19,658	742,909
To other States or Territories				
Cross-border payments	1,363	50,583	17,255	742,916
TOTAL PAYMENTS	**2,107,194**	**2,253,049**	**1,347,939**	**81,571,806**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	–	–	–	–
OPENING CASH BALANCE	–	–	–	–
CLOSING CASH BALANCE	–	–	–	–

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Combined State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2025

	NSW $'000	VIC $'000	QLD $'000	WA $'000	SA $'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Activity Based Funding	7,576,324	6,080,730	6,126,642	2,718,987	1,760,860
Block funding	1,147,382	1,083,717	830,794	485,390	246,125
Public Health funding	172,919	142,366	114,162	60,972	38,094
From State/Territory					
Activity Based Funding (in-scope)	9,708,704	11,097,336	9,248,331	4,601,015	3,087,375
Withdrawal of ABF in excess of funding obligations	(3,710)	(412,061)	–	–	–
Activity Based Funding (out-of-scope)	–	–	780,213	–	–
Cross-border contribution	425,697	92,991	86,132	24,480	53,682
From other States or Territories					
Cross-border receipts	128,431	153,618	233,049	21,327	78,945
From Reserve Bank of Australia					
Interest receipts	6,703	4,747	2,296	–	2,000
TOTAL RECEIPTS	**19,162,450**	**18,243,445**	**17,421,620**	**7,912,171**	**5,267,081**
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To Local Hospital Networks					
Activity Based Funding (in-scope)	17,281,319	16,766,005	15,374,973	7,320,002	4,848,235
Activity Based Funding (out-of-scope)	–	–	780,213	–	–
To State Managed Funds					
Block funding	1,147,382	1,083,717	830,794	485,390	246,125
To State/Territory Health Department					
Public Health funding	172,919	142,366	114,162	60,972	38,094
Interest payments	6,703	4,747	2,296	–	2,000
Cross-border transfer	128,431	153,618	233,049	21,327	78,945
To other States or Territories					
Cross-border payments	425,697	92,991	86,132	24,480	53,682
TOTAL PAYMENTS	**19,162,450**	**18,243,445**	**17,421,620**	**7,912,171**	**5,267,081**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	–	–	–	–	–
OPENING CASH BALANCE	–	–	–	–	–
CLOSING CASH BALANCE	–	–	–	–	–

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

	TAS $'000	ACT $'000	NT $'000	TOTAL $'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Activity Based Funding	524,843	496,279	396,532	25,681,197
Block funding	124,645	38,068	25,103	3,981,223
Public Health funding	11,606	9,597	5,149	554,865
From State/Territory				
Activity Based Funding (in-scope)	1,089,056	1,218,106	720,163	40,770,086
Withdrawal of ABF in excess of funding obligations	–	–	–	(415,771)
Activity Based Funding (out-of-scope)	–	68,194	–	848,407
Cross-border contribution	25,159	44,817	50,593	803,551
From other States or Territories				
Cross-border receipts	1,312	157,903	28,966	803,551
From Reserve Bank of Australia				
Interest receipts	17	–	–	15,764
TOTAL RECEIPTS	**1,776,638**	**2,032,964**	**1,226,505**	**73,042,873**
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To Local Hospital Networks				
Activity Based Funding (in-scope)	1,613,899	1,714,385	1,116,695	66,035,513
Activity Based Funding (out-of-scope)	–	68,194	–	848,407
To State Managed Funds				
Block funding	124,645	38,068	25,103	3,981,223
To State/Territory Health Department				
Public Health funding	11,606	9,597	5,149	554,865
Interest payments	17	–	–	15,764
Cross-border transfer	1,312	157,903	28,966	803,551
To other States or Territories				
Cross-border payments	25,159	44,817	50,593	803,551
TOTAL PAYMENTS	**1,776,638**	**2,032,964**	**1,226,505**	**73,042,873**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	–	–	–	–
OPENING CASH BALANCE	–	–	–	–
CLOSING CASH BALANCE	–	–	–	–

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement has been prepared in accordance with section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 17 September 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using the State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category are calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided. This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align estimated funding with actual funding.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the National Health Funding Pool Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory.

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Amount paid by the Commonwealth into each State Pool Account

The Administrator calculates the Commonwealth's contribution to public hospital funding including ABF, Block funding and Public Health funding. The activity based component is initially calculated using an estimate of the activity that is expected to be delivered. Each 6 months, the Administrator undertakes a reconciliation process whereby the actual services delivered in the period are reconciled to the estimate and an adjustment is made when there is a difference.

Note 2A (2025–26) and Note 2B (2024–25) summarise the calculated Commonwealth contribution by National Health Reform type and service category. These include amounts paid by the Commonwealth into each State Pool Account for funding related to services provided in the current year as well as adjustments due to reconciliation of actual services delivered in the prior year. The 6-monthly reconciliation adjustments may be deferred until the annual reconciliation if the relevant parties agree.

Note: Totals may not equal the sum of components due to rounding. Figures are added then rounded as per accepted accounting practice.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2A: Amounts paid by the Commonwealth into each State Pool Account in 2025–26

	NSW $'000	VIC $'000	QLD $'000	WA $'000	SA $'000
ACTIVITY BASED FUNDING BY SERVICE TYPE					
Emergency department	1,110,638	930,017	1,009,170	391,092	235,862
Acute admitted	4,707,140	4,174,615	3,802,220	1,685,709	1,038,313
Admitted mental health	417,403	306,227	328,866	188,029	106,577
Sub-acute	494,972	433,933	406,759	135,998	173,502
Non-admitted	1,371,541	712,327	953,919	465,528	295,756
Community mental health	344,586	408,821	290,171	113,322	56,482
Payments in respect of 2024–25 Services	5,794	62,356	73,220	5,203	2,448
TOTAL ACTIVITY BASED FUNDING	**8,452,073**	**7,028,296**	**6,864,326**	**2,984,880**	**1,908,940**
BLOCK FUNDING BY SERVICE TYPE					
Small rural hospitals	339,554	136,734	304,165	150,704	123,842
Teaching, training and research	335,073	182,936	141,109	149,070	41,355
Other mental health	112,417	260,896	144,087	107,315	45,575
Non-admitted home ventilation	12,938	5,864	6,982	7,548	1,317
Other non-admitted services	–	11	4,134	–	8,132
Highly Specialised Therapies	51,908	41,838	17,229	4,400	–
Other public hospital programs	2,009	32,968	6,820	1,675	11,386
Payments in respect of 2024–25 Services	6,924	(56,764)	(66,726)	(3,586)	(1,881)
TOTAL BLOCK FUNDING	**860,824**	**604,484**	**557,799**	**417,124**	**229,726**
PUBLIC HEALTH FUNDING					
Public Health funding	184,019	151,601	121,561	65,358	40,668
Payments in respect of 2024–25 Services	(85)	(640)	(217)	311	145
TOTAL PUBLIC HEALTH FUNDING	**183,933**	**150,961**	**121,344**	**65,668**	**40,812**
AMOUNT PAID IN 2025–26	**9,496,830**	**7,783,741**	**7,543,469**	**3,467,673**	**2,179,478**

Further detail on the total amount paid by the Commonwealth into each State Pool Account may be found in the financial statements and 'Funding and Payments' chapters.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

	TAS $'000	ACT $'000	NT $'000	TOTAL $'000
ACTIVITY BASED FUNDING BY SERVICE TYPE				
Emergency department	69,930	62,220	74,798	3,883,727
Acute admitted	353,497	316,410	268,464	16,346,368
Admitted mental health	20,995	27,412	16,343	1,411,851
Sub-acute	37,017	46,102	29,901	1,758,184
Non-admitted	76,089	71,738	57,036	4,003,933
Community mental health	19,884	20,436	–	1,253,703
Payments in respect of 2024–25 Services	(8,272)	(2,027)	(7,399)	131,323
TOTAL ACTIVITY BASED FUNDING	**569,141**	**542,290**	**439,143**	**28,789,088**
BLOCK FUNDING BY SERVICE TYPE				
Small rural hospitals	34,867	1,808	–	1,091,674
Teaching, training and research	20,649	14,452	14,981	899,625
Other mental health	56,374	7,711	18,636	753,011
Non-admitted home ventilation	2,556	789	48	38,041
Other non-admitted services	–	–	–	12,277
Highly Specialised Therapies	–	–	–	115,375
Other public hospital programs	–	–	–	54,858
Payments in respect of 2024–25 Services	11,033	2,079	3,896	(105,025)
TOTAL BLOCK FUNDING	**125,479**	**26,839**	**37,560**	**2,859,835**
PUBLIC HEALTH FUNDING				
Public Health funding	12,273	10,389	5,661	591,529
Payments in respect of 2024–25 Services	(2)	103	146	(241)
TOTAL PUBLIC HEALTH FUNDING	**12,270**	**10,492**	**5,806**	**591,288**
AMOUNT PAID IN 2025–26	**706,891**	**579,621**	**482,509**	**32,240,211**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2B: Amounts paid by the Commonwealth into each State Pool Account in 2024–25

	NSW $'000	VIC $'000	QLD $'000	WA $'000	SA $'000
ACTIVITY BASED FUNDING BY SERVICE TYPE					
Emergency department	1,079,760	860,725	934,746	379,451	211,265
Acute admitted	4,322,639	3,909,333	3,535,261	1,576,887	1,031,220
Admitted mental health	406,855	266,921	320,294	180,222	98,255
Sub-acute	440,658	416,799	391,576	128,257	148,331
Non-admitted	1,346,001	689,308	966,638	451,303	276,641
Payments in respect of 2023–24 Services	(19,590)	(62,356)	(21,873)	2,867	(4,853)
TOTAL ACTIVITY BASED FUNDING	**7,576,324**	**6,080,730**	**6,126,642**	**2,718,987**	**1,760,860**
BLOCK FUNDING BY SERVICE TYPE					
Small rural hospitals	339,656	117,354	277,205	138,760	102,590
Teaching, training and research	303,917	176,380	129,846	137,262	44,042
Other mental health	437,941	645,670	374,487	188,113	74,712
Non-admitted home ventilation	10,912	5,450	6,453	7,015	1,242
Other non-admitted services	–	11	3,951	–	7,762
Highly Specialised Therapies	29,478	48,057	13,105	4,400	–
Other public hospital programs	1,867	20,532	3,342	–	10,867
Payments in respect of 2023–24 Services	23,610	70,263	22,404	9,842	4,910
TOTAL BLOCK FUNDING	**1,147,382**	**1,083,717**	**830,794**	**485,390**	**246,125**
PUBLIC HEALTH FUNDING					
Public Health funding	173,031	142,534	113,994	60,625	38,150
Payments in respect of 2023–24 Services	(112)	(168)	168	347	(57)
TOTAL PUBLIC HEALTH FUNDING	**172,919**	**142,366**	**114,162**	**60,972**	**38,094**
AMOUNT PAID IN 2024–25	**8,896,625**	**7,306,813**	**7,071,598**	**3,265,349**	**2,045,079**

Further detail on the total amount paid by the Commonwealth into each State Pool Account may be found in the financial statements and 'Funding and Payments' chapters.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

	TAS $'000	ACT $'000	NT $'000	TOTAL $'000
ACTIVITY BASED FUNDING BY SERVICE TYPE				
Emergency department	65,796	55,611	66,816	3,654,171
Acute admitted	352,523	293,883	245,238	15,266,985
Admitted mental health	18,639	28,557	13,509	1,333,253
Sub-acute	30,035	44,006	23,661	1,623,323
Non-admitted	65,001	74,175	49,328	3,918,396
Payments in respect of 2023–24 Services	(7,152)	46	(2,020)	(114,931)
TOTAL ACTIVITY BASED FUNDING	**524,843**	**496,279**	**396,532**	**25,681,197**
BLOCK FUNDING BY SERVICE TYPE				
Small rural hospitals	31,724	1,577	–	1,008,867
Teaching, training and research	19,600	11,316	14,446	836,810
Other mental health	60,979	24,464	8,072	1,814,438
Non-admitted home ventilation	2,446	711	44	34,273
Other non-admitted services	–	–	–	11,723
Highly Specialised Therapies	–	–	–	95,039
Other public hospital programs	–	–	–	36,608
Payments in respect of 2023–24 Services	9,896	–	2,540	143,465
TOTAL BLOCK FUNDING	**124,645**	**38,068**	**25,103**	**3,981,223**
PUBLIC HEALTH FUNDING				
Public Health funding	11,655	9,643	5,165	554,798
Payments in respect of 2023–24 Services	(49)	(46)	(16)	67
TOTAL PUBLIC HEALTH FUNDING	**11,606**	**9,597**	**5,149**	**554,865**
AMOUNT PAID IN 2024–25	**661,094**	**543,944**	**426,783**	**30,217,285**

NEW SOUTH WALES

FUNDING AND PAYMENTS

$22.4b

TOTAL FUNDING WITH **$22.2b** PAID TO

20

LOCAL HOSPITAL NETWORKS (LHNs)

$19.9b

IN ACTIVITY BASED FUNDING THAT DELIVERED

3,253,639

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

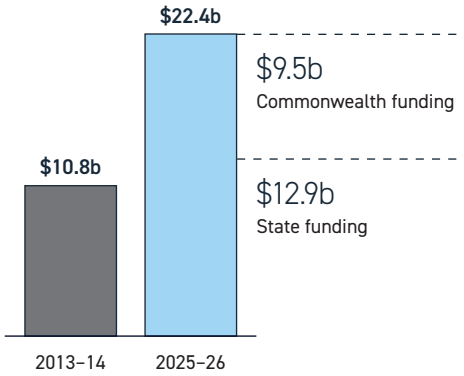
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and the New South Wales *Health Services Act 1997.*

Guide to tables:

- 2025–26
- 2024–25

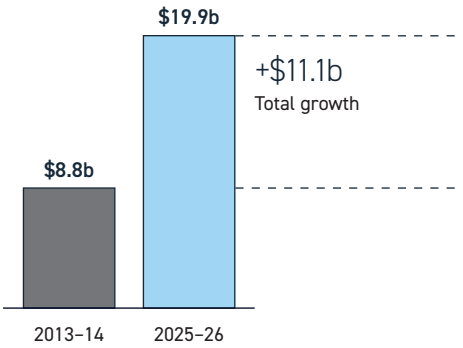
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



NSW FUNDING BY SERVICE CATEGORY

Commonwealth | New South Wales

Largest service category

ACUTE ADMITTED	$4.77b		$6.21b

Remaining service categories

EMERGENCY	$1.09b		$1.50b
MENTAL HEALTH	$0.41b		$0.60b
COMMUNITY MENTAL HEALTH	$0.34b		$0.47b
SUB-ACUTE	$0.56b		$0.73b
NON-ADMITTED	$1.28b		$1.97b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by New South Wales (NSW) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO NEW SOUTH WALES ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	6,799,450	–	–	–	–	7,257,908[3]
Cash Paid 2022–23	8,140	7,901,611	–	–	–	7,909,751
Cash Paid 2023–24	–	(64,935)	8,346,060	–	–	8,281,125
Cash Paid 2024–25	–	–	3,908	8,892,716	–	8,896,625
Cash Paid 2025–26	–	–	–	12,633	9,484,197	9,496,830
FINAL ENTITLEMENT	**6,807,590**	**7,836,676**	**8,349,968**	**8,905,349**	**9,484,197**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $874,938,592 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $100,455,802 in HSP under the NPCR.

