



**Administrator**  
National Health  
Funding Pool



**National Health  
Funding Body**

Improving the  
transparency of  
public hospital  
funding in Australia

# CORPORATE PLAN 2023-24

[publichospitalfunding.gov.au](https://publichospitalfunding.gov.au)

### **Acknowledgement of Country**

The National Health Funding Body acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures and to elders both past and present.

### **Publication details**

© Commonwealth of Australia 2023



This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the National Health Funding Body.

Produced by the National Health Funding Body,  
Acton, Canberra

Requests and enquiries concerning the contents of the report should be addressed to:

The Director  
National Health Funding Body  
GPO Box 1252  
Canberra ACT 2601  
Telephone: 1300 930 522  
Email: [nhfb.enquiries@nhfb.gov.au](mailto:nhfb.enquiries@nhfb.gov.au)  
[publichospitalfunding.gov.au](http://publichospitalfunding.gov.au)

This report is also accessible from the NHFB website:  
[www.publichospitalfunding.gov.au/publications](http://www.publichospitalfunding.gov.au/publications)

# CONTENTS

2022-23 Highlights . . . . .	1
Message from the Chief Executive Officer . . . . .	3
Strategic overview . . . . .	5
The agency . . . . .	7
What we do . . . . .	8
Organisational structure . . . . .	9
Leadership team . . . . .	10
Operating environment . . . . .	13
Public hospital funding and payments . . . . .	17
Stakeholders and partners. . . . .	19
Finance . . . . .	25
Performance . . . . .	27
Managing risks . . . . .	35
Governance . . . . .	39
Our people . . . . .	41
Our diversity . . . . .	42
Our workforce . . . . .	43
Learning and development . . . . .	43
Technology . . . . .	44
Appendix A - Abbreviations and acronyms . . . . .	45
Appendix B - Strategic direction 2023-2027 . . . . .	46
Appendix C - Our behaviours . . . . .	47

---

SERVICES

---

**\$63 BILLION PAID TO...**



**138**

Local Hospital Networks

---

**COMPRISING OF...**

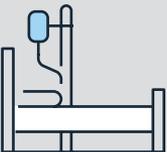


**697**

public hospitals

---

**THAT DELIVERED...**



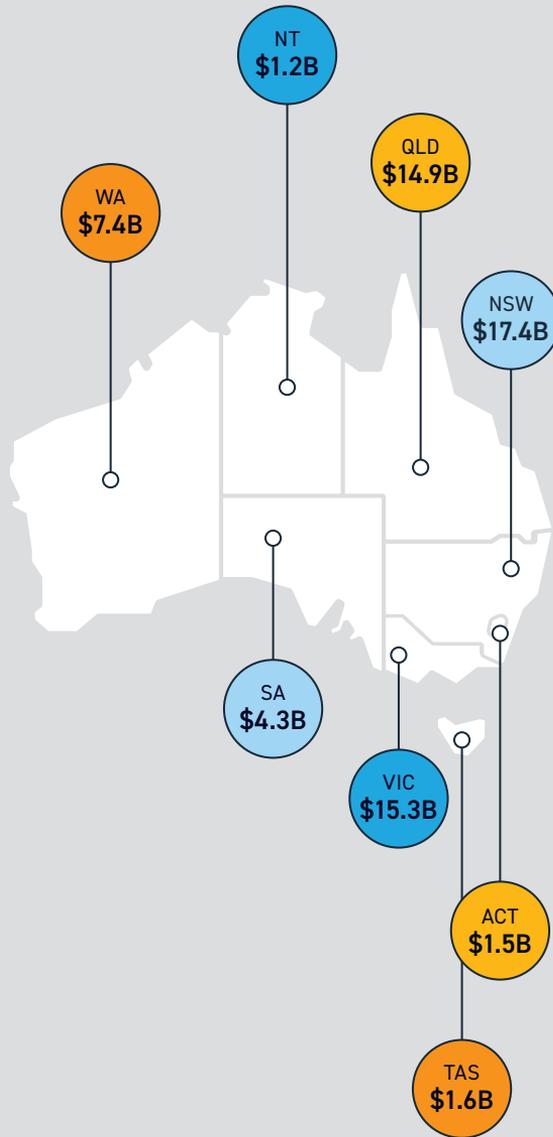
**38 MILLION**

public hospital services

---

PUBLIC HOSPITAL PAYMENTS

---



We administered...

**\$64 BILLION**

in public hospital payments

**COVID-19 SUPPORT**

Since March 2020, we have paid over

**\$14.7 BILLION**

in Commonwealth funding to States and Territories to respond to COVID-19 including:



**\$2.5 BILLION**

for COVID-19 testing



**\$2.1 BILLION**

in Personal Protective Equipment



**\$1.3 BILLION**

for additional cleaning in hospitals, schools and public transport



**\$3.7 BILLION**

for public health activities



**\$0.4 BILLION**

in COVID-19 vaccinations

**PEOPLE**

In the 2023 APS Employee Census, out of 100 agencies, the National Health Funding Body ranked...



**1ST PLACE**

Leadership



**2ND PLACE**

Wellbeing



**2ND PLACE**

Innovation



**3RD PLACE**

Communication

**STAKEHOLDER ENGAGEMENT**

Our **early engagement** on funding and reconciliation

**Through collaboration** across quarterly multilateral meetings informed by 32 bilateral discussions...

✓ Led to **improved satisfaction and trust** with our stakeholders

Our stakeholders rated us...

**4.8/5**



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



I am pleased to present the **National Health Funding Body Corporate Plan for 2023-24**. This plan builds on our outstanding record of achievement and sets our strategic direction for the next four years **2023-2027**.

## **Shannon White**

Chief Executive Officer  
National Health Funding Body

Australia's health system faces several long-term challenges including an ageing population, burden of chronic disease, impact of new technology and rising consumer expectations. In the short-term, the public hospital system is constrained by workforce shortages and at the same time is under pressure from deferred patient care including four years of reduced surgery volumes.

Since March 2020, more than \$14 billion has been paid to assist with COVID-19. The Commonwealth also provided a minimum funding guarantee during this period to mitigate the volatility in public hospital services.

Our agency performs a unique role in Australia's health system, delivering best practice administration of \$64 billion in public hospital funding. We perform the calculations, payments and reporting of public hospital funding across 138 Local Hospital Networks (LHNs) comprising 697 public hospitals delivering more than 38 million hospital services.

## **Building on our success**

In December 2022, we finalised the 2021-22 Annual Reconciliation of Commonwealth National Health Reform (NHR) funding as well as COVID-19 funding. The final funding entitlement for 2021-22 includes:

1. Commonwealth NHR funding \$23.045 billion – for public hospital services
2. Commonwealth minimum funding guarantee \$0.473 billion – providing funding certainty
3. Commonwealth NPCR funding comprised of:
  - a. Hospital Services Payments (HSP) \$1.877 billion – for COVID-19 related public hospital services
  - b. State Public Health Payments (SPHP) \$4.337 billion – for COVID-19 related public health activities
  - c. Private Hospital Financial Viability Payments (FVP) \$0.444 billion – for additional capacity provided by private hospitals

## Priorities for the future

The current Addendum to the National Health Reform Agreement (the Addendum) expires 30 June 2025. One of the key activities for this planning period will be our contribution to the Mid-term Review of the NHR Agreement and any future consideration of a new agreement from 1 July 2025 onwards. In the meantime, our primary focus will be the administration of Commonwealth NHR funding under the Addendum including:

- Public hospital funding integrity and duplicate payments
- Funding neutrality for private patients in public hospitals
- Funding cap exemption and reconciliation of highly specialised therapies
- The progression of safety and quality measures (e.g. sentinel events, complications and readmissions)
- Measures to address potentially preventable hospitalisations.