3 The total cash paid for 2021–22 includes payments of $458,457,854 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO NEW SOUTH WALES STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	8,452,073	7,576,324
Block funding	860,824	1,147,382
Public Health funding	183,933	172,919
TOTAL	**9,496,830**	**8,896,625**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY NEW SOUTH WALES ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	11,474,282	9,704,994
State Managed Fund – Block funding	1,433,813	1,737,054
TOTAL	**12,908,095**	**11,442,048**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Albury NSW Local Health District[4]	23,137	30,477	22,802
Central Coast Local Health District	160,900	148,029	149,270
Contracted Services	1,975	1,003	2,944
Far West Local Health District	13,364	12,860	12,834
Hunter New England Local Health District	382,318	359,768	361,905
Illawarra Shoalhaven Local Health District	188,081	176,984	178,826
Mid North Coast Local Health District	117,381	113,663	116,723
Murrumbidgee Local Health District	84,400	82,984	82,323
Nepean Blue Mountains Local Health District	168,747	162,334	163,213
Northern NSW Local Health District	160,273	154,835	147,867
Northern Sydney Local Health District	259,893	247,963	248,769
South Eastern Sydney Local Health District	302,042	281,654	289,029
South Western Sydney Local Health District	380,190	363,275	371,102
Southern NSW Local Health District	70,500	66,439	65,503
St Vincent's Health Network	79,966	77,111	77,581
Sydney Children's Hospitals Network	121,975	117,518	119,955
Sydney Local Health District	295,589	272,911	285,758
Western NSW Local Health District	131,725	124,298	126,917
Western Sydney Local Health District	311,183	291,339	303,199
TOTAL	**3,253,639**	**3,085,445**	**3,126,520**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

4 Services undertaken at the Albury hospital campus is governed by a contractual arrangement between Albury Wodonga Health, a Victorian Government Entity and the NSW Ministry of Health.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs, and teaching, training and research.

In 2025–26 funding was provided to: 107 small regional, remote and very remote hospitals; 9 standalone hospitals providing specialist mental health services; and 6 standalone major city hospitals providing specialist services. Funding was also provided for other public hospital programs.

The actual number of patients treated and associated costs of high cost, highly specialised therapies are assessed by the Administrator at the end of each financial year.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury NSW Local Health District[1]	149,241	3,354	152,596
Central Coast Local Health District	963,267	25,824	989,091
Contracted Services	8,343	218,847	227,189
Far West Local Health District	130,511	29,667	160,178
Hunter New England Local Health District	2,376,247	282,904	2,659,150
Illawarra Shoalhaven Local Health District	1,121,029	40,562	1,161,591
Justice Health and Forensic Mental Health Network	–	124,964	124,964
Mid North Coast Local Health District	726,009	62,802	788,811
Murrumbidgee Local Health District	524,028	209,833	733,860
Nepean Blue Mountains Local Health District	1,025,287	47,246	1,072,533
Northern NSW Local Health District	1,054,183	61,905	1,116,088
Northern Sydney Local Health District	1,631,739	156,328	1,788,067
South Eastern Sydney Local Health District	1,789,033	82,836	1,871,869
South Western Sydney Local Health District	2,275,937	92,259	2,368,197
Southern NSW Local Health District	493,983	62,427	556,411
St Vincent's Health Network	481,250	24,420	505,670
Sydney Children's Hospitals Network	804,712	66,140	870,853
Sydney Local Health District	1,746,095	222,413	1,968,508
Western NSW Local Health District	807,846	207,793	1,015,639
Western Sydney Local Health District	1,817,613	272,113	2,089,727
TOTAL	**19,926,354**	**2,294,637**	**22,220,991**

1 Services undertaken at the Albury hospital campus is governed by a contractual arrangement between Albury Wodonga Health, a Victorian Government Entity and the NSW Ministry of Health.

For additional information please see the New South Wales basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury NSW Local Health District[1]	143,587	19,141	162,728
Central Coast Local Health District	825,784	56,151	881,934
Contracted Services	6,096	128,430	134,526
Far West Local Health District	93,142	33,807	126,949
Hunter New England Local Health District	1,982,830	379,983	2,362,813
Illawarra Shoalhaven Local Health District	1,008,916	78,049	1,086,966
Justice Health and Forensic Mental Health Network	–	100,160	100,160
Mid North Coast Local Health District	659,114	86,440	745,554
Murrumbidgee Local Health District	430,114	266,846	696,960
Nepean Blue Mountains Local Health District	901,406	81,222	982,628
Northern NSW Local Health District	864,500	95,354	959,854
Northern Sydney Local Health District	1,437,357	229,483	1,666,840
South Eastern Sydney Local Health District	1,538,544	131,959	1,670,503
South Western Sydney Local Health District	2,048,616	160,811	2,209,427
Southern NSW Local Health District	384,748	86,188	470,936
St Vincent's Health Network	401,551	37,579	439,130
Sydney Children's Hospitals Network	659,888	70,778	730,665
Sydney Local Health District	1,555,111	265,799	1,820,910
Western NSW Local Health District	702,344	292,928	995,272
Western Sydney Local Health District	1,637,671	283,327	1,920,998
TOTAL	**17,281,319**	**2,884,435**	**20,165,754**

1 Services undertaken at the Albury hospital campus is governed by a contractual arrangement between Albury Wodonga Health, a Victorian Government Entity and the NSW Ministry of Health.

For additional information please see the New South Wales basis for National Health Reform payments.

New South Wales basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

State funding paid on an activity basis to Local Hospital Networks is based on the price set by the State (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the 2025–26 New South Wales Funding Model has implemented the State Efficient Price and National Weighted Activity Unit (NWAU25) as the currency for Activity Based Funding (ABF) facilities.

The National Efficient Cost (NEC25) for small rural public hospitals model is used for small regional and remote hospitals. New South Wales has retained an alternative methodology to better account locally for the significant challenges faced by small hospitals in rural settings and better integrate care between small regional and remote hospitals and ABF hospitals.

The NEC25 Block funding model is used as the currency for standalone hospitals providing non-admitted mental health service, non-admitted home ventilation, teaching, training and research provided in hospitals and other public hospital programs.

Operational and Block funding to districts/networks covers services provided and activities undertaken that are not within scope for ABF.

The State determines when payments are made into the Pool and State Managed Fund. Payments are made from the Pool account to local health districts/specialty health networks (districts/networks) in accordance with the Service Agreement agreed between the Secretary, New South Wales Health and the local health districts/networks.

The Secretary, New South Wales Health and the local health districts/networks can agree amendments to the Service Agreement to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Agreements are available on each of the local health district and speciality network websites.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool New South Wales State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and clause 17 of Schedule 6A of the New South Wales *Health Services Act 1997.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool New South Wales State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the New South Wales *Health Services Act 1997,* the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the New South Wales *Health Services Act 1997,* the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

INDEPENDENT AUDITOR'S REPORT

National Health Funding Pool - New South Wales State Pool Account

To the Minister for Health

Opinion

As required by the *Health Services Act 1997 (NSW) and* section 242 of the *National Health Reform Act 2011 (Cth),* I have audited the accompanying special purpose financial statements of the New South Wales State Pool Account of the National Health Funding Pool (the financial statements) which comprise the Statement by the Administrator of the National Health Funding Pool, the Statement of Receipts and Payments for the year ended 30 June 2026, and notes to the financial statements, including Summary of material accounting policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with the financial reporting provisions of the Health Services Act 1997 (NSW), the National Health Reform Act 2011 (Cth) and the National Health Reform Agreement 2011
- presents fairly the financial transactions of the New South Wales State Pool Account for the year ended 30 June 2026.

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the National Health Funding Pool in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Emphasis of matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statement, which describes the purpose of the financial statements and the basis of accounting. The financial statements have been prepared solely for the purpose of fulfilling the Administrator's financial reporting obligations under the financial reporting provisions of the *Health Services Act 1997 (NSW)*, *National Health Reform Act 2011 (Cth)* and the National Health Reform Agreement 2011. As a result, the financial statements may not be suitable for another purpose.

Other information

The National Health Funding Pool New South Wales State Pool Account's annual reporting information for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Administrator is responsible for the other information.

At the date of this Independent Auditor's Report, the other information I have received comprise the summary narratives, charts and tables presented in the annual report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

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.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Administrator's responsibilities for the financial statements

The Administrator is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Health Services Act 1997 (NSW), the National Health Reform Act 2011 (Cth) and the National Health Reform Agreement 2011. The Administrator's responsibility also includes such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the New South Wales State Pool Account of the National Health Funding Pool carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 August 2026
SYDNEY

New South Wales State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	8,452,073	7,576,324
Block funding		860,824	1,147,382
Public Health funding		183,933	172,919
From New South Wales			
Activity Based Funding (in-scope)	2, 6	11,474,282	9,708,704
Withdrawal of ABF in excess of funding obligations	2, 6	–	(3,710)
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
Cross-border contribution	5	483,611	425,697
From other States or Territories			
Cross-border receipts	3	150,156	128,431
From Reserve Bank of Australia			
Interest receipts		5,987	6,703
TOTAL RECEIPTS		**21,610,866**	**19,162,450**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	19,926,354	17,281,319
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
To New South Wales State Managed Fund			
Block funding		860,824	1,147,382
To New South Wales Health			
Public Health funding		183,933	172,919
Interest payments		5,987	6,703
Cross-border transfer		150,156	128,431
To other States or Territories			
Cross-border payments	5	483,611	425,697
TOTAL PAYMENTS		**21,610,866**	**19,162,450**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- clause 17(a) of Schedule 6A of the New South Wales *Health Services Act 1997*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The New South Wales State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with clause 9 of Schedule 6A of the New South Wales *Health Services Act 1997*.

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the New South Wales State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	8,452,073	7,576,324
New South Wales	11,474,282	9,708,704
Withdrawal of Activity Based Funding in excess of funding obligations	–	(3,710)
TOTAL	**19,926,354**	**17,281,319**

Note 3: Cross-border receipts

Total cross-border receipts paid into the New South Wales State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
Victoria	27,840	20,940
Queensland	67,910	58,211
Western Australia	5,597	4,008
South Australia	–	5,244
Tasmania	–	–
Australian Capital Territory	46,102	40,027
Northern Territory	2,708	–
TOTAL	**150,156**	**128,431**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the New South Wales State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Albury NSW Local Health District[1]	149,241	143,587
Central Coast Local Health District	963,267	825,784
Contracted Services	8,343	6,096
Far West Local Health District	130,511	93,142
Hunter New England Local Health District	2,376,247	1,982,830
Illawarra Shoalhaven Local Health District	1,121,029	1,008,916
Mid North Coast Local Health District	726,009	659,114
Murrumbidgee Local Health District	524,028	430,114
Nepean Blue Mountains Local Health District	1,025,287	901,406
Northern NSW Local Health District	1,054,183	864,500
Northern Sydney Local Health District	1,631,739	1,437,357
South Eastern Sydney Local Health District	1,789,033	1,538,544
South Western Sydney Local Health District	2,275,937	2,048,616
Southern NSW Local Health District	493,983	384,748
St Vincent's Health Network	481,250	401,551
Sydney Children's Hospitals Network	804,712	659,888
Sydney Local Health District	1,746,095	1,555,111
Western NSW Local Health District	807,846	702,344
Western Sydney Local Health District	1,817,613	1,637,671
TOTAL	**19,926,354**	**17,281,319**

1 Services undertaken at the Albury hospital campus is governed by a contractual arrangement between Albury Wodonga Health, a Victorian Government Entity and the NSW Ministry of Health.

The Administrator makes payments from the New South Wales State Pool Account in accordance with the directions of the New South Wales Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 5: Cross-border payments

Total cross-border payments made out of the New South Wales State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
Victoria	98,880	80,700
Queensland	159,356	178,942
Western Australia	4,657	4,365
South Australia	–	12,677
Tasmania	–	–
Australian Capital Territory	217,986	149,013
Northern Territory	2,731	–
TOTAL	**483,611**	**425,697**

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and New South Wales Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	8,452,073	7,576,324
Total receipts from New South Wales	11,474,282	9,708,704
Withdrawal in excess of funding obligations	–	(3,710)
Total payments to Local Hospital Networks	(19,926,354)	(17,281,319)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from New South Wales	–	–
Total payments to Local Hospital Networks	–	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table does not include amounts related to Schedule K funding as the NSW Ministry of Health did not transact Schedule K funding in 2025–26 through the State Pool Account. Some States and Territories have elected to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

VICTORIA

FUNDING AND PAYMENTS

$20.7b

TOTAL FUNDING WITH **$20.5b** PAID TO

79

LOCAL HOSPITAL NETWORKS (LHNs)

$19.2b

IN ACTIVITY BASED FUNDING THAT DELIVERED

2,759,594

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

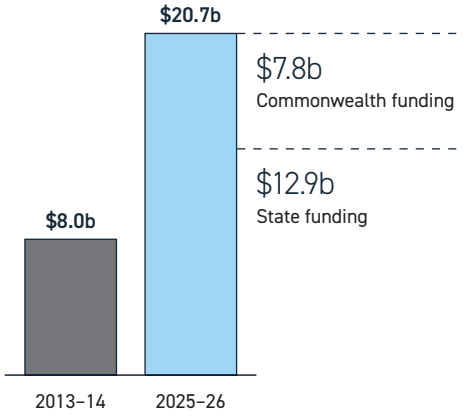
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 17(2) of the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012.*

Guide to tables:

- 2025–26
- 2024–25

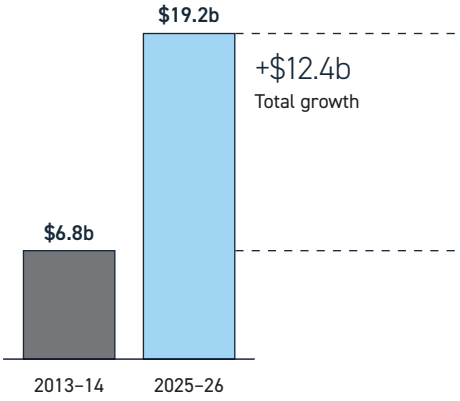
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



VIC FUNDING BY SERVICE CATEGORY

Commonwealth Victoria

Largest service category

ACUTE ADMITTED $4.25b $7.83b

Remaining service categories

EMERGENCY $0.82b $1.40b

MENTAL HEALTH $0.34b $0.54b

COMMUNITY MENTAL HEALTH $0.41b $0.74b

SUB-ACUTE $0.44b $0.62b

NON-ADMITTED $0.77b $1.10b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Victoria (VIC) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO VICTORIA ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	6,257,852	–	–	–	–	5,387,904[3]
Cash Paid 2022–23	(633,092)	6,633,825	–	–	–	6,000,734
Cash Paid 2023–24	–	(205,794)	6,845,853	–	–	6,640,059
Cash Paid 2024–25	–	–	7,738	7,299,075	–	7,306,813
Cash Paid 2025–26	–	–	-	4,952	7,778,789	7,783,741
FINAL ENTITLEMENT	**5,624,760**	**6,428,031**	**6,853,591**	**7,304,027**	**7,778,789**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $604,183,899 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $30,316,269 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes recoveries of $869,948,060 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO VICTORIA STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	7,028,296	6,080,730
Block funding	604,484	1,083,717
Public Health funding	150,961	142,366
TOTAL	**7,783,741**	**7,306,813**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY VICTORIA ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	12,221,615	10,685,276
State Managed Fund – Block funding	686,307	1,261,613
TOTAL	**12,907,922**	**11,946,888**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Albury Wodonga Health	41,352	23,627	35,823
Alfred Health	213,975	196,598	187,847
Austin Health	158,539	152,648	151,226
Bairnsdale Regional Health Service	16,460	16,835	16,371
Barwon Health	140,309	132,792	130,034
Bass Coast Health	18,500	18,987	17,316
Benalla Health	3,594	4,215	3,598
Bendigo Health	86,713	80,926	76,965
Calvary Health Care Bethlehem Limited	3,165	3,603	3,165
Central Gippsland Health Service	13,776	13,726	11,560
Colac Area Health	7,107	6,932	6,088
Contracted Services LHN Victoria	11,244	10,303	11,220
Dhelkaya Health	6,089	5,739	5,300
East Grampians Health Service	5,304	5,521	5,013
Eastern Health	204,514	184,542	186,192
Echuca Regional Health	17,411	17,601	17,411
Gippsland Southern Health Service	4,039	4,000	3,708
Goulburn Valley Health	43,764	42,838	43,763
Grampians Health	88,330	83,326	80,531
Kyabram District Health Service	3,236	3,051	2,951
Latrobe Regional Health	57,359	48,711	46,453
Maryborough District Health Service	4,492	4,445	4,225
Melbourne Health	173,429	162,036	161,363
Mercy Hospitals Victoria Limited	87,025	79,702	77,667
Mildura Base Public Hospital	25,980	26,645	25,980
Monash Health	374,873	354,590	342,239
Northeast Health Wangaratta	27,622	27,963	27,110
Northern Health	174,578	153,892	160,220
Parkville Youth Mental Health and Wellbeing Service	9,205	–	–
Peninsula Health	128,829	121,896	117,943
Peter MacCallum Cancer Institute	43,550	42,992	41,545
Portland District Health	6,145	6,199	6,145
South West Healthcare	29,127	28,037	28,402
St Vincent's Hospital (Melbourne) Limited	112,341	105,955	103,417

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E) (continued)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Swan Hill District Hospital	8,537	8,743	8,537
The Royal Children's Hospital	98,902	97,307	95,930
The Royal Victorian Eye and Ear Hospital	22,095	22,036	20,298
The Royal Women's Hospital	43,441	43,107	43,395
Victorian Institute of Forensic Mental Health (Forensicare)	9,645	–	–
West Gippsland Healthcare Group	19,277	20,509	19,277
Western District Health Service	9,935	9,496	9,223
Western Health	205,788	194,446	188,689
TOTAL	**2,759,594**	**2,566,518**	**2,524,139**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to: 58 small regional, remote and very remote hospitals; and 2 standalone hospitals providing specialist mental health services. Funding was also provided for other public hospital programs.

The actual number of patients treated and associated costs of high cost, highly specialised therapies are assessed by the Administrator at the end of each financial year.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury Wodonga Health	306,354	18,773	325,128
Alexandra District Hospital	–	8,972	8,972
Alfred Health	1,420,654	67,524	1,488,178
Alpine Health	–	15,869	15,869
Austin Health	1,088,215	49,690	1,137,906
Bairnsdale Regional Health Service	121,375	4,092	125,467
Barwon Health	965,430	31,944	997,374
Bass Coast Health	141,655	1,976	143,631
Beaufort and Skipton Health Service	–	7,919	7,919
Beechworth Health Service	–	7,271	7,271
Benalla Health	30,246	359	30,605
Bendigo Health	595,480	26,503	621,983
Boort District Health	–	3,994	3,994
Calvary Health Care Bethlehem Limited	32,860	582	33,442
Casterton Memorial Hospital	–	6,179	6,179
Central Gippsland Health Service	102,579	2,776	105,355
Central Highlands Rural Health	–	32,894	32,894
Cohuna District Hospital	–	9,296	9,296
Colac Area Health	53,456	876	54,332
Contracted Services LHN Victoria	86,810	6,958	93,769
Corryong Health	–	6,028	6,028
Oral Health Victoria	–	45	45
Dhelkaya Health	45,442	3,523	48,965
East Grampians Health Service	40,226	1,714	41,940
East Wimmera Health Service	–	21,394	21,394
Eastern Health	1,383,456	50,838	1,434,294
Echuca Regional Health	128,820	4,458	133,278
Gippsland Southern Health Service	31,554	617	32,172
Goulburn Valley Health	331,156	24,467	355,623
Grampians Health	613,903	30,984	644,886
Great Ocean Road Health	–	8,092	8,092
Heathcote Health	–	4,523	4,523
Hesse Rural Health Service	–	3,532	3,532
Heywood Rural Health	–	4,077	4,077
Inglewood and Districts Health Service	–	4,017	4,017

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury Wodonga Health	223,714	42,443	266,157
Alexandra District Hospital	–	8,409	8,409
Alfred Health	1,266,756	132,902	1,399,658
Alpine Health	–	14,654	14,654
Austin Health	997,358	89,031	1,086,389
Bairnsdale Regional Health Service	117,368	4,778	122,146
Barwon Health	802,112	88,272	890,384
Bass Coast Health	124,376	2,259	126,635
Beaufort and Skipton Health Service	–	7,355	7,355
Beechworth Health Service	–	6,720	6,720
Benalla Health	26,992	777	27,769
Bendigo Health	478,244	76,223	554,468
Boort District Health	–	3,740	3,740
Calvary Health Care Bethlehem Limited	31,797	667	32,464
Casterton Memorial Hospital	–	5,591	5,591
Central Gippsland Health Service	85,428	3,319	88,747
Central Highlands Rural Health	–	29,482	29,482
Cohuna District Hospital	–	8,666	8,666
Colac Area Health	44,242	639	44,881
Contracted Services LHN Victoria	79,796	7,107	86,902
Corryong Health	–	5,609	5,609
Dhelkaya Health	39,514	3,503	43,017
East Grampians Health Service	37,149	1,815	38,965
East Wimmera Health Service	–	19,795	19,795
Eastern Health	1,211,544	161,364	1,372,909
Echuca Regional Health	124,450	3,453	127,904
Gippsland Southern Health Service	28,755	618	29,374
Goulburn Valley Health	270,476	53,597	324,073
Grampians Health	502,209	68,057	570,266
Great Ocean Road Health	–	7,462	7,462
Heathcote Health	–	4,170	4,170
Hesse Rural Health Service	–	3,203	3,203
Heywood Rural Health	–	3,788	3,788
Inglewood and Districts Health Service	–	3,623	3,623

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Kerang and District Health	–	9,404	9,404
Kooweerup Regional Health Services	–	7,748	7,748
Kyabram District Health Service	24,185	983	25,168
Latrobe Regional Health	396,854	16,655	413,509
Mallee Track Health and Community Service	–	6,183	6,183
Mansfield District Hospital	–	12,937	12,937
Maryborough District Health Service	36,584	555	37,139
Melbourne Health	1,124,466	36,031	1,160,497
Mercy Hospitals Victoria Limited	649,896	20,793	670,689
Mildura Base Public Hospital	212,927	10,068	222,995
Monash Health	2,581,056	79,176	2,660,232
Moyne Health Services	–	6,386	6,386
NCN Health	–	30,175	30,175
Northeast Health Wangaratta	208,758	4,183	212,942
Northern Health	1,174,102	140,538	1,314,640
Omeo District Health	–	3,480	3,480
Orbost Regional Health	–	8,618	8,618
Other Provider (VIC)	–	39,366	39,366
Parkville Youth Mental Health and Wellbeing Service	72,593	5,888	78,481
Peninsula Health	869,723	28,983	898,706
Peter MacCallum Cancer Institute	295,775	53,844	349,619
Portland District Health	45,930	609	46,540
Robinvale District Health Services	–	8,779	8,779
Rochester and Elmore District Health Service	–	8,217	8,217
Rural Northwest Health	–	12,720	12,720
Seymour District Memorial Hospital	–	19,074	19,074
South Gippsland Hospital	–	8,949	8,949
South West Healthcare	245,820	12,759	258,579
St Vincent's Hospital (Melbourne) Limited	835,274	42,582	877,855
Swan Hill District Hospital	64,756	1,083	65,838
Tallangatta Health Service	–	6,376	6,376
Terang and Mortlake Health Service	–	8,218	8,218
The Royal Children's Hospital	723,065	19,280	742,346

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Kerang and District Health	–	8,701	8,701
Kooweerup Regional Health Services	–	7,132	7,132
Kyabram District Health Service	21,175	880	22,055
Latrobe Regional Health	288,372	65,640	354,012
Mallee Track Health and Community Service	–	5,703	5,703
Mansfield District Hospital	–	11,373	11,373
Maryborough District Health Service	31,365	449	31,814
Melbourne Health	1,052,222	128,556	1,180,778
Mercy Hospitals Victoria Limited	559,395	69,347	628,742
Mildura Base Public Hospital	185,639	28,399	214,038
Monash Health	2,234,596	221,479	2,456,075
Moyne Health Services	–	5,818	5,818
NCN Health	–	27,941	27,941
Northeast Health Wangaratta	195,592	4,328	199,921
Northern Health	1,034,998	204,690	1,239,687
Omeo District Health	–	3,299	3,299
Orbost Regional Health	–	8,118	8,118
Other Provider (VIC)	–	44,255	44,255
Peninsula Health	764,449	81,431	845,880
Peter MacCallum Cancer Institute	275,613	58,764	334,377
Portland District Health	44,696	528	45,224
Robinvale District Health Services	–	7,817	7,817
Rochester and Elmore District Health Service	–	7,542	7,542
Rural Northwest Health	–	11,646	11,646
Seymour District Memorial Hospital	–	17,385	17,385
South Gippsland Hospital	–	8,281	8,281
South West Healthcare	207,129	36,359	243,488
St Vincent's Hospital (Melbourne) Limited	752,866	90,485	843,350
Swan Hill District Hospital	62,698	1,039	63,737
Tallangatta Health Service	–	5,926	5,926
Terang and Mortlake Health Service	–	7,565	7,565
The Royal Children's Hospital	674,162	41,669	715,831

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
The Royal Victorian Eye and Ear Hospital	143,300	2,474	145,775
The Royal Women's Hospital	304,496	5,146	309,642
Timboon and District Healthcare Service	–	5,393	5,393
Victorian Institute of Forensic Mental Health (Forensicare)	65,773	23,912	89,684
West Gippsland Healthcare Group	149,290	2,473	151,763
West Wimmera Health Service	–	22,014	22,014
Western District Health Service	74,904	4,049	78,953
Western Health	1,430,710	54,020	1,484,730
Yarram and District Health Service	–	8,931	8,931
Yarrawonga District Health Service	–	14,729	14,729
Yea and District Memorial Hospital	–	4,251	4,251
TOTAL	**19,249,911**	**1,290,791**	**20,540,702**

For additional information please see the Victoria basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
The Royal Victorian Eye and Ear Hospital	130,615	3,971	134,586
The Royal Women's Hospital	284,478	5,384	289,862
Timboon and District Healthcare Service	–	4,976	4,976
Victorian Institute of Forensic Mental Health	–	88,248	88,248
West Gippsland Healthcare Group	142,743	3,030	145,773
West Wimmera Health Service	–	20,232	20,232
Western District Health Service	67,839	4,301	72,140
Western Health	1,263,082	93,719	1,356,802
Yarram and District Health Service	–	8,192	8,192
Yarrawonga District Health Service	–	13,665	13,665
Yea and District Memorial Hospital	–	3,974	3,974
TOTAL	**16,766,005**	**2,345,330**	**19,111,336**

For additional information please see the Victoria basis for National Health Reform payments.

Victoria basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

System-wide terms and conditions for Government-funded healthcare organisations are detailed in Policy and Funding Guidelines Policy Guide and Funding Rules (www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services).

State funding is paid on an activity basis to Local Hospital Networks (LHNs) based on the price set by the State (that is reported in the Policy and Funding Guidelines – Funding Rules) and the volume of weighted services as set out in Statement of Priorities for each service category. Non-price grants are also provided where local service delivery does not support activity-based funding.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the Victoria funding model has implemented the National Weighted Activity Unit (NWAU25) and a Metropolitan and Large Regional, and a Subregional Victorian Efficient Price as the currency for local ABF facilities.

The National Efficient Cost (NEC25) Block funding model is used as the currency for small rural hospitals, standalone hospitals providing specialised mental health services, rural and regional local hospital networks, and eligible community mental health services. The NEC25 Block funding model is also used as the currency for teaching training and research, non-admitted home ventilation, other public hospital programs, and High Cost, Highly Specialised Therapies.

Operational grants are also provided to the LHN covering services performed and activities undertaken that are not within scope for NHRA Block funding or ABF. For example: public health, dental services, maternal, child health and parenting services, primary care and community health, ageing and aged care, and home and community care.

The Minister for Health and the LHN can agree amendments to the Statement of Priorities to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Statements of Priorities are available at www.health.vic.gov.au/funding-performance-accountability/statements-of-priorities.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Victoria State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 18 of the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Victoria State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

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Independent Auditor's Report

Victorian Auditor-General's Office

To the Minister of Health

Opinion	I have audited the special purpose financial statement (the financial statement) of Victoria State Pool Account (the account) which comprises the: • statement of receipts and payments for the year ended 30 June 2026 • notes to the financial statements, including material accounting policy information • statement by the Administrator of the National Health Funding Pool In my opinion the financial statement presents fairly, in all material respects, the receipts and payments of the Victoria State Pool Account for the year ended 30 June 2026 in accordance with the financial reporting requirements of section 242 of the *National Health Reform Act 2011 (Commonwealth)* and section 18 of the *Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)*.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical 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 Administrator is responsible for the Other Information, which comprises the information in the Victoria State Pool Account 's annual report for the year ended 30 June 2026 but does not include the financial statement and my auditor's report thereon. My opinion on the financial statement does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Emphasis of Matter - Basis of accounting for financial report	I draw attention to Note 1(A) to the financial statements, which describes the purpose of the financial statement and its basis of accounting. The financial report has been prepared using the cash basis of accounting and for the purpose of fulfilling the Administrator's financial reporting obligations under the *National Health Reform Act 2011 (Commonwealth)* and the *Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)*. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

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Administrator's responsibilities for the financial report	The Administrator of the National Health Funding Pool is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting requirements of the *National Health Reform Act 2011 (Commonwealth)* and the *Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)*, and for such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error. The Administrator is responsible for overseeing the Victoria State Pool Account's financial reporting process.
Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 this financial report. As part of an audit in accordance with the Australian 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 report, 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 account's internal control. • evaluate the appropriateness of accounting policies used and related disclosures made by the Administrator. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Administrator 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.



MELBOURNE
28 August 2026

Simone Bohan
as delegate for the Auditor-General of Victoria

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Victoria State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	7,028,296	6,080,730
Block funding		604,484	1,083,717
Public Health funding		150,961	142,366
From Victoria			
Activity Based Funding (in-scope)	2, 6	12,222,230	11,097,336
Withdrawal of ABF in excess of funding obligations	2, 6	(615)	(412,061)
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
Cross-border contribution	5	70,181	92,991
From other States or Territories			
Cross-border receipts	3	130,164	153,618
From Reserve Bank of Australia			
Interest receipts		4,560	4,747
TOTAL RECEIPTS		**20,210,261**	**18,243,445**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	19,249,911	16,766,005
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
To Victoria State Managed Fund			
Block funding		604,484	1,083,717
To Department of Health Victoria			
Public Health funding		150,961	142,366
Interest payments		4,560	4,747
Cross-border transfer		130,164	153,618
To other States or Territories			
Cross-border payments	5	70,181	92,991
TOTAL PAYMENTS		**20,210,261**	**18,243,445**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 18 of the Victoria *Health (Commonwealth State Funding Arrangements) Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Victorian State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with section 11 of the Victoria *Health (Commonwealth State Funding Arrangements) Act 2012*.