In the year ahead, we will be focused on administering 2023-24 payments as well as completing the 2022-23 Annual Reconciliation.

## Productive relationships

Following four years of feedback from our stakeholders and partners, we know they value our open communication, respectful engagement and high quality advice. This is reflected in the 2023 stakeholder survey results which have improved from 4.5 (in 2021-22) to 4.8 out of 5.

We will continue to enhance our relationships through existing bilateral and multilateral fora as well as new initiatives such as our data community of practice and technical workshops. It is essential that we continue to enhance trust with our Commonwealth, State and Territory stakeholders as well as our portfolio agency partners.

## Positive workplace culture

Our United Leadership behaviours are the centrepiece of our workplace culture where we value people and results equally. After three years of Australian Public Service (APS) employee census results we have consistently ranked in the top two to three agencies for leadership, supervision, communication, innovation and employee wellbeing. This outcome is a pleasing reflection of our results through people approach; however we must not be complacent.

Like previous years, and consistent with future public service reforms, in 2023-24 we remain focused on:

- Building on our strong stakeholder engagement for greater impact
- Leveraging our digital investment and embracing data to improve services and advice
- Strengthening our leadership and culture to remain an employer of choice
- Investing in our people through learning and development to strengthen our organisational capability
- Reviewing our business operations for innovation opportunities, productivity improvements and value for money.

I look forward to working with the new Administrator, our stakeholders and partners, and my outstanding team to further improve the transparency of public hospital funding in Australia; and ultimately play our part to improve the health outcomes of all Australians.



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

# 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 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 OBJECTIVES

---



Accurate and timely calculation of Commonwealth funding contributions.



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



Effective reporting of public hospital funding.



Productive relationships with stakeholders and partners.



Operate as a high performing organisation.

---

## OUR APS VALUES

---

✓ IMPARTIAL

✓ COMMITTED

✓ ACCOUNTABLE

✓ RESPECTFUL

✓ ETHICAL

**WHO WE SUPPORT**



Prime Minister,  
Premiers and  
Chief Ministers



Commonwealth,  
State and Territory  
Health Ministers



Commonwealth  
Treasurer



**Michael Lambert**  
Administrator

**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.



**Shannon White**  
Chief Executive Officer

**THE NATIONAL HEALTH FUNDING BODY**

Led by the CEO, the 30 staff in the NHFB support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the National Health Reform Agreement.

**WHO WE WORK WITH**



Commonwealth,  
State and Territory  
stakeholders



Portfolio agencies



Industry partners

# OUR PURPOSE

## The agency

The NHFB and the Administrator of the National Health Funding Pool were established through the *National Health Reform Agreement* (NHR Agreement) of August 2011 (see page 15).

The NHFB operates as a Commonwealth non-corporate 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 and Aged Care Portfolio.

The NHFB is an independent agency with 30 staff that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the NHR Agreement.

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



## What we do

Our primary functions are to assist the Administrator in:

- calculating and advising the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory
- reconciling estimated and actual public hospital services, and adjusting Commonwealth payments
- undertaking funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- monitoring payments of Commonwealth, State and Territory public hospital funding into the National Health Funding Pool (the Pool)
- making payments from the Pool to each Local Hospital Network (LHN)
- reporting publicly on funding, payments and services
- developing and providing three year data plans to the Commonwealth, States and Territories
- supporting additional funding streams to be transacted through the Pool.

To assist the Administrator and achieve our vision of improving the transparency of public hospital funding in Australia, we work collaboratively across four key functions outlined in Figure 1.

Figure 1: NHFB's four key functions

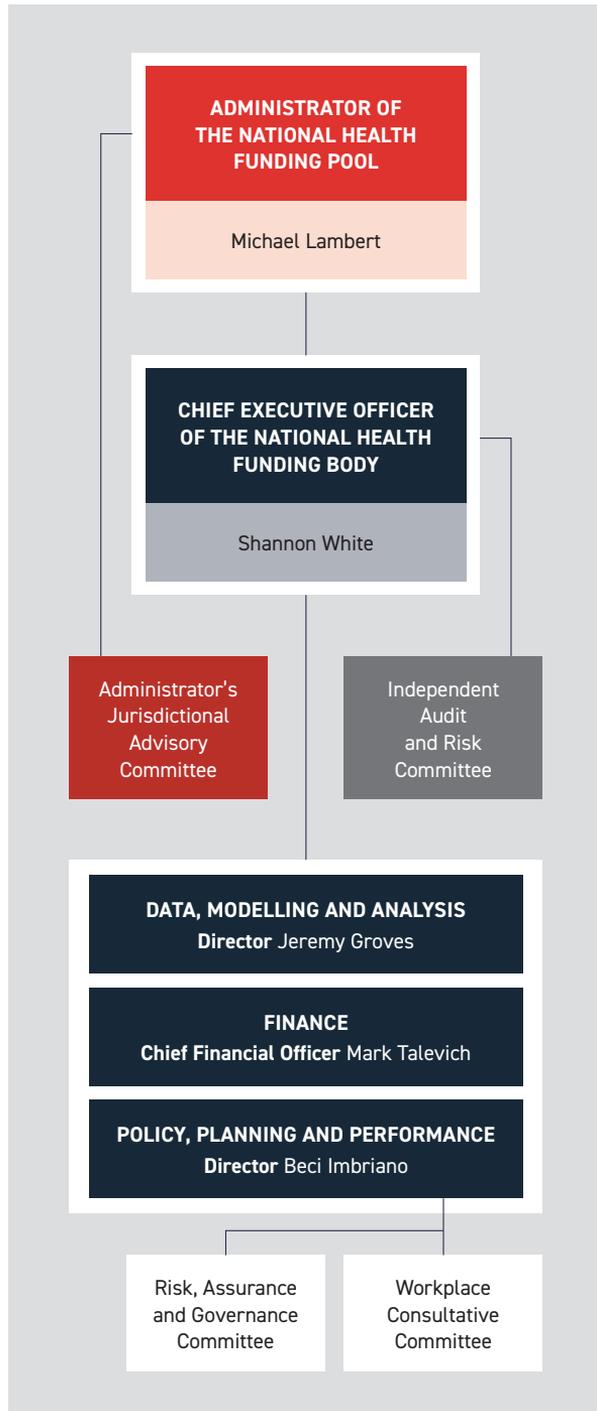


## Organisational structure

Our structure ensures resources are aligned to core functions, providing for clear lines of reporting.

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

Figure 2: Organisational structure as at 30 June 2023



## Leadership team



### **Michael Lambert**

Administrator  
National Health Funding Pool

Michael was appointed as the Administrator on 17 July 2018 for a five-year term. This was subsequently extended to include the period 11 September 2023 to 5 November 2023 pending the appointment of a new Administrator.

Michael's career has covered four broad areas: public sector policy and finance; investment banking; non-executive director roles; and working in areas related to the health sector. Michael spent 17 years in a range of senior state government positions culminating in the role of NSW Treasury Secretary. Michael has also held non-executive directorships within the health sector, including the NSW Northern Suburbs Area Health Board, the NSW Cancer Council and the Sax Institute, a not for profit organisation that seeks to align health research to health policy and programs in order to improve health outcomes.

He has also held non-executive directorships in the finance, energy and not for profit sectors.

Michael holds an Honours and Masters degree in Economics, a Masters in Philosophy and is a Graduate of the Australian Institute of Company Directors.