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Victoria State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	7,028,296	6,080,730
Victoria	12,222,230	11,097,336
Withdrawal of Activity Based Funding in excess of funding obligations	(615)	(412,061)
TOTAL	**19,249,911**	**16,766,005**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Victoria State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	98,880	80,700
Queensland[1]	10,948	19,232
Western Australia	6,088	7,186
South Australia	–	20,587
Tasmania	–	23,028
Australian Capital Territory	1,551	2,886
Northern Territory	12,696	–
TOTAL	**130,164**	**153,618**

1 Cross border receipts from Queensland includes a return of $6,764 in 2025–26 due to an overpayment from Victoria.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Victoria State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Albury Wodonga Health	306,354	223,714
Alfred Health	1,420,654	1,266,756
Austin Health	1,088,215	997,358
Bairnsdale Regional Health Service	121,375	117,368
Barwon Health	965,430	802,112
Bass Coast Health	141,655	124,376
Benalla Health	30,246	26,992
Bendigo Health	595,480	478,244
Calvary Health Care Bethlehem Limited	32,860	31,797
Central Gippsland Health Service	102,579	85,428
Colac Area Health	53,456	44,242
Contracted Services LHN Victoria	86,810	79,796
Dhelkaya Health	45,442	39,514
East Grampians Health Service	40,226	37,149
Eastern Health	1,383,456	1,211,544
Echuca Regional Health	128,820	124,450
Gippsland Southern Health Service	31,554	28,755
Goulburn Valley Health	331,156	270,476
Grampians Health	613,903	502,209
Kyabram District Health Service	24,185	21,175
Latrobe Regional Health	396,854	288,372
Maryborough District Health Service	36,584	31,365
Melbourne Health	1,124,466	1,052,222
Mercy Hospitals Victoria Limited	649,896	559,395
Mildura Base Public Hospital	212,927	185,639
Monash Health	2,581,056	2,234,596
Northeast Health Wangaratta	208,758	195,592
Northern Health	1,174,102	1,034,998
Parkville Youth Mental Health and Wellbeing Service	72,593	–
Peninsula Health	869,723	764,449
Peter MacCallum Cancer Institute	295,775	275,613
Portland District Health	45,930	44,696
South West Healthcare	245,820	207,129
St Vincent's Hospital (Melbourne) Limited	835,274	752,866

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments (continued)

Total payments made out of the Victoria State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Swan Hill District Hospital	64,756	62,698
The Royal Children's Hospital	723,065	674,162
The Royal Victorian Eye and Ear Hospital	143,300	130,615
The Royal Women's Hospital	304,496	284,478
Victorian Institute of Forensic Mental Health (Forensicare)	65,773	–
West Gippsland Healthcare Group	149,290	142,743
Western District Health Service	74,904	67,839
Western Health	1,430,710	1,263,082
TOTAL	**19,249,911**	**16,766,005**

The Administrator makes payments from the Victoria State Pool Account in accordance with the directions of the Victoria Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Victoria State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	27,840	20,940
Queensland[1]	20,500	43,275
Western Australia	4,529	8,682
South Australia	–	13,775
Tasmania	3,206	–
Australian Capital Territory	3,442	6,319
Northern Territory	10,664	–
TOTAL	**70,181**	**92,991**

1 Cross border payments to Queensland includes an overpayment of $6,764 in 2025–26 which was subsequently returned by Queensland.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Victoria Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	7,028,296	6,080,730
Total receipts from Victoria	12,222,230	11,097,336
Withdrawal in excess of funding obligations	(615)	(412,061)
Total payments to Local Hospital Networks	(19,249,911)	(16,766,005)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Victoria	–	–
Total payments to Local Hospital Networks	–	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table does not include amounts related to Schedule K funding as the Victorian Department of Health did not transact Schedule K funding in 2025–26 through the State Pool Account. Some States and Territories have elected to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

QUEENSLAND

FUNDING AND PAYMENTS

$19.3b

TOTAL FUNDING WITH **$19.2b** PAID TO

18

LOCAL HOSPITAL NETWORKS (LHNs)

$17.2b

IN ACTIVITY BASED FUNDING THAT DELIVERED

2,744,315

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

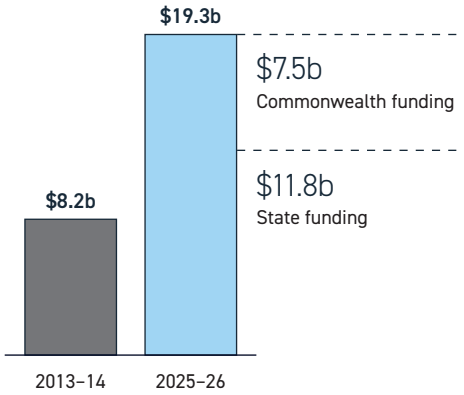
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 53S(2) of the Queensland *Hospital and Health Boards Act 2011*.

Guide to tables:

- 2025–26
- 2024–25

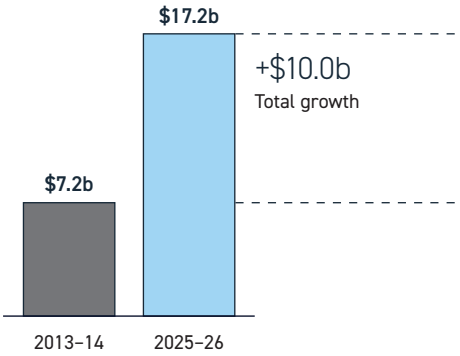
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



QLD FUNDING BY SERVICE CATEGORY

Commonwealth Queensland

Largest service category

ACUTE ADMITTED	$3.86b		$5.76b

Remaining service categories

EMERGENCY	$0.91b		$1.64b
MENTAL HEALTH	$0.32b		$0.50b
COMMUNITY MENTAL HEALTH	$0.29b		$0.44b
SUB-ACUTE	$0.47b		$0.55b
NON-ADMITTED	$1.02b		$1.40b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Queensland (QLD) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO QUEENSLAND ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	5,679,802	–	–	–	–	5,711,404[3]
Cash Paid 2022–23	(65,661)	6,103,031	–	–	–	6,037,370
Cash Paid 2023–24	–	130,436	6,638,643	–	–	6,769,079
Cash Paid 2024–25	–	–	699	7,070,899	–	7,071,598
Cash Paid 2025–26	–	–	–	6,277	7,537,192	7,543,469
FINAL ENTITLEMENT	**5,614,140**	**6,233,467**	**6,639,342**	**7,077,176**	**7,537,192**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $116,405,562 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $20,832,667 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $31,602,647 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO QUEENSLAND STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	6,864,326	6,126,642
Block funding	557,799	830,794
Public Health funding	121,344	114,162
TOTAL	**7,543,469**	**7,071,598**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY QUEENSLAND ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	10,286,545	9,248,331
State Managed Fund – Block funding	1,502,512	1,694,923
TOTAL	**11,789,057**	**10,943,254**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Cairns and Hinterland Hospital and Health Service	176,023	156,200	155,949
Central Queensland Hospital and Health Service	97,975	86,142	89,069
Children's Health Queensland Hospital and Health Service	109,233	94,778	97,236
Darling Downs Hospital and Health Service	122,297	112,941	114,888
Gold Coast Hospital and Health Service	314,420	283,409	291,941
Mackay Hospital and Health Service	83,473	74,554	75,963
Mater Misericordiae Health Service Brisbane	115,586	97,905	104,577
Metro North Hospital and Health Service	563,882	506,826	528,441
Metro South Hospital and Health Service	490,879	441,623	459,600
North West Hospital and Health Service	19,471	19,338	18,603
Queensland Health Virtual LHN	15,573	3,453	26,980
South West Hospital and Health Service	4,898	5,037	4,705
Sunshine Coast Hospital and Health Service	227,731	201,195	202,080
Townsville Hospital and Health Service	168,195	139,980	158,926
West Moreton Hospital and Health Service	111,607	109,296	101,317
Wide Bay Hospital and Health Service	123,073	113,690	110,462
TOTAL	**2,744,315**	**2,446,368**	**2,540,738**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to: 74 small regional, remote and very remote hospitals; 4 standalone hospitals providing specialist mental health services; and one standalone hospital providing specialist health services. Funding was also provided for other public hospital programs.

The actual number of patients treated and associated costs of high cost, highly specialised therapies are assessed by the Administrator at the end of each financial year.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Cairns and Hinterland Hospital and Health Service	1,084,173	127,148	1,211,322
Central Queensland Hospital and Health Service	593,542	101,439	694,981
Central West Hospital and Health Service	–	72,038	72,038
Children's Health Queensland Hospital and Health Service	692,236	107,677	799,912
Darling Downs Hospital and Health Service	742,224	205,723	947,948
Gold Coast Hospital and Health Service	1,986,584	97,529	2,084,113
Mackay Hospital and Health Service	492,757	65,438	558,195
Mater Misericordiae Health Service Brisbane	810,039	29,494	839,533
Metro North Hospital and Health Service	3,528,111	248,629	3,776,740
Metro South Hospital and Health Service	2,998,319	168,568	3,166,887
North West Hospital and Health Service	138,502	65,249	203,752
Queensland Health Virtual LHN	111,051	–	111,051
South West Hospital and Health Service	34,585	108,623	143,208
Sunshine Coast Hospital and Health Service	1,467,357	68,433	1,535,790
Torres and Cape Hospital and Health Service	–	191,658	191,658
Townsville Hospital and Health Service	1,069,842	132,077	1,201,918
West Moreton Hospital and Health Service	678,548	185,646	864,194
Wide Bay Hospital and Health Service	722,999	84,944	807,942
TOTAL	**17,150,871**	**2,060,311**	**19,211,182**

For additional information please see the Queensland basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Cairns and Hinterland Hospital and Health Service	921,776	179,496	1,101,273
Central Queensland Hospital and Health Service	520,837	116,470	637,307
Central West Hospital and Health Service	–	66,759	66,759
Children's Health Queensland Hospital and Health Service	581,598	140,815	722,414
Darling Downs Hospital and Health Service	663,616	211,376	874,992
Gold Coast Hospital and Health Service	1,794,760	141,844	1,936,604
Mackay Hospital and Health Service	442,710	83,407	526,118
Mater Misericordiae Health Service Brisbane	665,128	29,012	694,140
Metro North Hospital and Health Service	3,198,657	322,154	3,520,811
Metro South Hospital and Health Service	2,703,351	250,610	2,953,961
North West Hospital and Health Service	135,317	54,370	189,687
Queensland Health Virtual LHN	256,627	80,636	337,263
South West Hospital and Health Service	28,820	101,731	130,551
Sunshine Coast Hospital and Health Service	1,274,886	121,490	1,396,376
Torres and Cape Hospital and Health Service	–	169,815	169,815
Townsville Hospital and Health Service	969,802	159,143	1,128,945
West Moreton Hospital and Health Service	590,148	198,999	789,147
Wide Bay Hospital and Health Service	626,940	97,588	724,528
TOTAL	**15,374,973**	**2,525,717**	**17,900,690**

For additional information please see the Queensland basis for National Health Reform payments.

Queensland basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

State funding paid on an activity basis to Local Hospital Networks is based on the price set by the State (which is reported in Service Agreements and deeds of amendment) and the volume of weighted services as set out in Service Agreement and deeds of amendment for each service category.

Queensland utilises the National Efficient Price (NEP25) and price weights as determined by the IHACPA as the underlying funding model for ABF in the State. The State also provides an overlay of supplementation grants where the Hospital and Health Service (HHS) reports higher average costs than the NEP25.

Queensland utilises information from statewide cost collections to determine funding for small rural hospitals, standalone hospitals providing specialist mental health services (admitted and non-admitted), child and adolescent mental health services, non-admitted home ventilation and teaching, training and research provided in hospitals. Operational and Block grants are also provided to HHS' covering services provided and activities undertaken that are not within scope for ABF, for example, community dental services, primary care, home and community care.

The State determines when payments are made into the Pool and the State Managed Fund. Payments are made from the Pool account to HHS' and the State Managed Fund in accordance with the Service Agreement and deeds of amendment between the HHS and the Director-General, Queensland Health.

The State also makes payments for activities outside the scope of the National Health Reform Agreement. Out-of-scope activities are defined as those public hospital services with a funding source other than the NHRA.

The Director-General, Queensland Health and the HHS can agree amendments to the Service Agreement to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Agreements are available at www.health.qld.gov.au/system-governance/health-system/managing/agreements-deeds.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Queensland State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 53T of the Queensland *Hospital and Health Boards Act 2011.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Queensland State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Queensland *Hospital and Health Boards Act 2011*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Queensland *Hospital and Health Boards Act 2011*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Administrator of the National Health Funding Pool

Report on the audit of the financial statement

Opinion

I have audited the accompanying special purpose financial statement of the Queensland State Pool Account.

The financial statement comprises the statement of receipts and payments for the year ended 30 June 2026, notes to the financial statements including material accounting policy information, and the statement provided by the Administrator of the National Health Funding Pool (the Administrator).

In my opinion, the financial statement:

a) gives a true and fair view of the Queensland State Pool Account's cash receipts and payments for the year ended 30 June 2026; and

b) complies with the *National Health Reform Act 2011*, the *Hospital and Health Boards Act 2011* and the financial reporting framework described in Note 1(A).

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 Report* section of my report.

I am independent of the Queensland State Pool Account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1(A) to the financial statement, which describes the basis of accounting. The financial statement has been prepared for the purpose of fulfilling the financial reporting responsibilities of the Administrator. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other Information

The National Health Funding Pool Queensland State Pool Account's annual report issued by the Administrator for the year ended 30 June 2026 includes other information in addition to the financial statement and my Independent Auditor's Report thereon. The Administrator is responsible for the other information.

Queensland Audit Office
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At the date of this Independent Auditor's Report, the other information I have received comprise the summary narratives, charts and tables presented on pages 120 to 129 of the annual report, as well as the Statement by the Administrator of the National Health Funding Pool.

My opinion on the financial statement does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.I have nothing to report in this regard.

Responsibilities of the entity for the financial statement

The Administrator is responsible for the preparation of the financial statement that gives a true and fair view in accordance with the *National Health Reform Act 2011*, the *Hospital and Health Boards Act 2011* and the financial reporting framework described in Note 1(A), and for such internal control as the Administrator determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the Administrator determined that the basis of preparation described in Note 1(A) is appropriate to meet the requirements of the *National Health Reform Act 2011* and the *Hospital and Health Boards Act 2011*.

Auditor's responsibilities for the audit of the financial statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 this financial statement.

A further description of my responsibilities for the audit of the financial statement is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

28 August 2026

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane

Queensland State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	6,864,326	6,126,642
Block funding		557,799	830,794
Public Health funding		121,344	114,162
From Queensland			
Activity Based Funding (in-scope)	2, 6	10,286,545	9,248,331
Activity Based Funding (out-of-scope)	7	680,850	780,213
Other funding (out-of-scope)	7	415,300	–
Cross-border contribution	5	89,496	86,132
From other States or Territories			
Cross-border receipts	3	192,965	233,049
From Reserve Bank of Australia			
Interest receipts		2,026	2,296
TOTAL RECEIPTS		**19,210,651**	**17,421,620**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	17,150,871	15,374,973
Activity Based Funding (out-of-scope)	7	680,850	780,213
Other funding (out-of-scope)	7	415,300	–
To Queensland State Managed Fund			
Block funding		557,799	830,794
To Queensland Health			
Public Health funding		121,344	114,162
Interest payments		2,026	2,296
Cross-border transfer		192,965	233,049
To other States or Territories			
Cross-border payments	5	89,496	86,132
TOTAL PAYMENTS		**19,210,651**	**17,421,620**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 53T of the Queensland *Hospital and Health Boards Act 2011*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Queensland State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with Part 3A, Division 2, section 53B of the Queensland *Hospital and Health Boards Act 2011*.

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Queensland State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	6,864,326	6,126,642
Queensland	10,286,545	9,248,331
TOTAL	**17,150,871**	**15,374,973**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Queensland State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	159,356	178,942
Victoria	20,494	43,275
Western Australia	7,301	5,300
South Australia	4,004	3,626
Tasmania	–	–
Australian Capital Territory	1,810	1,589
Northern Territory	–	316
TOTAL	**192,965**	**233,049**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Queensland State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Cairns and Hinterland Hospital and Health Service	1,084,173	921,776
Central Queensland Hospital and Health Service	593,542	520,837
Children's Health Queensland Hospital and Health Service	692,236	581,598
Darling Downs Hospital and Health Service	742,224	663,616
Gold Coast Hospital and Health Service	1,986,584	1,794,760
Mackay Hospital and Health Service	492,757	442,710
Mater Misericordiae Health Service Brisbane	810,039	665,128
Metro North Hospital and Health Service	3,528,111	3,198,657
Metro South Hospital and Health Service	2,998,319	2,703,351
North West Hospital and Health Service	138,502	135,317
Queensland Health Virtual LHN	111,051	256,627
South West Hospital and Health Service	34,585	28,820
Sunshine Coast Hospital and Health Service	1,467,357	1,274,886
Townsville Hospital and Health Service	1,069,842	969,802
West Moreton Hospital and Health Service	678,548	590,148
Wide Bay Hospital and Health Service	722,999	626,940
TOTAL	**17,150,871**	**15,374,973**

The Administrator makes payments from the Queensland State Pool Account in accordance with the directions of the Queensland Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 5: Cross-border payments

Total cross-border payments made out of the Queensland State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	67,910	58,211
Victoria[1]	10,948	19,232
Western Australia	4,502	3,968
South Australia	3,281	2,460
Tasmania	–	–
Australian Capital Territory	2,854	2,262
Northern Territory	–	–
TOTAL	**89,496**	**86,132**

1 Cross-border payments to Victoria includes a return of $6,764 in 2025–26 due to an overpayment received from Victoria.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Queensland Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	6,864,326	6,126,642
Total receipts from Queensland	10,286,545	9,248,331
Total payments to Local Hospital Networks	(17,150,871)	(15,374,973)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Queensland	680,850	780,213
Total other receipts from Queensland	415,300	–
Total payments to Local Hospital Networks	(680,850)	(780,213)
Total other payments to Local Hospital Networks	(415,300)	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table includes Schedule K funding of $415,300,000 in 2025–26. Some States and Territories have elected not to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

WESTERN AUSTRALIA

FUNDING AND PAYMENTS

$9.6b

TOTAL FUNDING WITH **$9.5b** PAID TO

7

LOCAL HOSPITAL NETWORKS (LHNs)

$8.5b

IN ACTIVITY BASED FUNDING THAT DELIVERED

1,183,164

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

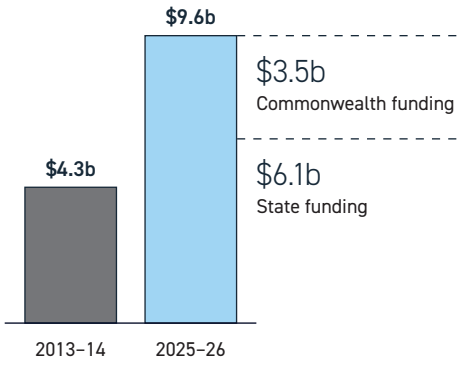
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 19(2) of the Western Australia *National Health Funding Pool Act 2012.*

Guide to tables:

- 2025–26
- 2024–25

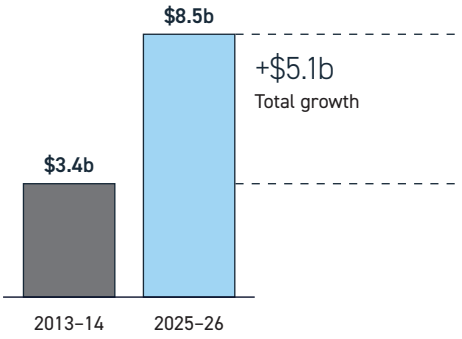
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



WA FUNDING BY SERVICE CATEGORY

Commonwealth | Western Australia

Largest service category

ACUTE ADMITTED — $1.66b | $3.10b

Remaining service categories

EMERGENCY	$0.36b | $0.80b
MENTAL HEALTH	$0.22b | $0.35b
COMMUNITY MENTAL HEALTH	$0.11b | $0.21b
SUB-ACUTE	$0.17b | $0.23b
NON-ADMITTED	$0.46b | $0.81b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Western Australia (WA) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO WESTERN AUSTRALIA ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	2,641,587	–	–	–	–	2,665,617[3]
Cash Paid 2022–23	(87,596)	2,839,975	–	–	–	2,752,379
Cash Paid 2023–24	–	27,439	3,040,739	–	–	3,068,178
Cash Paid 2024–25	–	–	13,057	3,252,293	–	3,265,349
Cash Paid 2025–26	–	–	–	1,928	3,465,745	3,467,673
FINAL ENTITLEMENT	**2,553,990**	**2,867,414**	**3,053,796**	**3,254,220**	**3,465,745**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $136,477,618 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $33,750,770 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $24,030,309 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO WESTERN AUSTRALIA STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	2,984,880	2,718,987
Block funding	417,124	485,390
Public Health funding	65,668	60,972
TOTAL	**3,467,673**	**3,265,349**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY WESTERN AUSTRALIA ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	5,504,613	4,601,015
State Managed Fund – Block funding	639,127	913,594
TOTAL	**6,143,740**	**5,514,609**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Child and Adolescent Health Service	92,615	72,574	82,201
East Metropolitan Health Service	262,990	252,798	242,758
North Metropolitan Health Service	293,497	303,838	269,713
Notional LHN – Royal Street	35,475	30,205	34,657
South Metropolitan Health Service	296,857	291,566	279,093
WA Country Health Service	201,731	187,182	196,555
TOTAL	**1,183,164**	**1,138,162**	**1,104,976**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to: 56 small regional, remote and very remote hospitals and one standalone major city unit providing specialist health services. Funding was also provided for other public hospital programs.

The actual number of patients treated and associated costs of high cost, highly specialised therapies are assessed by the Administrator at the end of each financial year.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Child and Adolescent Health Service	755,576	70,314	825,891
East Metropolitan Health Service	1,819,550	128,111	1,947,660
North Metropolitan Health Service	2,187,832	135,117	2,322,949
Notional LHN – Royal Street	76,370	3,231	79,602
Payments to Non-LHNs	–	7,848	7,848
South Metropolitan Health Service	2,039,063	155,238	2,194,301
WA Country Health Service	1,611,102	556,392	2,167,494
TOTAL	**8,489,493**	**1,056,251**	**9,545,745**

For additional information please see the Western Australia basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Child and Adolescent Health Service	633,459	133,934	767,393
East Metropolitan Health Service	1,533,890	208,790	1,742,680
North Metropolitan Health Service	1,804,828	246,758	2,051,586
Notional LHN – Royal Street	97,694	475	98,169
Payments to Non-LHNs	–	12,886	12,886
South Metropolitan Health Service	1,747,059	248,206	1,995,265
WA Country Health Service	1,503,072	547,936	2,051,008
TOTAL	**7,320,002**	**1,398,985**	**8,718,986**

For additional information please see the Western Australia basis for National Health Reform payments.

Western Australia basis for National Health Reform payments 2025–26

To meet the reporting requirements of section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

State funding paid on an activity basis for each service category is based on the price set by that State (which is reported in the Service Agreement and Deeds of Amendment) and the volume of weighted services as set out in the Service Agreement and Deeds of Amendment.

To provide consistency in the methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the 2025–26 Western Australia (WA) Activity Funding Model has implemented the National Efficient Price (NEP25) and National Weighted Activity Unit (NWAU25), with some modifications to meet specific local costs, for ABF facilities. The State also provides an overlay of supplementary grants at the ABF stream level, if necessary, in recognition that the LHN has reported average costs greater than the current allocation price.

The National Efficient Cost (NEC25) Block funded model is used to support the information for the calculation of funding for the small rural, remote, and very remote hospitals. The NEC25 includes WA's estimated costs for standalone hospitals providing specialist mental health services (admitted and non-admitted), eligible community mental health services (for child and adolescents, adults, and older persons), non-admitted home ventilation services, Highly Specialised Therapies and clinical teaching, training and research provided in the major hospitals. The State also provides operational and Block grants to the LHN covering services provided and activities undertaken that are not within the scope for ABF, for example, dental services, primary care, home, and community care.

The State determines when payments are made into the Pool and State Managed Funds. Payments are made from the Pool account to the LHNs and State Managed Fund in accordance with the Service Agreement agreed between the LHN and the Chief Executive Officer, Western Australia Department of Health.

The Department of Health and the LHN can agree to amendments to the Service Agreements to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Agreements and Deeds of Amendment are available at www.health.wa.gov.au/About-us/Service-agreements/Service-Agreement-2025-26-Abridged.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Western Australia State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 20 of the Western Australia *National Health Funding Pool Act 2012.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
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Statement by the Administrator of the National Health Funding Pool Western Australia State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Western Australia *National Health Funding Pool Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Western Australia *National Health Funding Pool Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

OFFICIAL

Auditor General

INDEPENDENT AUDITOR'S REPORT

2026

Western Australian State Pool Account

To the Parliament of Western Australia

Opinion

As required by section 21 of the *National Health Funding Pool Act 2012 (WA)* and section 243 of the *National Reform Act* 2011, I have audited the accompanying special purpose financial statements (the financial statement) of the Western Australian State Pool Account of the National Health Funding Pool for the year ended 30 June 2026. The financial statement comprises a Statement of Receipts and Payments for the year ended 30 June 2026, notes comprising a summary of significant accounting policies and other explanatory information, and the Administrator's declaration.

In my opinion, the financial statement gives a true and fair view of the receipts and payments of the Western Australian State Pool Account of the National Health Funding Pool for the year ended 30 June 2026 in accordance with the *National Health Funding Pool Act 2012 (WA)* and *National Health Reform Act 2011*.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting and restriction on distribution and use

I draw attention to Note 1 (A) to the financial report, which describes the basis of accounting. The financial report has been prepared Using the cash basis for accounting and for the purpose of fulfilling the Administrator of the National Health Funding Pool's (Administrator's) financial reporting obligations under the *National Health Funding Pool Act 2012* (WA), and the *National Health Reform Act 2011.* As a result the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter. My report is intended solely for the Entity and should not be distributed to or be used by other parties.

Other information

The Administrator is responsible for the other information. Other information comprises the information in the Entity's annual report for the year ended 30 June 2026, but does not include the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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 did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the Trustee directors and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Administrator for the financial report

The Administrator is responsible for:

- Preparation of the financial statement that gives a true and fair view in accordance with the National Health Funding Pool 2012 (WA) and the *National Health Reform Act 2011,* and has determined that the basis of preparation described in Note 1 (A) to the financial statement is appropriate to meet these requirements
- Such internal control as the Administrator determines necessary to enable to preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian 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 report. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of Western Australian State Pool Account for the year ended 30 June 2026 included in the annual report on the National Health Funding Body website. The National Health Funding Body is responsible for the integrity of the National Health Funding Body's website. This audit does not provide assurance on the integrity of the National Health Funding Body's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to contact the National Health Funding Body to confirm the information contained in the website version.



Kellie Tonich
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 August 2026

Western Australia State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	2,984,880	2,718,987
Block funding		417,124	485,390
Public Health funding		65,668	60,972
From Western Australia			
Activity Based Funding (in-scope)	2, 6	5,504,613	4,601,015
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	158,134	–
Cross-border contribution	5	26,423	24,480
From other States or Territories			
Cross-border receipts	3	16,757	21,327
From Reserve Bank of Australia			
Interest receipts		4	–
TOTAL RECEIPTS		**9,173,604**	**7,912,171**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	8,489,493	7,320,002
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	158,134	–
To Western Australia State Managed Fund			
Block funding		417,124	485,390
To Department of Health			
Public Health funding		65,668	60,972
Interest payments		4	–
Cross-border transfer		16,757	21,327
To other States or Territories			
Cross-border payments	5	26,423	24,480
TOTAL PAYMENTS		**9,173,604**	**7,912,171**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 20 of the Western Australia *National Health Funding Pool Act 2012.*

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Western Australia State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with section 12 of the Western Australia *National Health Funding Pool Act 2012.*

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Western Australia State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	2,984,880	2,718,987
Western Australia	5,504,613	4,601,015
TOTAL	**8,489,493**	**7,320,002**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Western Australia State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	4,657	4,365
Victoria	4,529	8,682
Queensland	4,502	3,968
South Australia	–	1,374
Tasmania	710	1,051
Australian Capital Territory	508	–
Northern Territory	1,851	1,887
TOTAL	**16,757**	**21,327**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Western Australia State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Child and Adolescent Health Service	755,576	633,459
East Metropolitan Health Service	1,819,550	1,533,890
North Metropolitan Health Service	2,187,832	1,804,828
Notional LHN – Royal Street	76,370	97,694
South Metropolitan Health Service	2,039,063	1,747,059
WA Country Health Service	1,611,102	1,503,072
TOTAL	**8,489,493**	**7,320,002**

The Administrator makes payments from the Western Australia State Pool Account in accordance with the directions of the Western Australia Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Western Australia State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	5,597	4,008
Victoria	6,088	7,186
Queensland	7,301	5,300
South Australia	–	873
Tasmania	726	979
Australian Capital Territory	449	–
Northern Territory	6,263	6,134
TOTAL	**26,423**	**24,480**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Western Australia Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	2,984,880	2,718,987
Total receipts from Western Australia	5,504,613	4,601,015
Total payments to Local Hospital Networks	(8,489,493)	(7,320,002)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Western Australia	–	–
Total other receipts from Western Australia	158,134	–
Total payments to Local Hospital Networks	–	–
Total other payments to Local Hospital Networks	(158,134)	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table includes Schedule K funding of $158,134,000 in 2025–26. Some States and Territories have elected not to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

SOUTH AUSTRALIA

FUNDING AND PAYMENTS

$6.0b

TOTAL FUNDING WITH **$6.0b** PAID TO

11

LOCAL HOSPITAL NETWORKS (LHNs)

$5.4b

IN ACTIVITY BASED FUNDING THAT DELIVERED

798,951

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

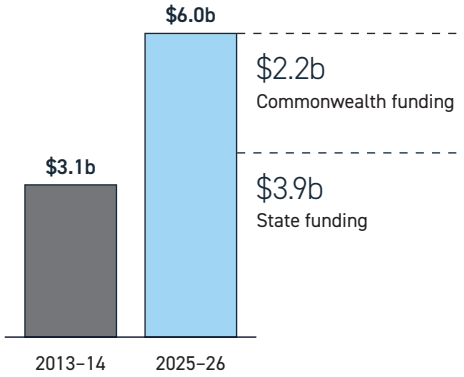
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 22(2) of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012.*

Guide to tables:

- 2025–26
- 2024–25

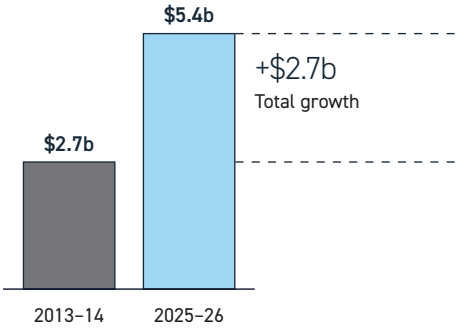
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



SA FUNDING BY SERVICE CATEGORY

Commonwealth | South Australia

Largest service category

ACUTE ADMITTED — $1.00b | $1.89b

Remaining service categories

EMERGENCY	$0.24b | $0.43b
MENTAL HEALTH	$0.10b | $0.19b
COMMUNITY MENTAL HEALTH	$0.06b | $0.11b
SUB-ACUTE	$0.20b | $0.32b
NON-ADMITTED	$0.31b | $0.54b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by South Australia (SA) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO SOUTH AUSTRALIA ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	1,611,830	–	–	–	–	1,661,571[3]
Cash Paid 2022–23	(20,571)	1,694,691	–	–	–	1,674,121
Cash Paid 2023–24	–	108,377	1,920,268	–	–	2,028,645
Cash Paid 2024–25	–	–	–	2,045,079	–	2,045,079
Cash Paid 2025–26	–	–	–	711	2,178,766	2,179,478
FINAL ENTITLEMENT	**1,591,260**	**1,803,069**	**1,920,268**	**2,045,790**	**2,178,766**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $92,709,673 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $14,904,165 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $49,740,953 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO SOUTH AUSTRALIA STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	1,908,940	1,760,860
Block funding	229,726	246,125
Public Health funding	40,812	38,094
TOTAL	**2,179,478**	**2,045,079**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY SOUTH AUSTRALIA ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	3,467,998	3,087,375
State Managed Fund – Block funding	392,900	490,407
TOTAL	**3,860,898**	**3,577,782**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Barossa Hills Fleurieu Local Health Network	34,408	34,388	29,511
Central Adelaide Local Health Network	250,054	243,593	236,474
Central Office Services	14,812	14,846	13,688
Eyre and Far North Local Health Network	9,588	9,655	10,274
Flinders and Upper North Local Health Network	18,917	19,548	18,217
Limestone Coast Local Health Network	20,942	20,018	20,123
Northern Adelaide Local Health Network	143,679	137,392	132,432
Riverland Mallee Coorong Local Health Network	17,699	17,014	16,102
Southern Adelaide Local Health Network	195,786	196,237	187,758
Women's and Children's Health Network	77,990	72,507	69,934
Yorke and Northern Local Health Network	15,075	15,601	15,407
TOTAL	**798,951**	**780,798**	**749,920**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to: 50 small regional, remote and very remote hospitals; one standalone hospital providing specialist mental health services; and one standalone major city hospital providing specialist services. Funding was also provided for other public hospital programs.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Barossa Hills Fleurieu Local Health Network	231,567	107,476	339,043
Central Adelaide Local Health Network	1,682,866	70,496	1,753,362
Central Office Services	99,686	8,785	108,471
Eyre and Far North Local Health Network	64,525	74,278	138,803
Flinders and Upper North Local Health Network	127,309	21,346	148,655
Limestone Coast Local Health Network	140,940	55,560	196,500
Northern Adelaide Local Health Network	966,962	46,724	1,013,686
Riverland Mallee Coorong Local Health Network	119,113	54,787	173,900
Southern Adelaide Local Health Network	1,317,643	51,412	1,369,055
Women's and Children's Health Network	524,875	34,713	559,588
Yorke and Northern Local Health Network	101,452	97,048	198,500
TOTAL	**5,376,938**	**622,626**	**5,999,564**

For additional information please see the South Australia basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Barossa Hills Fleurieu Local Health Network	190,789	99,278	290,067
Central Adelaide Local Health Network	1,528,804	132,713	1,661,517
Central Office Services	88,493	22,682	111,175
Eyre and Far North Local Health Network	66,421	59,325	125,747
Flinders and Upper North Local Health Network	117,773	24,729	142,502
Limestone Coast Local Health Network	130,095	38,317	168,412
Northern Adelaide Local Health Network	856,173	88,269	944,442
Riverland Mallee Coorong Local Health Network	104,099	43,117	147,217
Southern Adelaide Local Health Network	1,213,857	75,611	1,289,469
Women's and Children's Health Network	452,123	76,157	528,280
Yorke and Northern Local Health Network	99,606	76,334	175,940
TOTAL	**4,848,235**	**736,532**	**5,584,766**

For additional information please see the South Australia basis for National Health Reform payments.