### **Shannon White**

Chief Executive Officer  
National Health Funding Body

Shannon was appointed CEO of the National Health Funding Body in April 2018.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has 30 years' experience in the APS across Health, Immigration and Border Protection, and Defence with his previous roles having a strong focus on financial management and strategic advice on budget related policy and operational matters.

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

## OUR PURPOSE



### **Jeremy Groves**

Director  
Data, Modelling and Analysis

Jeremy joined the NHFB in October 2022. The Data, Modelling and Analysis section develop and operate models that determine the Commonwealth funding contribution to LHNs for delivering public hospital services (over \$25 billion for 2022-23). The section also reconciles estimated and actual service volumes through a range of data submissions (over 38 million records each year) related to public hospital funding. The Data, Modelling and Analysis section is also responsible for linking hospital activity data with Medicare Benefits Schedule (MBS) claims data to identify if the Commonwealth has potentially paid for the same hospital service more than once (over 610 million MBS records per annum).

Jeremy has over 12 years experience in data modelling, analytics and data visualisation. He holds a PhD from the University of Canberra and a Bachelor of Science from Concordia University, Canada.



### **Mark Talevich**

Chief Financial Officer  
Finance

Mark joined the NHFB in September 2021 as Chief Financial Officer and is responsible for the Finance section. The Finance section provides financial support to the CEO and the Administrator, including managing the National Health Funding Pool Payments System, processing Commonwealth, State and Territory payments into and out of the Pool as well as facilitating authorisation by the Administrator for payments to LHNs and other providers.

The Finance Section is also responsible for the production of NHFB and individual Pool Financial Statements for auditing by the Australian National Audit Office and each State and Territory's Auditor-General respectively.

Prior to joining the NHFB, Mark worked at the Commonwealth Department of Health for more than 19 years, working predominately in corporate roles in financial management, external budget and grants management. Mark is a Certified Practising Accountant (CPA) and has a Graduate Diploma in Professional Accountancy from the University of Canberra.



**Beci Imbriano**

Director  
Policy, Planning and Performance

---

**“We are proud of our culture where ‘how’ we do things is just as important as ‘what’ we do.**

---

Beci joined the NHFB in November 2018 as Director, Policy, Planning and Performance. The Policy, Planning and Performance section is responsible for developing the NHFB's Strategic Direction, Corporate Plan, Portfolio Budget Statements and Annual Reports.

The section works with colleagues, jurisdictions and portfolio agencies to maintain the full suite of Administrator's policies, including:

- Administrator's Three Year Data Plan
- Data Compliance Policy
- Data Governance Policy
- Calculation and Reconciliation Framework
- Data Matching Business Rules.

The section also works with stakeholders to improve reporting through the development of a strategic outlook of public hospital funding, trend reporting and analysis, including the publication of monthly funding and activity data on [publichospitalfunding.gov.au](http://publichospitalfunding.gov.au).

The section also provides essential business support services to the NHFB, CEO and Administrator across risk management, assurance, governance, human resources, communications, security, management of Memorandums of Understanding (MoU) and Secretariat for the Administrator's Jurisdictional Advisory Committee and Independent Audit and Risk Committee.

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

# OPERATING ENVIRONMENT

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

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

On 29 May 2020, the Commonwealth, States and Territories entered into a new agreement through the *Addendum to the National Health Reform Agreement 2020-21 to 2024-25* (see page 15). The new Addendum maintains a commitment to ensuring equitable access to public hospitals for all Australians, and reaffirms the role of the Administrator and the NHFB.

As part of the Addendum, the signatories agreed that an external review of the NHR Agreement would be completed by December 2023. An independent review team was publicly announced on 24 February 2023 and has been tasked to examine whether:

- the stated objectives of the Addendum – improving health outcomes, access and innovation – are being met; and in particular,
- whether the Addendum's health funding, planning and governance architecture is fit-for-purpose, given emerging priorities for better integrated care and more seamless interfaces between health and primary care, mental health, aged care and disability systems.

The Review will also consider potential options for future reforms and agreements.

## 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.

Delivering on our commitments to strengthen the Commonwealth Contribution Model (CCM), enhance our funding integrity capabilities and improve access to information, builds stakeholder confidence in Australia's public hospital funding system.

## 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.



*Interior of the women's surgical ward, Sydney Hospital, 1890s. State Library of NSW 06472*

1945

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

1981

Funding for hospitals from the Commonwealth is based on per capita block grants.

1984

Introduction of Australia's universal health care scheme Medicare.

2008

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

2011

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

2017

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

2020

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

2021

Extension to the NPCR to include Aged Care and COVID-19 vaccinations.

2023

Mid-term Review of the Addendum to the National Health Reform Agreement.

## Overview of health care agreements

### National Healthcare Specific Purpose Payment Pre-2012

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

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

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

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

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

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

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

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

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

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

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

The NPCR was agreed to and signed by COAG on Friday, 13 March 2020. The NPCR was subsequently amended and agreed to in April 2020 to include a provision for Private Hospital Financial Viability Payment. A third update to the NPCR was made in February 2021 to support the COVID-19 vaccine rollout. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

The objective of the NPCR was to provide financial assistance to States and Territories for the additional costs incurred in responding to COVID-19. Under the NPCR, there were a range of responsibilities and functions to be performed by the Administrator supported by the NHFB and other portfolio agencies.

In March 2020, the NHFB established a new funding account in the Payments System to facilitate payments to all States and Territories.

Since then, more than \$14.7 billion (2019-20 to 2022-23) in Commonwealth COVID-19 funding has been paid to States and Territories:

- Hospital Service Payments for COVID-19 related hospital activities, with the Commonwealth funding 50%
- State Public Health Payments for public health activities associated with addressing the pandemic, with the Commonwealth funding 50%
- Private Hospital Financial Viability Payments to enable private hospitals to retain capacity, with the Commonwealth funding 100%
- Schedule C: COVID-19 vaccine payments including Vaccine Dose Delivery Payments and Vaccine Rollout Support Payments, with the Commonwealth funding 50%
- Schedule D: supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in residential aged care facilities, with the Commonwealth funding 100%
- Costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs), with the Commonwealth funding 50%.

The NPCR ceased on 31 December 2022. In December 2022 the Commonwealth announced the National COVID-19 Health Management Plan 2023 which focuses on testing and vaccination for priority population groups and will be in place for the 2023 calendar year.

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

## Public hospital funding and payments

Each funding type has a specific criteria set for what services are appropriate, with the preference to use Activity Based Funding (ABF) wherever possible.

### Activity Based Funding

ABF is a funding method for public hospital services based on the number of weighted services provided to patients, and the price to be paid 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 Independent Health and Aged Care Pricing Authority (IHACPA), and the level of activity as represented by the National Weighted Activity Unit (NWAU) (i.e. the NEP is the price per NWAU).

A 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 taken into account.

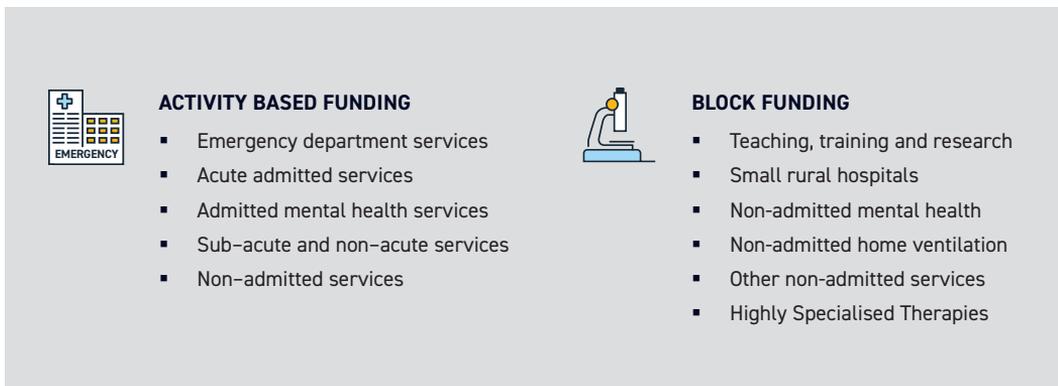
### Block funding

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.