South Australia basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

State funding paid on an activity basis for each service category is based on the price set by that State (which is reported in the Service Agreement) and the volume of weighted services as set out in the Service Agreement.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the 2025–26 South Australia Funding Model has implemented a State Efficient Price and National Weighted Activity Unit (NWAU25) as the currency for ABF facilities.

The National Efficient Cost (NEC25) Block funding model is used for the small rural hospitals, specialist mental health services (non-admitted), child and adolescent mental health services, non-admitted home ventilation, other services deemed in-scope and teaching, training and research provided in the public hospitals. The State also provides an overlay of supplementary grants for services provided and activities undertaken that are not within scope of the NHR, for example, alcohol and drug services, dental services, child health and parenting services, primary care, home and community care.

The State determines when payments are made into the Pool and State Managed Fund. Payments are made from the Pool account to the Local Hospital Networks (LHNs) and the State Managed Fund in accordance with the Service Agreements agreed between the LHN and the Chief Executive of the South Australia Department for Health and Wellbeing.

The Chief Executive of the South Australia Department for Health and Wellbeing can agree to amendments of the Service Agreements with LHNs to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Agreements are available at www.sahealth.sa.gov.au/wps/wcm/connect/Public+Content/SA+Health+Internet/About+us/Governance/service+agreements.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool South Australia State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 23 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool South Australia State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Audit Office of South Australia

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Tel +618 8226 9640

ABN 53 327 061 410

enquiries@audit.sa.gov.au
www.audit.sa.gov.au

To the Administrator
National Health Funding Pool

Opinion

I have audited the special purpose financial statement of the South Australia State Pool Account of the National Health Funding Pool for the financial year ended 30 June 2026.

In my opinion, the accompanying financial statement gives a true and fair view of the receipts and payments of the South Australia State Pool Account for the year ended 30 June 2026, in accordance with the financial reporting requirements of the *National Health Funding Pool Administration (South Australia) Act 2012* and the *National Health Reform Act 2011*.

The financial statement comprises:

- a statement of receipts and payments for the year ended 30 June 2026
- notes, including material accounting policy information
- a statement from the Administrator of the National Health Funding Pool.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statement' section of my report. I am independent of the South Australia State Pool Account, the National Health Funding Pool and the National Health Funding Body. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting and restriction on use

I draw attention to note 1(A) to the financial statement, which describes the purpose and basis of accounting. The financial statement has been prepared using the cash basis of accounting and for the purpose of fulfilling the Administrator's financial reporting obligations under the *National Health Funding Pool Administration (South Australia) Act 2012* and the *National Health Reform Act 2011*.

As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Administrator for the financial statement

The Administrator is responsible for the preparation of the financial statement that gives a true and fair view in accordance with the *National Health Funding Pool Administration (South Australia) Act 2012* and the *National Health Reform Act 2011* and for such internal control as management determines is necessary to enable the preparation of the financial statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statement

As required by section 24 of the *National Health Funding Pool Administration (South Australia) Act 2012* and section 243 of the *National Health Reform Act 2011*, I have audited the financial statement of the South Australia State Pool Account of the National Health Funding Pool for the financial year ended 30 June 2026.

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 Australian 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 this financial statement.

As part of an audit in accordance with Australian 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 statement, 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 National Health Funding Pool's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrator
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial statement described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Administrator about, among other matters, the planned timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Deputy Auditor-General

28 August 2026

South Australia State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	1,908,940	1,760,860
Block funding		229,726	246,125
Public Health funding		40,812	38,094
From South Australia			
Activity Based Funding (in-scope)	2, 6	3,467,998	3,087,375
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
Cross-border contribution	5	4,004	53,682
From other States or Territories			
Cross-border receipts	3	3,281	78,945
From Reserve Bank of Australia			
Interest receipts		3,482	2,000
TOTAL RECEIPTS		**5,658,243**	**5,267,081**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	5,376,938	4,848,235
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
To South Australia State Managed Fund			
Block funding		229,726	246,125
To Department for Health and Wellbeing			
Public Health funding		40,812	38,094
Interest payments		3,482	2,000
Cross-border transfer		3,281	78,945
To other States or Territories			
Cross-border payments	5	4,004	53,682
TOTAL PAYMENTS		**5,658,243**	**5,267,081**
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 23 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The South Australia State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with Part 3, section 13 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the South Australia State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	1,908,940	1,760,860
South Australia	3,467,998	3,087,375
TOTAL	**5,376,938**	**4,848,235**

Note 3: Cross-border receipts

Total cross-border receipts paid into the South Australia State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	–	12,677
Victoria	–	13,775
Queensland	3,281	2,460
Western Australia	–	873
Tasmania	–	1,080
Australian Capital Territory	–	–
Northern Territory	–	48,081
TOTAL	**3,281**	**78,945**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the South Australia State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Barossa Hills Fleurieu Local Health Network	231,567	190,789
Central Adelaide Local Health Network	1,682,866	1,528,804
Central Office Services	99,686	88,493
Eyre and Far North Local Health Network	64,525	66,421
Flinders and Upper North Local Health Network	127,309	117,773
Limestone Coast Local Health Network	140,940	130,095
Northern Adelaide Local Health Network	966,962	856,173
Riverland Mallee Coorong Local Health Network	119,113	104,099
Southern Adelaide Local Health Network	1,317,643	1,213,857
Women's and Children's Health Network	524,875	452,123
Yorke and Northern Local Health Network	101,452	99,606
TOTAL	**5,376,938**	**4,848,235**

The Administrator makes payments from the South Australia State Pool Account in accordance with the directions of the South Australia Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the South Australia State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	–	5,244
Victoria	–	20,587
Queensland	4,004	3,626
Western Australia	–	1,374
Tasmania	–	332
Australian Capital Territory	–	–
Northern Territory	–	22,518
TOTAL	**4,004**	**53,682**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and South Australia Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	1,908,940	1,760,860
Total receipts from South Australia	3,467,998	3,087,375
Total payments to Local Hospital Networks	(5,376,938)	(4,848,235)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from South Australia	–	–
Total payments to Local Hospital Networks	–	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table does not include amounts related to Schedule K funding as the South Australian Department of Health did not transact Schedule K funding in 2025–26 through the State Pool Account. Some States and Territories have elected to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

TASMANIA

FUNDING AND PAYMENTS

$2.2b

TOTAL FUNDING WITH **$2.2b** PAID TO

1

LOCAL HOSPITAL NETWORK (LHN)

$2.0b

IN ACTIVITY BASED FUNDING THAT DELIVERED

240,294

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

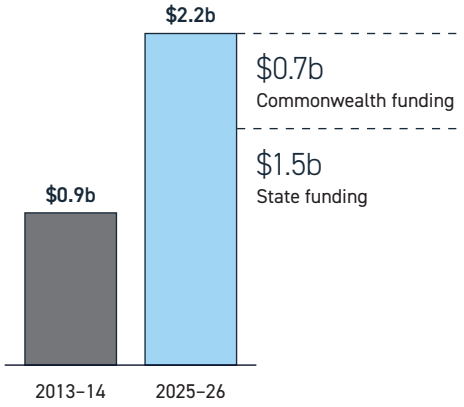
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 18(2) of the Tasmanian *National Health Funding Administration Act 2012.*

Guide to tables:

- 2025–26
- 2024–25

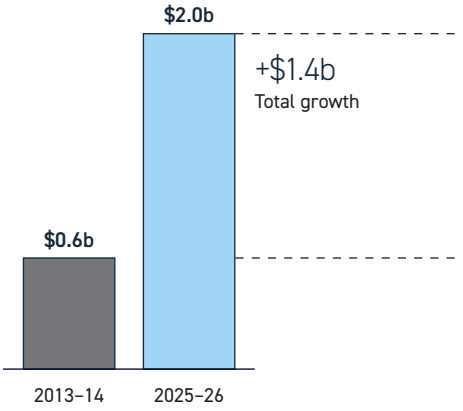
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



TAS FUNDING BY SERVICE CATEGORY

Commonwealth Tasmania

Largest service category

ACUTE ADMITTED	$0.33b		$0.86b

Remaining service categories

EMERGENCY	$0.07b		$0.17b
MENTAL HEALTH	$0.02b		$0.05b
COMMUNITY MENTAL HEALTH	$0.02b		$0.09b
SUB-ACUTE	$0.04b		$0.07b
NON-ADMITTED	$0.08b		$0.16b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Tasmania (TAS) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO TASMANIA ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	512,584	–	–	–	–	520,402[3]
Cash Paid 2022–23	13,174	559,933	–	–	–	573,107
Cash Paid 2023–24	–	22,740	617,851	–	–	640,590
Cash Paid 2024–25	–	–	2,695	658,399	–	661,094
Cash Paid 2025–26	–	–	–	2,758	704,133	706,891
FINAL ENTITLEMENT	**525,758**	**582,672**	**620,546**	**661,157**	**704,133**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $18,568,478 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $1,289,755 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $7,818,165 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO TASMANIA STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	569,141	524,843
Block funding	125,479	124,645
Public Health funding	12,270	11,606
TOTAL	**706,891**	**661,094**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY TASMANIA ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	1,394,384	1,089,056
State Managed Fund – Block funding	127,686	300,197
TOTAL	**1,522,070**	**1,389,253**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The amounts paid into the Tasmania State Pool Account in 2025–26 from the State included Commonwealth payments related to the National Partnership on Transfer of the Mersey Community Hospital of $32,858,722 in 2025–26 ($31,941,023 in 2024–25).

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
Tasmanian Health Service	240,294	228,009	218,801
TOTAL	**240,294**	**228,009**	**218,801**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to 17 small regional, remote and very remote hospitals, and 2 standalone hospitals providing specialist mental health services.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Tasmanian Health Service	1,963,525	253,165	2,216,691
TOTAL	**1,963,525**	**253,165**	**2,216,691**

For additional information please see the Tasmania basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
Tasmanian Health Service	1,613,899	424,842	2,038,741
TOTAL	**1,613,899**	**424,842**	**2,038,741**

For additional information please see the Tasmania basis for National Health Reform payments.

Tasmania basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The State contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26. The State determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

State funding paid on an activity basis for each service category is based on the price set by that State (which is reported in the Service Plan) and the volume of weighted services as set out in the Service Plan.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the 2025–26 Tasmanian Funding Model has implemented the National Efficient Price (NEP25) and National Weighted Activity Unit (NWAU25) as the currency for ABF facilities. The State also provides an overlay of supplementary grants in recognition of the State reporting higher average costs than the NEP25.

The National Efficient Cost (NEC25) Block funding model is used as the currency for small regional and remote public hospitals, standalone hospitals providing specialist mental health services (admitted and non-admitted), non-admitted home ventilation and clinical teaching, training and research provided in the major hospitals.

The State determines when payments are made into the Pool and State Managed Fund. Payments are made from the Pool account to the Tasmanian Health Service (THS) and the State Managed Fund in accordance with the Service Plan agreed between the Minister for Health and the Secretary of the Tasmanian Department of Health (the 'System Manager').

The State also makes payments for activities outside the scope of the National Health Reform Agreement. Out-of-scope activities are defined as those public hospital services with a funding source other than the NHRA.

The Minister for Health and the Tasmanian Department of Health can agree amendments to the Service Agreement to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Plan is available at www.health.tas.gov.au/publications/tasmanian-health-service-service-plans.

Further information regarding the basis for NHR payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Tasmania State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 19 of the Tasmanian *National Health Funding Administration Act 2012.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Tasmania State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Tasmanian *National Health Funding Administration Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Tasmanian *National Health Funding Administration Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

Audit Tasmania

Independent Auditor's Report

To the Members of the Tasmanian Parliament

National Health Funding Pool – Tasmania State Pool Account

Report on the Audit of the Statement of Receipts and Payments

Opinion

I have audited the accompanying financial statement of the Tasmania State Pool Account of the National Health Funding Pool (the Pool), which comprises a statement of receipts and payments for the year ended 30 June 2026, other explanatory notes and the statement of certification signed by the management.

In my opinion, the accompanying financial statement presents fairly, in all material respects, the cash receipts and payments for the year ended 30 June 2026 in accordance with the financial reporting requirements of Section 19 of the *National Health Funding Administration Act 2012 (Tasmania),* Section 242 of the *National Health Reform Act 2011 (Commonwealth)* and Clause B40 of the *National Health Reform Agreement 2011*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report. I am independent of (the Pool) in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical 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.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1(A) to the financial statement, which describes the basis of accounting. The financial statement has been prepared to assist the Pool to meet the financial reporting requirements of the Section 19 of *the National Health Funding Administration Act 2012 (Tasmania),* Section 242 of *the National Health Reform Act 2011 (Commonwealth)* and Clause B40 of *the National Health Reform Agreement 2011*. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statement

The Administrator is responsible for the preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting as described in Note 1(A); this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for preparation of the financial statement in the circumstances, and for such internal control as the Administrator determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 this financial statement.

As part of an audit in accordance with the Australian 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 statement, 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 Pool's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Administrator.
- Conclude on the appropriateness of management's use of the going concern basis of
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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.



David Bond
Assistant Auditor-General
Delegate of the Auditor-General

28 August 2026
Hobart

Tasmania State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	569,141	524,843
Block funding		125,479	124,645
Public Health funding		12,270	11,606
From Tasmania			
Activity Based Funding (in-scope)	2, 6	1,394,384	1,089,056
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
Cross-border contribution	5	1,363	25,159
From other States or Territories			
Cross-border receipts	3	4,543	1,312
From Reserve Bank of Australia			
Interest receipts		13	17
TOTAL RECEIPTS		**2,107,194**	**1,776,638**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,963,525	1,613,899
Activity Based Funding (out-of-scope)	7	–	–
Other funding (out-of-scope)	7	–	–
To Tasmania State Managed Fund			
Block funding		125,479	124,645
To Department of Health			
Public Health funding		12,270	11,606
Interest payments		13	17
Cross-border transfer		4,543	1,312
To other States or Territories			
Cross-border payments	5	1,363	25,159
TOTAL PAYMENTS		**2,107,194**	**1,776,638**
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 19 of the Tasmanian *National Health Funding Administration Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Tasmanian State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with section 11 of the Tasmanian *National Health Funding Administration Act 2012*.