### 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, other hospital services, home and community care, dental services, residential aged care and disability services).

**Figure 3:** Types of public hospital funding



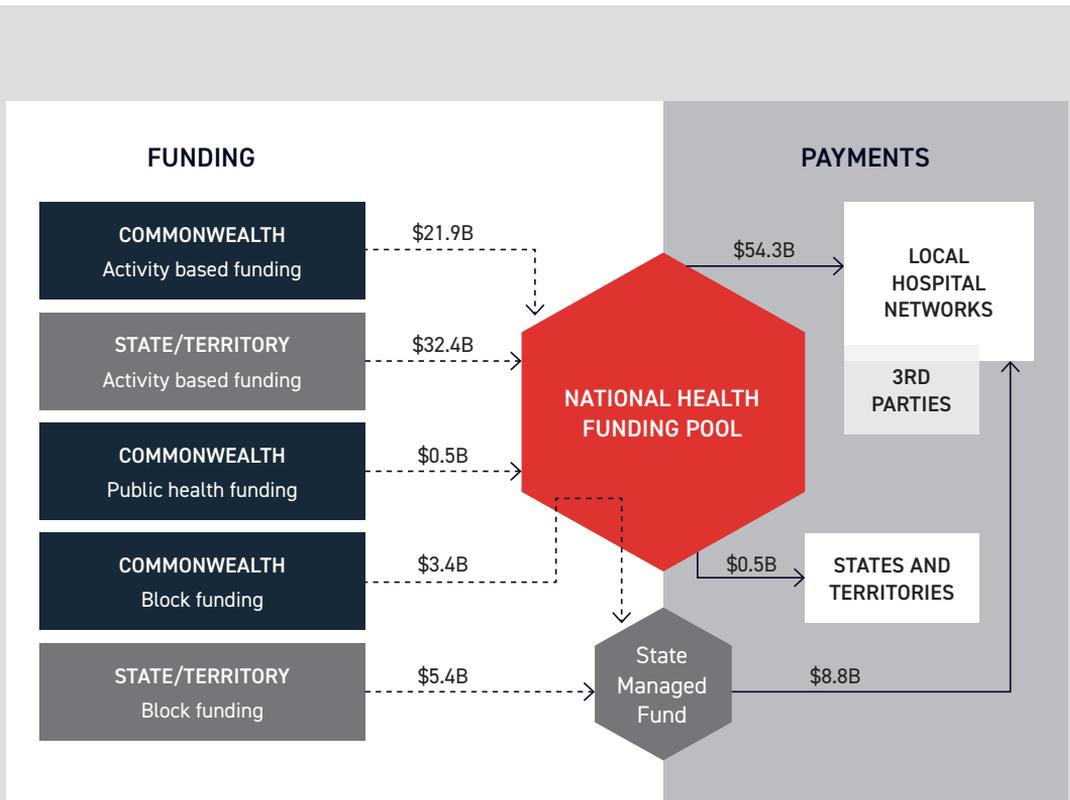
## Payments

The Pool was established to receive all Commonwealth (ABF and Block) and State and Territory (ABF only) public hospital funding. The Pool comprises of a 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. The Pool and SMF provide a line-of-sight mechanism to trace each jurisdiction's contribution to LHNs and third parties.

The balance is paid to States and Territories (including public health, cross-border, interest and over deposits).

Figure 4 highlights the source, types and amount of funding and payments that flowed through the Pool and SMFs in 2022-23. The NHR Agreement also allows for additional streams of funding to be paid through the Pool if agreed by Government, as was done in response to COVID-19.

**Figure 4:** 2022-23 Public hospital funding payment flows



*Excludes COVID-19 funding.*

## Stakeholders and partners

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

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

## States and Territories

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

The objectives of the Administrator's JAC are to:

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

Key discussion topics for the Administrator's JAC in 2023-24 will include:

- implementation of the Addendum
- Administrator's policy documents
- 2022-23 Annual Reconciliation of public hospital funding and services
- 2022-23 NPCR reconciliation
- funding integrity, including data matching
- Payments System administration
- consistency and transparency of public hospital funding.

## Commonwealth

We will continue 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 and Aged Care
- Enterprise Data Warehouse (EDW) technical support from the Department of Health and Aged Care
- the provision of public hospital activity data from Services Australia
- website hosting with GovCMS from the Department of Finance
- monthly roundtable discussions with the Department of the Prime Minister and Cabinet, The Treasury, the Department of Finance and the Department of Health and Aged Care on NHR Agreement funding and activities.

Figure 5: NHFB stakeholders and partners



## 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 Independent Health and Aged Care Pricing Authority (IHACPA), the Australian Commission on Safety and Quality in Health Care (ACSQHC) and the Australian Institute of Health and Welfare (AIHW).

### **Independent Health and Aged Care Pricing Authority**

The main functions of the IHACPA are to determine each year the NEP for ABF and National Efficient Cost (NEC) for Block funding for health care services provided by public hospitals. The NEP is a major determinant of the level of Commonwealth funding for public hospital services and provides a benchmark for the efficient cost of providing public hospital services. As such, we routinely engage with the IHACPA, including as a member of IHACPA's Jurisdictional Advisory Committee and Technical Advisory Committee.

### **Australian Commission on Safety and Quality in Health Care**

The ACSQHC leads and coordinates key improvements in safety and quality in health care. The Commission works in four key priority areas:

- patient safety
- partnering with patients, consumers and communities
- quality, cost and value
- supporting health professionals to provide care that is informed, supported and organised to deliver safe and high-quality care.

### **Australian Institute of Health and Welfare**

The AIHW develops, collects, compiles, analyses, manages and disseminates Australian health and welfare data information. We collaborate with the AIHW on public hospital funding related matters via a number of committees including the Strategic Committee for National Health Information; the National Hospitals Information Advisory Committee; and the Health Expenditure Advisory Committee.

### **Industry partners**

In 2023-24, we will work with a number of industry partners to support our small agency deliver on our objectives. We will leverage their expertise, be supported by their advice and rely on their independence and in the process, ensure we promote knowledge sharing to continue to build our internal capability.

## Overview of the relationship between the IHACPA and 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 funding for public hospital services and provide a price signal or benchmark for the efficient cost of providing public hospital services.

---

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

---



**Data collection**

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

**Classification**

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

**Costing**

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

**Pricing**

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

---

**NATIONAL HEALTH FUNDING BODY (NHFB)**


---

**Calculate**

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

**Pay**

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

**Report**

Reports on funding, payments and services are published to [publichospitalfunding.gov.au](http://publichospitalfunding.gov.au) on a monthly basis to provide transparency of public hospital funding.

---

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

---

# FINANCE

We are funded by an annual appropriation from the Commonwealth, as represented in the Portfolio Budget Statements (PBS) 2023-24.

In May 2023, the Commonwealth released the 2023-24 Budget. Table 1 includes a summary of the 2023-24 Budget and forward estimates.

The majority of our expenditure relates to employee expenses which demonstrates our commitment to investing in our people.

## Outlook

The *Addendum to the National Health Reform Agreement 2020-21 to 2024-25* was signed in May 2020 and provided funding certainty for our agency.

In February 2023, the Commonwealth announced an independent Mid-term Review of the National Health Reform Agreement. This Review will focus on what's working well and what can be improved. The independent reviewers will report back in December 2023.

In accordance with existing legislation and national agreements, we have core responsibilities for the calculation, payment and reporting of public hospital funding. On this basis, the Administrator and the NHFB were well placed to administer the funding arrangements for the National Partnership on COVID-19 Response.

In 2023-24 we will work with States and Territories to finalise the reconciliation of funding under these arrangements.

We have implemented financial management practices to support effective allocation of resources and ensure the organisation can respond to competing priorities.

In 2023-24, we will continue to manage our finances in line with three key principles:

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

In order to live within our means we will ensure that we are operating as efficiently and effectively as possible. We will explore opportunities to improve collaboration with our public and private sector partners, through the successful completion of short-term initiatives (see "Performance Section" starting page 27).

**Table 1: 2023-24 Budget and Forward Estimates**

	2023-24 BUDGET \$'000	2024-25 ESTIMATE \$'000	2025-26 ESTIMATE \$'000	2026-27 ESTIMATE \$'000
<b>REVENUE</b>				
Appropriation	7,456	6,894	6,986	7,087
Other <sup>1</sup>	92	92	92	92
<b>TOTAL REVENUE</b>	<b>7,548</b>	<b>6,986</b>	<b>7,078</b>	<b>7,179</b>
<b>EXPENSES</b>				
Employees	4,540	4,131	4,231	4,331
Suppliers	2,618	2,465	2,457	2,458
Depreciation and amortisation	526	526	526	526
Interest on RoU <sup>2</sup>	7	7	7	7
<b>TOTAL EXPENSES</b>	<b>7,691</b>	<b>7,129</b>	<b>7,221</b>	<b>7,321</b>

1 Other revenue covers audit fee expenses not requiring appropriation (resources received free of charge).

2 Interest on lease liability relates to Right of Use (RoU) asset (AASB 16: Leases).

# PERFORMANCE

This section outlines our objectives that must be met to fulfil our purpose and describes how our performance will be measured.

Our five objectives are:

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

We will enhance our organisational capabilities through key initiatives that will further empower our people, processes and technology to best support the obligations and responsibilities of the Administrator.

The following tables outline the performance criteria that will be used for the 2023-24 reporting period to determine whether we have achieved our purpose. We recognise the importance of measuring and reporting on our performance, and will continue to improve the way we gather quantitative and qualitative evidence to measure how well we deliver against our objectives.

## Monitoring our performance

We monitor our performance monthly through a combined organisational performance, finance and risk discussion. The results are incorporated into our annual summary of performance and included in our annual report.

Figure 6 outlines how the performance of each objective is measured.

**Figure 6:** Key to the tables

OBJECTIVE TITLE				
ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
Outcome	Activity to produce outcome	Source of evidence	Target	Target

**OBJECTIVE ONE**

Accurate and timely calculation of Commonwealth funding contributions



ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
<b>1.1 The Treasurer of the Commonwealth is advised by the Administrator in a timely manner</b>	The advice regarding the amounts required to be paid into each State and Territory Pool Account is provided to the Treasurer in a timely manner	Administrator sign-off of payment advice including any adjustments	100% signed-off	100% signed-off
<b>1.2 Commonwealth funding calculations are accurate</b>	Current and future year CCMs are accepted by the Administrator	CCM sign-off by the Administrator	100% signed-off	100% signed-off
<b>1.3 Funding entitlements reconcile to actual services delivered</b>	Adjustments made to Commonwealth payments to LHNs due to reconciliation are accepted by the Administrator	Administrator sign-off of payment advice including any adjustments	Half-yearly and annual	Half-yearly and annual
<b>1.4 Public hospital services are funded through the appropriate Commonwealth program</b>	Integrity analysis of hospital activity and other Commonwealth program activity identifies instances where the same hospital service has been funded more than once	Integrity measures in place	Notify stakeholders of potential duplicate payments by 30 November 2023	Notify stakeholders of potential duplicate payments by 30 November

**KEY INITIATIVES****Short term 2023-24**

- Initial 2023-24 funding calculation
- 2022-23 Annual Reconciliation (including National Partnership on COVID-19 Response)
- Undertake funding integrity data matching activities as part of the 2022-23 Annual Reconciliation
- 2023-24 Six-month Reconciliation
- Work with our stakeholders to further improve reconciliation processes and funding integrity measures
- Work with the Administrator, ACSQHC and IHACPA on incorporating additional safety and quality measures into public hospital funding

**Medium term 2024-27**

- Identify ways in which our valuable data resources can be leveraged to improve transparency of funding, payments and activities

**OBJECTIVE TWO**

Best practice financial administration of the National Health Funding Pool



ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
<b>2.1 Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and Service Agreements</b>	All payments from the Pool are made in accordance with directions	Advice from relevant ministers	100% in accordance with advice	100% in accordance with advice
<b>2.2 Maintain the integrity of the Payments System in accordance with policies, plans and manuals</b>	Payments System policies, plans and manuals are maintained	Policies, plans and manuals are complete, available and approved annually	100% approved	100% approved

**KEY INITIATIVES**

**Short term 2023-24**

- Review Payments System governance arrangements to ensure they are fit for purpose and best practice
- Work with States and Territories through the Payments System Community of Practice on improving user experience, including training and support
- Work with our stakeholders on further enhancements to the Payments System
- Provide greater transparency of payments through the Pool (including out-of-scope funding)

**Medium term 2024-27**

- Explore opportunities to provide greater transparency of Commonwealth, State and Territory public hospital funding contributions

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

ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
<b>3.1 Ministers receive required information in a timely manner</b>	The Annual Report on the operations of the National Health Funding Pool is submitted to each Health Minister for tabling as per the NHR Act	Administrator's Annual Report	Tabled in all jurisdictions within timeframe	Tabled in all jurisdictions within timeframe
<b>3.2 Monthly and annual reporting of funding, payments and services</b>	Monthly and annual reporting is uploaded to the website	Website update	All LHN, State and National reports updated within three weeks of period close	All LHN, State and National reports updated within three weeks of period close
<b>3.3 Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Administrator's Data Plan</b>	Increase public access to information on Commonwealth, State and Territory compliance with the Administrator's Data Plan	Administrator's Quarterly Compliance Report	Publish Quarterly Compliance reports within six weeks of period close	Publish Quarterly Compliance reports within six weeks of period close

**KEY INITIATIVES****Short term 2023-24**

- Publish the Administrator's 2022-23 Annual Report
- Publish the Administrator's 2022-23 Annual Report on Maintenance of Effort
- Review the Administrator's Three Year Data Plan 2024-25 to 2026-27 in consultation with portfolio agency partners and stakeholders
- Review the Administrator's 2024-25 Data Compliance Policy in consultation with portfolio agency partners and stakeholders
- Provide greater transparency and enhance public reporting

**Medium term 2024-27**

- Improve public reporting of funding, payments and services in consultation with portfolio agency partners and stakeholders