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Tasmania State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	569,141	524,843
Tasmania	1,394,384	1,089,056
TOTAL	**1,963,525**	**1,613,899**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Tasmania State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	–	–
Victoria	3,206	–
Queensland	–	–
Western Australia	726	979
South Australia	–	332
Australian Capital Territory	611	–
Northern Territory	–	–
TOTAL	**4,543**	**1,312**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Tasmania State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
Tasmanian Health Service	1,963,525	1,613,899
TOTAL	**1,963,525**	**1,613,899**

The Administrator makes payments from the Tasmania State Pool Account in accordance with the directions of the Tasmania Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Tasmania State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	–	–
Victoria	–	23,028
Queensland	–	–
Western Australia	710	1,051
South Australia	–	1,080
Australian Capital Territory	653	–
Northern Territory	–	–
TOTAL	**1,363**	**25,159**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Tasmania Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	569,141	524,843
Total receipts from Tasmania	1,394,384	1,089,056
Total payments to Local Hospital Networks	(1,963,525)	(1,613,899)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Tasmania	–	–
Total payments to Local Hospital Networks	–	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table does not include amounts related to Schedule K funding as the Tasmanian Department of Health did not transact Schedule K funding in 2025–26 through the State Pool Account. Some States and Territories have elected to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

AUSTRALIAN CAPITAL TERRITORY

FUNDING AND PAYMENTS

$1.9b

TOTAL FUNDING WITH **$1.9b** PAID TO

1

LOCAL HOSPITAL NETWORK (LHN)

$1.8b

IN ACTIVITY BASED FUNDING THAT DELIVERED

219,791

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

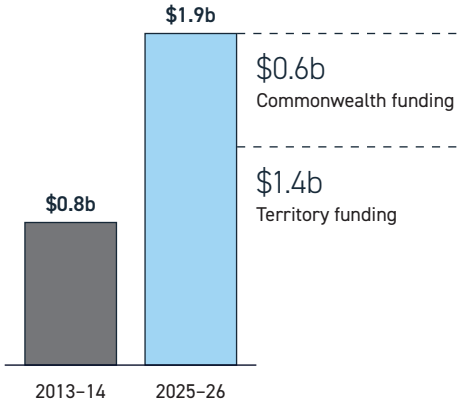
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 25(2) of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013.*

Guide to tables:

- 2025–26
- 2024–25

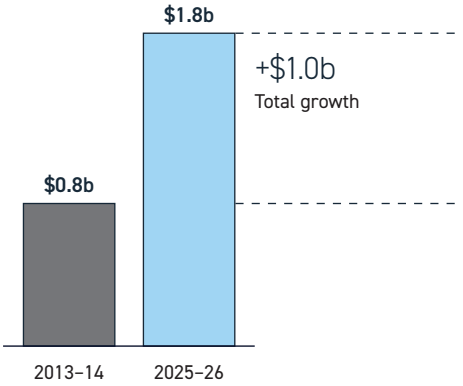
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



ACT FUNDING BY SERVICE CATEGORY

Commonwealth | Australian Capital Territory

Largest service category

ACUTE ADMITTED	$0.32b		$0.76b

Remaining service categories

EMERGENCY	$0.06b		$0.15b
MENTAL HEALTH	$0.03b		$0.06b
COMMUNITY MENTAL HEALTH	$0.02b		$0.06b
SUB-ACUTE	$0.05b		$0.12b
NON-ADMITTED	$0.07b		$0.15b

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Australian Capital Territory (ACT) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO AUSTRALIAN CAPITAL TERRITORY ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	457,044	–	–	–	–	460,064[3]
Cash Paid 2022–23	(4,848)	486,669	–	–	–	481,822
Cash Paid 2023–24	–	(7,096)	510,746	–	–	503,649
Cash Paid 2024–25	–	–	–	543,944	–	543,944
Cash Paid 2025–26	–	–	–	155	579,466	579,621
FINAL ENTITLEMENT	**452,196**	**479,573**	**510,746**	**544,099**	**579,466**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $16,800,801 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $7,563,988 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $3,020,223 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO AUSTRALIAN CAPITAL TERRITORY STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	542,290	496,279
Block funding	26,839	38,068
Public Health funding	10,492	9,597
TOTAL	**579,621**	**543,944**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY AUSTRALIAN CAPITAL TERRITORY ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	1,293,979	1,218,106
State Managed Fund – Block funding	61,864	118,334
TOTAL	**1,355,843**	**1,336,440**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
ACT Local Hospital Network	219,791	215,836	210,294
TOTAL	**219,791**	**215,836**	**210,294**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

In 2025–26 funding was provided to one standalone major city hospital providing specialist services.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
ACT Local Hospital Network	1,836,268	88,704	1,924,972
TOTAL	**1,836,268**	**88,704**	**1,924,972**

For additional information please see the Australian Capital Territory basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
ACT Local Hospital Network	1,714,385	156,402	1,870,787
TOTAL	**1,714,385**	**156,402**	**1,870,787**

For additional information please see the Australian Capital Territory basis for National Health Reform payments.

Australian Capital Territory basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The Territory contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26.

The Territory determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

Territory funding paid on an activity basis for each service category is based on the price set by that Territory (which is reported in the Service Agreement) and the volume of weighted services as set out in the Service Agreement.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the ACT funding model has implemented the National Efficient Price (NEP25) and National Weighted Activity Unit (NWAU25) as the currency for ABF facility. The Territory also provides an overlay of supplementary grants in recognition of the Territory reporting higher average costs than the NEP25.

The National Efficient Cost (NEC25) Block funding model is used for small hospitals, transitional funding for community mental health, non-admitted home ventilation and teaching, training and research provided in hospitals.

The Territory determines when payments are made into the Pool and State Managed Fund. Payments are made from the Pool account to the Australian Capital Territory Health Directorate (ACT Health Directorate) and State Managed Fund in accordance with the Service Agreement agreed between the Australian Capital Territory Minister for Health and the Director-General of the ACT Health Directorate ('System Manager').

The Territory also makes payments for activities outside the scope of the National Health Reform Agreement. Out-of-scope activities are defined as those public hospital services with a funding source other than the NHRA.

The Australian Capital Territory Minister for Health and the ACT Health Directorate can agree amendments to the Service Agreement to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Agreement is available at www.act.gov.au/open/act-local-hospital-network-service-level-agreements.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Australian Capital Territory State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 26 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Australian Capital Territory State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDITOR'S REPORT

AUSTRALIAN CAPITAL TERRITORY STATE POOL ACCOUNT

To the members of ACT Legislative Assembly

Opinion

I have audited the special purpose financial statement (financial statement) of the Australian Capital Territory State Pool Account for the year ended 30 June 2026. The financial statement is comprised of the statement by the Administrator, the statement of receipts and payments and notes to the financial statement, including a summary of significant accounting policies.

In my opinion, the financial statement:

(i) is presented in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011; and

(ii) presents fairly, in all material aspects, the receipts and payments of the Australian Capital Territory State Pool Account for the year ended 30 June 2026.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statement section of this report.

I am independent of the National Health Funding Pool in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Basis of preparation

I draw your attention to Note 1(A): 'Basis of preparation' of the financial statement, which describes the purpose of the financial statement, and the basis of accounting used in the preparation of the financial statement.

The Administrator has determined that a special purpose framework using the cash basis of accounting is appropriate to meet the financial reporting requirements under the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Nara Centre, Level 4 / 3 Constitution Ave Canberra ACT 2601 | PO Box 158 Canberra ACT 2601 | (02) 6207 0833 | actauditorgeneral@act.gov.au | audit.act.gov.au

Responsibility for preparing and fairly presenting the financial statement

The Administrator of the National Health Funding Pool is responsible for:

- preparing and fairly presenting the financial statement in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011; and
- determining the internal controls necessary for the preparation and fair presentation of the financial statement so that it is free from material misstatements, whether due to error or fraud.

Auditor's responsibilities for the audit of the financial statement

Under the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statement of the Australian Capital Territory State Pool Account.

My objective is to obtain reasonable assurance about whether the financial statement as a whole is 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from error or fraud and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Australian 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 statement, 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal controls;
- evaluate the appropriateness of accounting policies used to prepare the financial statement and related disclosures made in the financial statement; and
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Administrator of the National Health Funding Pool 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.



Ms Clea Lewis
Assistant Auditor-General, Financial Audits
31 August 2026

Australian Capital Territory State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	542,290	496,279
Block funding		26,839	38,068
Public Health funding		10,492	9,597
From Australian Capital Territory			
Activity Based Funding (in-scope)	2, 6	1,293,979	1,218,106
Activity Based Funding (out-of-scope)	7	53,482	68,194
Other funding (out-of-scope)	7	50,000	–
Cross-border contribution	5	50,583	44,817
From other States or Territories			
Cross-border receipts	3	225,384	157,903
From Reserve Bank of Australia			
Interest receipts		–	–
TOTAL RECEIPTS		**2,253,049**	**2,032,964**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,836,268	1,714,385
Activity Based Funding (out-of-scope)	7	53,482	68,194
Other funding (out-of-scope)	7	50,000	–
To Australian Capital Territory State Managed Fund			
Block funding		26,839	38,068
To Australian Capital Territory Health Directorate			
Public Health funding		10,492	9,597
Interest payments		–	–
Cross-border transfer		225,384	157,903
To other States or Territories			
Cross-border payments	5	50,583	44,817
TOTAL PAYMENTS		**2,253,049**	**2,032,964**
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 26 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Australian Capital Territory State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with section 15 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Australian Capital Territory State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	542,290	496,279
Australian Capital Territory	1,293,979	1,218,106
TOTAL	**1,836,268**	**1,714,385**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Australian Capital Territory State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	217,986	149,013
Victoria	3,442	6,319
Queensland	2,854	2,262
Western Australia	449	–
South Australia	–	–
Tasmania	653	–
Northern Territory	–	309
TOTAL	**225,384**	**157,903**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Australian Capital Territory State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
ACT Local Hospital Network	1,836,268	1,714,385
TOTAL	**1,836,268**	**1,714,385**

The Administrator makes payments from the Australian Capital Territory State Pool Account in accordance with the directions of the Australian Capital Territory Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Australian Capital Territory State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	46,102	40,027
Victoria	1,551	2,886
Queensland	1,810	1,589
Western Australia	508	–
South Australia	–	–
Tasmania	611	–
Northern Territory	–	314
TOTAL	**50,583**	**44,817**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Australian Capital Territory Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	542,290	496,279
Total receipts from Australian Capital Territory	1,293,979	1,218,106
Total payments to Local Hospital Networks	(1,836,268)	(1,714,385)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Australian Capital Territory	53,482	68,194
Total other receipts from Australian Capital Territory	50,000	–
Total payments to Local Hospital Networks	(53,482)	(68,194)
Total other payments to Local Hospital Networks	(50,000)	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table includes Schedule K funding of $50,000,000 in 2025–26. Some States and Territories have elected not to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.

NORTHERN TERRITORY

FUNDING AND PAYMENTS

$1.4b

TOTAL FUNDING WITH **$1.4b** PAID TO

1

LOCAL HOSPITAL NETWORK (LHN)

$1.3b

IN ACTIVITY BASED FUNDING THAT DELIVERED

197,212

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)



National Health Reform disclosures for the year ended 30 June 2026

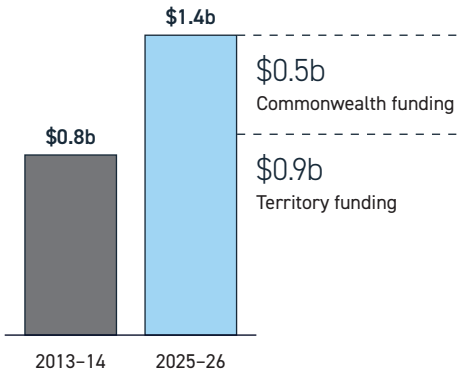
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 18(2) of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012.*

Guide to tables:

- 2025–26
- 2024–25

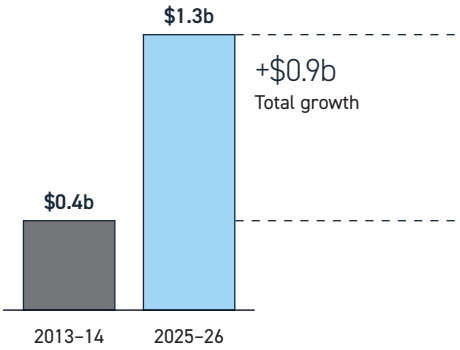
Public hospital funding

Since 2013–14



Growth in Activity Based Funding

Since 2013–14



NT FUNDING BY SERVICE CATEGORY

Commonwealth | Northern Territory

Largest service category

ACUTE ADMITTED	$0.26b		$0.50b

Remaining service categories

EMERGENCY	$0.07b		$0.14b
MENTAL HEALTH	$0.02b		$0.03b
COMMUNITY MENTAL HEALTH	Not applicable*		
SUB-ACUTE	$0.03b		$0.05b
NON-ADMITTED	$0.06b		$0.10b

*Community Mental Health remains wholly block funded for the NT.

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Northern Territory (NT) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

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

	AMOUNT PAID TO NORTHERN TERRITORY ($'000)					
	2021–22[1] Entitlement	2022–23[2] Entitlement	2023–24 Entitlement	2024–25 Entitlement	2025–26 Estimate	CASH PAID
Cash Paid 2021–22	355,110	–	–	–	–	390,243[3]
Cash Paid 2022–23	(6,864)	388,893	–	–	–	382,029
Cash Paid 2023–24	–	(13,060)	399,758	–	–	386,698
Cash Paid 2024–25	–	–	504	426,279	–	426,783
Cash Paid 2025–26	–	–	–	(3,358)	485,867	482,509
FINAL ENTITLEMENT	**348,246**	**375,833**	**400,262**	**422,922**	**485,867**	

1 The 2021–22 Commonwealth NHR funding entitlement excludes $16,911,538 in HSP under the NPCR.

2 The 2022–23 Commonwealth NHR funding entitlement excludes $1,775,697 in HSP under the NPCR.

3 The total cash paid in 2021–22 includes payments of $35,132,069 related to entitlements for the 2020–21 financial year.

The amounts paid into each State Pool Account by the Commonwealth — Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO NORTHERN TERRITORY STATE POOL ACCOUNT ($'000)	
	2025–26	2024–25
Activity Based Funding	439,143	396,532
Block funding	37,560	25,103
Public Health funding	5,806	5,149
TOTAL	**482,509**	**426,783**

The amounts paid into each State Pool Account and State Managed Fund by the relevant State — Section 241(2)(A)

COMPONENT	AMOUNT PAID BY NORTHERN TERRITORY ($'000)	
	2025–26	2024–25
State Pool Account – Activity Based Funding	822,398	720,163
State Managed Fund – Block funding	57,868	61,063
TOTAL	**880,266**	**781,226**

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposits of ABF in excess of funding obligations by States and Territories which is subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding — Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2025–26[1] Estimate	2024–25[2] Actual	2024–25[3] Estimate
NT Regional Health Services	197,212	187,429	191,332
TOTAL	**197,212**	**187,429**	**191,332**

1 2025–26 NWAU as per the updated activity estimates as at the Administrator's June 2026 Payment Advice.

2 2024–25 NWAU as per the 2024–25 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2024–25) Determination 2025.