**OBJECTIVE FOUR**

**Productive relationships with stakeholders and partners**



ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
<b>4.1 Provide trusted and impartial advice</b>	Strategic communication and stakeholder engagement is fit for purpose and caters to stakeholder needs	Strategic Communication and Stakeholder Engagement Framework is reviewed, updated and approved by the CEO	100% complete	100% complete
		Annual stakeholder benchmarking survey results	Positive trend on prior-year	Positive trend on prior-year
	Provide advice on the implementation of funding arrangements	Active participation in bilateral and multilateral forums with all jurisdictions	100% complete	100% complete
<b>4.2 Work plans and information requirements are developed in collaboration and consultation with stakeholders</b>	The Administrator’s rolling Three Year Data Plan is updated, agreed with stakeholders and published on the website	Three Year Data Plans endorsed by the Administrator in a timely manner	30 June 2023	30 June 2024

**KEY INITIATIVES**

**Short term 2023-24**

- Implement improvements to our communication and engagement following stakeholder survey feedback
- Increase the awareness and profile of the role of the Administrator and the NHFB
- Actively engage and collaborate with other national bodies (IHACPA, ACSQHC, AIHW)

**Medium term 2024-27**

- Identify ways in which we can engage, collaborate and provide trusted advice to improve health sector outcomes

**OBJECTIVE FIVE**

Operate as a high performing organisation



ACTIVITY	PERFORMANCE CRITERIA	EVIDENCE	2023-24 TARGET	2024-27 TARGET
<b>5.1 A positive workplace culture where the 'how' is valued as much as the 'what'</b>	Our behaviours are embedded in an inclusive culture	APS Census 2024	Positive trend on prior-year	Positive trend on prior-year
	Our forward work plans are developed in consultation with staff	<ul style="list-style-type: none"> <li>▪ Strategic Direction</li> <li>▪ Risk Tolerance</li> <li>▪ Corporate Plan</li> <li>▪ Section Plans and Performance Agreements</li> </ul>	100% complete	100% complete
	All compliance reporting requirements for the NHFB as a non-corporate entity are met	Approval by the CEO	100% complete within timelines	100% complete within timelines
<b>5.2 An innovative team willing to explore best practice approaches to improve results</b>	Innovation is promoted and change is well managed	APS Census 2024	Positive trend on prior-year	Positive trend on prior-year
	Corporate policies are best practice and fit for purpose for a small agency	Policies are approved by the CEO	100% complete	100% complete

**KEY INITIATIVES****Short term 2023-24**

- Monitor our performance against our Corporate Plan 2023-24
- Apply enhancements to our risk management practices
- Apply enhancements to our audit and assurance approach and business continuity planning
- Implement our Workforce Capability Plan and Learning and Development Strategy
- Publish the NHFB's 2022-23 Annual Report

**Medium term 2024-27**

- Be a leader in best-practice for small agencies; a strong and independent agency that provides advice and expertise to government
- Plan for a sustainable future by operating as productively and cost effectively as we can
- Explore new initiatives to support an agile and responsive workforce

## Key initiatives



### Calculate

#### Commonwealth Contribution Model (CCM)

- We will monitor the implementation of enhancements made to the CCM as a result of the Addendum, including private patient neutrality.
- We will continue to invest and support staff in their training and development to further enhance their modelling skills.

#### Funding integrity and Data matching

We will continue to invest in our data capabilities to provide greater transparency, integrity and assurance of payments for public hospital services. Our work on funding integrity and data matching provides greater confidence to the Commonwealth, States and Territories of the financial administration of public hospital funding.

#### Data Community of Practice

We will host a quarterly Community of Practice with States and Territories and Portfolio Agencies to improve the quality and timeliness of data submissions.



### Pay

#### Enhancements to the Payments System

- We will review our Payments System policies, plans and manuals to ensure they are best practice and fit-for-purpose.
- We will improve the efficiency and effectiveness of processes between our systems, and those of our partners.
- We will host a quarterly Community of Practice with State and Territory Payments System users to share information and refine our dedicated learning and development activities.
- We will consult with jurisdictions and other stakeholders to identify future Payments System enhancements.



## Report

### Website

We will continue to improve the transparency of hospital funding and activity by enhancing our reporting capabilities and simplifying public access.

### Trend reporting

We will continue to work with portfolio agency partners, and the Commonwealth, States and Territories to improve public reporting of funding, payments and services. This includes identifying broader health and hospital funding, as well as payments for public hospital services transacted through the Pool. This work will contribute to the Administrator's public reporting.



## Organisation

### Cultivating productive working relationships

We will continue to explore ways in which we can engage and collaborate with our stakeholders and partners, as well as increase the awareness and profile of the NHFB.

### People

We will continue to focus on positive workplace culture through our United Leadership behaviours and developing our people. We will ensure our policies and approach focus on 'how we do things' just as much as 'what we deliver'. This will help strengthen our high performing environment, where everyone is valued and performs their role to the best of their ability.

# MANAGING RISKS

Risk management is an essential component of sound business management and good corporate governance. Understanding risks and managing them appropriately enhances our ability to make better decisions, deliver on objectives and improve our performance.

As a PGPA Act agency our Risk Management Policy and Framework aligns with the Commonwealth Risk Management Policy and is based on the International Standard on Risk Management (ISO 31000:2018 - Risk Management Guidelines)

Our Risk Tolerance Statement and Risk Management Instructions support our risk policy and framework. These fundamental documents are reviewed annually to ensure we maintain an appropriate system for risk oversight and the management of internal controls.

## **Culture and risk tolerance**

We have embedded a robust organisational culture that supports risk-aware decision-making and encourages innovation.

As a united team, we collaborate when defining our risk tolerance in order to set objectives, comply with legal obligations, allocate resources and improve transparent decision making.

We manage risk across our five strategic objectives and work with the Administrator to assess and monitor risks in relation to the successful operation of the Pool.

Our Risk Tolerance Statement articulates the amount of risk that we are willing to accept to successfully achieve our objectives.

Figure 7: National Health Funding Body Risk Tolerance Statement



## Managing risk and identifying opportunities

Being a small agency, managing risk is everyone's responsibility. We encourage early engagement and open conversations about risk, we see this as an essential factor in identifying and assessing emerging or new risks impacting on business activities that could hinder us from achieving our objectives.

By using consistent language, methodologies and documentation across the organisation, managing risk has become a natural part of core business activities. Having regular risk discussions at all levels ensures every member of our organisation raises potential risks in their business area, as well as identifying any potential opportunities, as part of their day-to-day activities.

**Figure 8:** Risk management approach



## Oversight and assurance

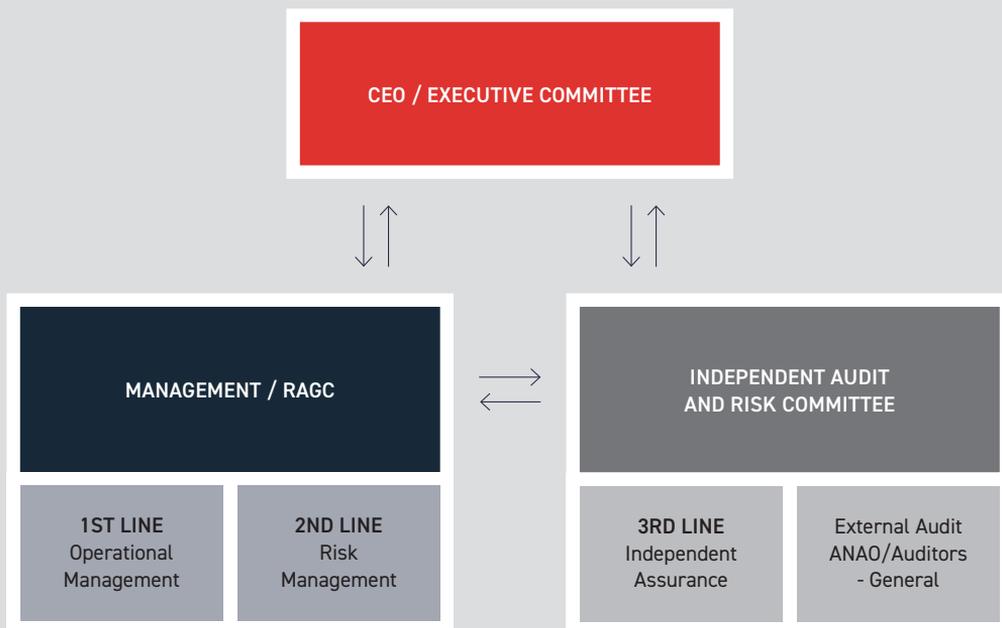
Our strong corporate governance framework (see page 39) is critical to managing our strategic and operational activities to ensure we achieve our purpose and deliver on our objectives.

Our formal governance arrangements provide a clear structure and process for reporting to the CEO and independent Audit and Risk Committee on the effectiveness of current risk controls and the implementation of new treatments.

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

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

**Figure 9:** NHFB three lines model



# GOVERNANCE

Our governance and management practices play an integral role in ensuring the Administrator and NHFB deliver on our NHR Agreement responsibilities, strategic objectives and statutory obligations.

## Executive Committee

The Executive Committee (see "Leadership team" on pages 10-12, for profiles) is our internal forum for engagement and discussion, including providing advice and recommendations to the CEO on strategic direction, key initiatives, agency policies, as well as immediate and emerging issues.

## Risk, Assurance and Governance Committee

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

- risk management (including fraud control)
- compliance and control
- audit and assurance
- information governance
- security
- business continuity.

The RAGC is comprised of the following members:

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

## Workplace Consultative Committee

The Workplace Consultative Committee (WCC) is our consultative body for communication, consultation and employee participation in the management of NHFB's Work Health and Safety matters including all HR policies and procedures.

The WCC is comprised of the following members:

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

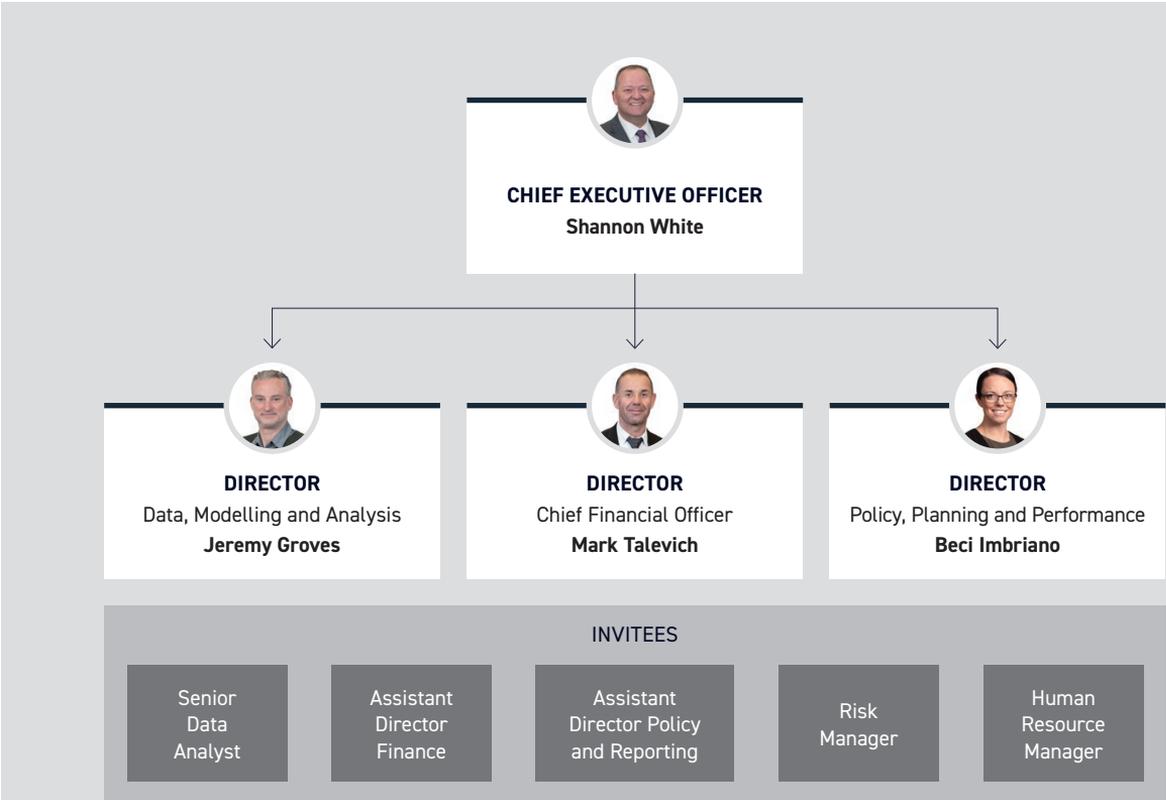
## Independent Audit and Risk Committee

The independent Audit and Risk Committee (ARC) is an integral component of our corporate governance and a valuable source of independent advice for the CEO. In providing advice, the ARC reviews and comments on the appropriateness of our:

- performance reporting
- financial reporting
- system of risk oversight and management
- system of internal control.

The ARC also provides advice to the CEO and Administrator on the operation, management and financial reporting of the Pool. Full details of the ARC's Charter is available at [publichospitalfunding.gov.au](http://publichospitalfunding.gov.au).

Figure 10: NHFB Executive Committee



# CAPABILITY

In 2023-24 we continue to strengthen our leadership and culture to remain an employer of choice.

## Our people

We are agile, innovative, responsive and unique. We have a small and specialised workforce that is capable, diverse and balanced.

Our workforce is supported by a flexible legislative framework under the *Public Service Act 1999* with terms and conditions governed by the *National Health Funding Body Enterprise Agreement 2016–2019*. Our (non-SES) staff salaries are detailed in our 2022 Determination (link to: [Public Service \(Section 24\(1\)–National Health Funding Body Non--SES Employees\) Determination 2022](#)).

We recognise that engaged, skilled and versatile people are critical to the achievement of our objectives. We aim to support our workforce by:

- attracting and retaining skilled, adaptable and responsive people
- promoting a culture where people work within and across teams to maximise expertise and produce results that benefit the agency as a whole
- supporting and developing the capabilities of our people to meet our objectives and their career aspirations
- refining our organisational approaches to reflect that we are a dynamic, small-sized agency capable of responding quickly and flexibly to meet emerging requirements.

Our positive workplace culture is underpinned by our United Leadership behaviours and working together as a united team to achieve our objectives.

### 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.

We are committed to demonstrating the Australian Public Service Values and Code of Conduct, both of which represent our approach to interacting and collaborating with colleagues, stakeholders, and the community:

- impartial
- committed
- accountable
- respectful
- ethical.

## Our diversity

We are committed to reflecting the diversity of the Australian community in our workforce. Our *Workforce Diversity Plan 2023-27* recognises and appreciates the differences in our people and encourages diversity in our backgrounds, skills, talents and views to enrich our working environment and the quality of our work.

Diversity within an organisation has many benefits including increased innovation, improved understanding of - and service to - stakeholders. Diversity refers to the characteristics (both seen and unseen) that make everyone different. A diverse workforce is one that reflects the depth and breadth of differences between people.

We attract and retain the right people for the right jobs, no matter what their background, race, age, religious beliefs or personal commitments. This will be achieved by embedding diversity and inclusion in all aspects including workplace culture, recruitment, career development, policies and procedures, and stakeholder engagement.