3 2024–25 NWAU as per the activity estimates as at the Administrator's May 2025 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund — Section 241(2)(F)

The Independent Health and Aged Care Pricing Authority (IHACPA) determines services which are eligible for Block funding as the technical requirements for applying Activity Based Funding are not able to be satisfied. IHACPA also determines; small rural hospitals which are to be Block funded; standalone hospitals providing specialist mental health services; standalone major city hospitals providing specialised services; other standalone hospitals; other public hospital programs and teaching, training and research.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2025–26 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
NT Regional Health Services	1,261,541	95,428	1,356,969
TOTAL	**1,261,541**	**95,428**	**1,356,969**

For additional information please see the Northern Territory basis for National Health Reform payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2024–25 — Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID ($'000)		
	State Pool Account	State Managed Fund	TOTAL
NT Regional Health Services	1,116,695	86,165	1,202,861
TOTAL	**1,116,695**	**86,165**	**1,202,861**

For additional information please see the Northern Territory basis for National Health Reform payments.

Northern Territory basis for National Health Reform payments 2025–26

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's NHR funding and payments.

The Territory contribution to the funding of public hospital services and functions is calculated on an activity basis or provided as Block funding in accordance with the National Health Reform Agreement – Addendum 2020–25 and one-year extension for 2025–26.

The Territory determines the amount they pay for public hospital services and functions and the mix of those services and functions and will meet the balance of the cost of delivering public hospital services and functions over and above the Commonwealth contribution.

Territory funding paid on an activity basis for each service category is based on the price set by that Territory (which is reported in the Service Plan) and the volume of weighted services as set out in the Service Plan.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020–25 and one-year extension for 2025–26, the Northern Territory funding model has implemented the National Efficient Price (NEP25) and National Weighted Activity Unit (NWAU25) as the currency for ABF facility.

The National Efficient Cost (NEC25) Block funding model is used for non-admitted mental health services, non-admitted child and adolescent mental health services, non-admitted home ventilation and teaching, training and research provided in hospitals.

The Territory determines when payments are made into the Pool and State Managed Fund. Payments are made from the Pool account to the Local Hospital Network and State Managed Fund in accordance with the Service Plan agreed between the Chief Executive Officer of Northern Territory Department of Health (the 'System Manager') and the Northern Territory Regional Health Service (NTRHS).

The Territory also makes payments for activities outside the scope of the National Health Reform Agreement. Out-of-scope activities are defined as those public hospital services with a funding source other than the NHRA.

The Northern Territory Department of Health and NTRHS can agree amendments to the Service Plan to adjust service volumes or pricing to take account of such matters as changing health needs, variations in actual service delivery and hospital performance.

The Service Plan is available at www.health.nt.gov.au/governance-strategies-committees/about/service-delivery-agreements-sda.

Further information regarding the Basis for National Health Reform payments in both 2025–26 and previous financial years is included at www.publichospitalfunding.gov.au.

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National Health Funding Pool Northern Territory State Pool Account Special Purpose Financial Statement for the year ended 30 June 2026

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 19 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012.*

Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of the National Health Funding Pool Northern Territory State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2026 is based on properly maintained financial records and gives a true and fair view of the matters required by the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.



Toni Cunningham
Administrator
National Health Funding Pool
27 August 2026

Northern Territory
Auditor-General's Office

Independent Auditor's Report

To the Members of the Legislative Assembly of the Northern Territory

Northern Territory State Pool Account

Report on the audit of the financial statement for the year ended 30 June 2026

Opinion

I have audited the special purpose financial statement (the financial statement) of the Northern Territory State Pool Account, which comprises the statement of receipts and payments for the year ended 30 June 2026, notes to the financial statement, including a summary of material accounting policies and the statement by the Administrator of the National Health Funding Pool (the Administrator).

In my opinion the accompanying financial statement presents fairly, in all material respects, the receipts and payments of the Northern Territory State Pool Account for the year ended 30 June 2026 in accordance with the financial reporting requirements of section 242 of the *National Health Reform Act 2011* (Commonwealth), clause B40 of the National Health Reform Agreement 2011 and section 19 of the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012* (NT).

Basis for opinion

I conducted my audit in accordance with Australian Accounting Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report.

I am independent of both the National Health Funding Pool and the National Health Funding Body in accordance with the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board (the Code) that are relevant to my audit of the financial statement in Australia. My authorised auditors and I have also fulfilled our other ethical responsibilities in accordance with the Code. My independence is further established by the *Audit Act 1995*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter - basis of accounting

I draw attention to Note 1(A) to the financial statement, which describes the purpose of the financial statement and its basis of accounting. The financial statement has been prepared using the cash basis of accounting and for the purpose of fulfilling the Administrator's financial reporting obligations under section 242 of the *National Health Reform Act 2011* (Commonwealth), clause B40 of the *National Health Reform Agreement 2011* and section 19 of the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012* (NT). As a result, the financial statement may not be suitable for another purpose.

My opinion is not modified in respect of this matter.

Other information

The Administrator is responsible for the other information. The other information comprises the charts, tables and narratives presented with financial statement but does not include the financial statement and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. The National Health Funding Pool's Annual Report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statement 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 statement, my responsibility is to read the other information and, in doing so, I consider whether the other information is materially inconsistent with the financial statement or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work 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. When I read the National Health Funding Pool's Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the Administrator.

Responsibilities of the Administrator for the financial statement

The Administrator is responsible for the preparation and the fair presentation of the financial statement in accordance with the financial reporting requirements of the *National Health Reform Act 2011* (Commonwealth), the *National Health Reform Agreement 2011* and the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012* (NT) and for such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of the financial statement that is free from material misstatement whether due to fraud or error. The Administrator is assisted by the National Health Funding Body in the financial reporting process.

Auditor's responsibilities for the audit of the financial statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 Australian 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 statement.

As part of an audit in accordance with the Australian 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 statement 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 internal control.
- Evaluate the appropriateness of accounting policies used to prepare the financial statement.
- Evaluate the overall presentation, structure and content of the financial statement including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Administrator 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.

Jara K Dean
Auditor-General
Darwin, Northern Territory
27 August 2026

Northern Territory State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2026

	NOTES	2025–26 $'000	2024–25 $'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	439,143	396,532
Block funding		37,560	25,103
Public Health funding		5,806	5,149
From Northern Territory			
Activity Based Funding (in-scope)	2, 6	822,398	720,163
Activity Based Funding (out-of-scope)	7	6,118	–
Other funding (out-of-scope)	7	–	–
Cross-border contribution	5	17,255	50,593
From other States or Territories			
Cross-border receipts	3	19,658	28,966
From Reserve Bank of Australia			
Interest receipts		–	–
TOTAL RECEIPTS		**1,347,939**	**1,226,505**
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,261,541	1,116,695
Activity Based Funding (out-of-scope)	7	6,118	–
Other funding (out-of-scope)	7	–	–
To Northern Territory State Managed Fund			
Block funding		37,560	25,103
To Department of Health Northern Territory			
Public Health funding		5,806	5,149
Interest payments		–	–
Cross-border transfer		19,658	28,966
To other States or Territories			
Cross-border payments	5	17,255	50,593
TOTAL PAYMENTS		**1,347,939**	**1,226,505**
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		–	–
OPENING CASH BALANCE		–	–
CLOSING CASH BALANCE		–	–

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 19 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012.*

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 27 August 2026.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2024–25 and 2025–26 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of 8 State and Territory bank accounts (State Pool Accounts).

The Northern Territory State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012–13 in accordance with section 11 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012.*

(D) Activity Based Funding

ABF is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by IHACPA. ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2025–26 the Commonwealth, States and Territories ABF supported the following:

i. Emergency department services
ii. Acute admitted services
iii. Admitted mental health services
iv. Sub-acute and non-acute services
v. Non-admitted services
vi. Community mental health services.

In 2024–25 community mental health services were Block funded and transitioned to Activity Based Funding in 2025–26.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the former Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of 3 years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory Governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

On 5 February 2025, Schedule K to the Addendum to the National Health Reform Agreement was agreed to, providing a one-year extension and an additional one-time fixed funding amount of $1.7 billion, paid by the Commonwealth Treasury to States and Territories outside of the Funding Pool, in 2025–26.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. the Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2024–25 and 2025–26 the Commonwealth Block funding supported the following:

i. Small rural hospitals
ii. Teaching, training and research
iii. Other mental health
iv. Non-admitted home ventilation
v. Other non-admitted services
vi. Other public hospital programs
vii. Highly Specialised Therapies.

In 2025–26 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth Department of Health, Disability and Ageing calculates the Commonwealth contributions for Public Health funding. This is funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the former National Healthcare specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal ABF calculation. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of Government funding, from the Commonwealth, State or Territory to LHNs is not subject to the Goods and Services Tax (GST).

However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Northern Territory State Pool Account in respect of Activity Based Funding:

	2025–26 $'000	2024–25 $'000
Commonwealth	439,143	396,532
Northern Territory	822,398	720,163
TOTAL	**1,261,541**	**1,116,695**

Note 3: Cross-border receipts

Total cross-border receipts paid into the Northern Territory State Pool Account from other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	2,731	–
Victoria	10,664	–
Queensland	–	–
Western Australia	6,263	6,134
South Australia	–	22,518
Tasmania	–	–
Australian Capital Territory	–	314
TOTAL	**19,658**	**28,966**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Northern Territory State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2025–26 $'000	2024–25 $'000
NT Regional Health Services	1,261,541	1,116,695
TOTAL	**1,261,541**	**1,116,695**

The Administrator makes payments from the Northern Territory State Pool Account in accordance with the directions of the Northern Territory Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Northern Territory State Pool Account to other States and Territories:

STATE OR TERRITORY	2025–26 $'000	2024–25 $'000
New South Wales	2,708	–
Victoria	12,696	–
Queensland	–	316
Western Australia	1,851	1,887
South Australia	–	48,081
Tasmania	–	–
Australian Capital Territory	–	309
TOTAL	**17,255**	**50,593**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Northern Territory Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2025–26 $'000	2024–25 $'000
Total receipts from the Commonwealth	439,143	396,532
Total receipts from Northern Territory	822,398	720,163
Total payments to Local Hospital Networks	**(1,261,541)**	(1,116,695)
NET RECEIPTS/(PAYMENTS)	**–**	**–**

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2026

Note 7: Activity Based Funding and one-time fixed funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2025–26 $'000	2024–25 $'000
Total receipts from Northern Territory	6,118	–
Total payments to Local Hospital Networks	(6,118)	–
NET RECEIPTS/(PAYMENTS)	**–**	**–**

The previous table does not include amounts related to Schedule K funding as the Northern Territory Department of Health did not transact Schedule K funding in 2025–26 through the State Pool Account. Some States and Territories have elected to transact Schedule K funding through the State Pool Account. This will affect the comparison of Schedule K funding between States and Territories.

End of Audited Special Purpose Financial Statement.





PART 3:

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.

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Disclosure index 257

List of legislative requirements 258

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ABBREVIATIONS AND ACRONYMS

ABF	Activity Based Funding
ACSQHC	Australian Commission on Safety and Quality in Health Care
AIHW	Australian Institute of Health and Welfare
APS	Australian Public Service
ARC	Audit and Risk Committee
CCM	Commonwealth Contribution Model
CEO	Chief Executive Officer
COAG	Council of Australian Governments
IHACPA	Independent Health and Aged Care Pricing Authority
ISM	Information Security Manual
JAC	Jurisdictional Advisory Committee
LHN	Local Hospital Network
MBS	Medicare Benefits Schedule
MFG	Minimum Funding Guarantee
NEC	National Efficient Cost
NEP	National Efficient Price
NHFB	National Health Funding Body
NHR	National Health Reform
NHR Act	*National Health Reform Act 2011*
NHR Agreement	National Health Reform Agreement
NPCR	National Partnership on COVID-19 Response
NWAU	National Weighted Activity Unit
PBS	Pharmaceutical Benefits Scheme
PGPA (Act)	*Public Governance, Performance and Accountability Act 2013*
RBA	Reserve Bank of Australia
Schedule K	*Schedule K – Addendum to the NHR Agreement: Revised Public Hospital Funding and Health Reform Arrangements 2025–26*
SMF	State Managed Fund
SMRF	Service Model Reform Funding
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.
National Weighted Activity Unit (NWAU)	The NWAU is a measure of health service activity expressed as a common unit, against which the NEP is paid. It provides a way of comparing and valuing each public hospital service (whether it is an admission, emergency department presentation or outpatient episode), by weighting it for clinical complexity.
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

SECTION	DESCRIPTION	LOCATION — NATIONAL LEVEL	LOCATION — STATE AND TERRITORY LEVEL
241(2) THE ANNUAL REPORT MUST INCLUDE THE FOLLOWING INFORMATION FOR THE RELEVANT FINANCIAL YEAR			
(a)	The amounts paid into each State Pool Account and State Managed Fund by the relevant State and the basis on which the Payments were made	53	NSW 75–81 VIC 97–107 QLD 123–129 WA 145–151 SA 167–173 TAS 189–195 ACT 211–217 NT 233–239
(b)	The amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made	52	
(c)	The amounts paid from each State Pool Account to LHNs, a State Managed Fund or other organisations or funds and the basis on which the Payments were made	54	
(d)	The amounts paid from each State Managed Fund to LHNs or other organisations or funds and the basis on which these payments were made	55	
(e)	The number of public hospital services funded for each LHN in accordance with the system of ABF	56	
(f)	The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund	56	
241(3) THE ANNUAL REPORT IS TO BE ACCOMPANIED BY			
(a)	An audited financial statement for each State Pool Account	N/A	NSW 83–93 VIC 109–119 QLD 131–141 WA 153–163 SA 175–185 TAS 197–207 ACT 219–229 NT 241–251
(b)	A financial statement that combines the audited financial statements for each State Pool Account	59-71	N/A

LIST OF LEGISLATIVE REQUIREMENTS

JURISDICTION AND RELEVANT ACT	REQUIREMENT FOR THE FINANCIAL YEAR	COMMONWEALTH	NEW SOUTH WALES	VICTORIA
		National Health Reform Act 2011	Health Services Act 1997	Health (Commonwealth State Funding Arrangements) Act 2012
National Health Reform Funding and Payments Reporting	The Administrator's Annual Report must include: the amounts paid into the State Pool Account and State Managed Fund, and the number of weighted hospital services funded.	s.241(2)	schedule 6A clause 16(2)	s.17(2)
Financial Statements	The Administrator must prepare a financial statement for each State Pool Account and a financial statement that combines the financial statements for each State Pool Account.	s.241(3) and s.242	schedule 6A clauses 16(3) and 17	s.17(3) and s.18
Audit of Financial Statements	A financial statement for the State Pool Account is to be audited by the relevant Auditor-General.	s.243	schedule 6A clause 18	s.19
Administrator's Annual Report	The Administrator must, within four months after the end of each financial year, provide to the responsible Ministers an annual report on the exercise or performance of his/her functions.	s.241(1)	schedule 6A clause 16(1)	s.17(1)
Tabling of the Annual Report	A responsible Minister must, as soon as practicable after receiving an annual report, cause a copy of the report to be tabled in the Parliament of the relevant jurisdiction.	s.241(4)	schedule 6A clause 16(4)	s.17(4)

QUEENSLAND	WESTERN AUSTRALIA	SOUTH AUSTRALIA	TASMANIA	AUSTRALIAN CAPITAL TERRITORY	NORTHERN TERRITORY
Hospital and Health Boards Act 2011	National Health Funding Pool Act 2012	National Health Funding Pool Administration (South Australia) Act 2012	National Health Funding Administration Act 2012	Health (National Health Funding Pool and Administration) Act 2013	National Health Funding Pool and Administration (National Uniform Legislation) Act 2012
s.53S(2)	s.19(2)	s.22(2)	s.18(2)	s.25(2)	s.18(2)
s.53S(3) and s.53T	s.19(3) and s.20	s.22(3) and s.23	s.18(3) and s.19	s.25(3) and s.26	s.18(3) and s.19
s.53U	s.21	s.24	s.20	s.27	s.20
s.53S(1)	s.19(1)	s.22(1)	s.18(1)	s.25(1)	s.18(1)
s.53S(4)	s.19(4)	s.22(4)	s.18(4)	s.25(4)	s.18(4)

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