In 2023-24 we will continue to look for opportunities to expand and diversify our workforce through activities such as:

- 2023 Australian Public Service Graduate Development Program (through the Australian Public Service Commission)
- 2023 Career Starter Program (through the Department of Finance)
- 2023-24 Australian Government Apprenticeship Program (through the Department of Employment and Workplace Relations).

## Our workforce

Our *Workforce Capability Plan 2023-2027* aligns with the organisation's Strategic Direction, Corporate and Section Plans, Learning and Development Strategy and individual Performance Agreements. Our Workforce Capability sets out the strategies to build and strengthen our people capability based on:

- understanding our staffing profile
- identifying our strengths, weaknesses, areas of risk and opportunities for development
- understanding and planning for future workforce requirements
- aligning our people strategies to reflect whole of APS themes and maximise productivity.

The Plan takes into account internal and external factors, and identifies workforce gaps, priorities and strategies for delivering the best outcomes now and into the future. The following objectives are highlighted over the term of the Workforce Capability Plan:

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

The progress of the Workforce Capability Plan will be actively monitored by and reported to the Executive Committee, through the WCC. Governance at this level will ensure collaboration and consultation across the agency.

## Learning and development

We are committed to investing in our people through learning and development that is tailored to individual, team and agency needs. Our Learning and Development Strategy aligns with our Strategic Direction, Corporate Plan, Section Plans and individual Performance Agreements. Through the implementation of our Learning and Development Strategy, we remain focused on developing people's capabilities and careers by identifying a broad range of learning methods to best support our workforce.

## Processes

We will continue to review and improve our business processes, ensuring they are best-practice and fit for purpose for our small agency. We will also leverage the expertise of others where possible, for example through our Shared Services Agreement with the Department of Health and Aged Care (IT, payroll, travel etc).

We are committed to implementing any recommendations for improvement stemming from our program of audit and assurance.

In 2023-24 we will review our business operations for productivity improvements, cost efficiencies, value for money and responsiveness.

---

### IN 2023-24 WE REMAIN FOCUSED ON:

- Strengthening our leadership and culture to remain an employer of choice
  - Investing in our people through learning and development to strengthen our capability
  - Reviewing our business operations for productivity improvements, cost efficiencies, value for money and responsiveness
  - Leveraging our digital investment and embracing data to improve services and advice
  - Building on our strong stakeholder engagement for greater impact.
-

## Technology

The functions of the Administrator and NHFB involve the use of data and information from multiple sources. As some of the data may be sensitive in nature, specific treatments and/or security arrangements are required. The large and complex datasets require our systems to be capable of managing significant records, calculations and analysis in a safe and secure environment.

The most significant technological resources we use include:

- our Commonwealth Contribution Model (CCM)
- Department of Health and Aged Care's Enterprise Data Warehouse (EDW)
- our National Health Funding Pool Payments System
- data.gov.au.
- our (GovCMS hosted) website.

Each of these systems is governed by robust and transparent business processes, with arrangements relating to the privacy and protection of data clearly outlined in our overarching Data Governance Policy.

In 2023-24 we will continue to leverage our digital investment and embrace data to improve our services and advice to stakeholders.

## Calculate

### Commonwealth Contribution Model

The CCM enables us to accurately calculate the Commonwealth's NHR Agreement contribution at a State and Territory, LHN and hospital service category level. The CCM incorporates inputs from multiple sources, including State and Territory activity estimates and IHAPCA's price determinations, and is independently reviewed and assured annually.

### Health and Aged Care Enterprise Data Warehouse

In 2010, the EDW was established to enable us (together with other key agencies) to perform our role under the NHR Agreement. The EDW is a high-quality, secure, reliable, easy-to-use, shared data storage, analysis and reporting system that supports some of our key information management requirements.

## Pay

### National Health Funding Pool Payments System

The Payments System utilises the TechnologyOne Cloud based Software as a Service and is hosted on the Amazon Web Services secure Australian Government Cloud. The Payments System is protected using domain whitelisting, two-factor authentication, and a comprehensive range of data security and backup infrastructure including data encryption in transit.

## Report

### Website

The Administrator and the NHFB have a combined online presence ([publichospitalfunding.gov.au](http://publichospitalfunding.gov.au)) which is hosted on the whole-of-government GovCMS platform. Our innovative reporting tool draws data from data.gov.au to populate streamlined reports with a purpose built comparison tool that supports users to undertake additional analysis.

# REFERENCE INFORMATION

## Appendix A - Abbreviations and acronyms

<b>ABF</b>	Activity Based Funding
<b>ACSQHC</b>	Australian Commission on Safety and Quality in Health Care
<b>AIHW</b>	Australian Institute of Health and Welfare
<b>CCM</b>	Commonwealth Contribution Model
<b>CEO</b>	Chief Executive Officer
<b>COAG</b>	Council of Australian Governments
<b>EA</b>	<i>NHFB Enterprise Agreement 2016–2019</i>
<b>EDW</b>	Enterprise Data Warehouse
<b>IHACPA</b>	Independent Health and Aged Care Pricing Authority
<b>JAC</b>	Jurisdictional Advisory Committee
<b>LHN</b>	Local Hospital Network
<b>NEC</b>	National Efficient Cost
<b>NEP</b>	National Efficient Price
<b>NHFB</b>	National Health Funding Body
<b>NHR Act</b>	<i>National Health Reform Act 2011</i>
<b>NHR Agreement</b>	<i>National Health Reform Agreement 2011</i>
<b>NPCR</b>	National Partnership on COVID-19 Response
<b>NWAU</b>	National Weighted Activity Unit
<b>PGPA Act</b>	<i>Public Governance, Performance and Accountability Act 2013</i>
<b>RBA</b>	Reserve Bank of Australia
<b>The Administrator</b>	Administrator of the National Health Funding Pool
<b>The Pool</b>	National Health Funding Pool

# Appendix B - Strategic direction 2023-2027

## STRATEGIC DIRECTION 2023-2027



### 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.

### ABOUT US

The National Health Funding Body (NHFB) and the Administrator of the National Health Funding Pool 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* and common provisions in relevant State and Territory legislation.

The NHFB operates as a Commonwealth non-corporate entity under the *Public Governance, Performance and Accountability Act 2013* and is funded as a micro agency under the Commonwealth Department of Health Portfolio.

### OUR KEY OBJECTIVES



#### Accurate and timely calculation of Commonwealth funding contributions

- The Treasurer of the Commonwealth is advised by the Administrator in a timely manner.
- Commonwealth funding calculations are accurate.
- Funding entitlements reconcile to actual services delivered.
- Public hospital services are funded through the appropriate Commonwealth program.



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

- Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and Service Agreements.
- Maintain the integrity of the Payments System in accordance with policies, plans and manuals.



#### Effective reporting of public hospital funding

- Ministers receive required information in a timely manner.
- Monthly and annual reporting of funding, payments and services.
- Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Addendum and Administrator's Data Plan.



#### Productive relationships with stakeholders and partners

- Provide trusted and impartial advice.
- Work plans and information requirements are developed in collaboration and consultation with stakeholders.



#### Operate as a high performing organisation

- A positive workplace culture where the 'how' is valued as much as the 'what'.
- An innovative team willing to explore best practice approaches to achieve results.

### 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.

### APS VALUES

- Impartial
- Committed
- Accountable
- Respectful
- Ethical

## Appendix C - Our behaviours

### OUR BEHAVIOURS IT STARTS WITH ME



#### 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.

