

**Health (Commonwealth State Funding  
Arrangements) Act 2012**  
**No. 40 of 2012**

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Victoria

# **Health (Commonwealth State Funding Arrangements) Act 2012<sup>†</sup>**

**No. 40 of 2012**

[Assented to 27 June 2012]

**The Parliament of Victoria enacts:**

## **PART 1—PRELIMINARY**

### **1 Purpose**

The main purpose of this Act is to provide for the implementation of the National Health Reform Agreement between the Commonwealth and the States and Territories that was agreed to by COAG on 2 August 2011.

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## 2 Commencement

- (1) Subject to subsection (2), this Act comes into operation on a day or days to be proclaimed.
- (2) If a provision of this Act does not come into operation before 22 May 2013, it comes into operation on that day.

## 3 Interpretation

- (1) In this Act—

*Administrator* means the Administrator of the National Health Funding Pool appointed under section 5 and under the corresponding provisions of the laws of the Commonwealth and the other States;

*COAG* means the Council of Australian Governments;

*function* includes a power, authority or duty;

*local hospital network* means an organisation that is a local hospital network (however described) for the purposes of the National Health Reform Agreement;

*National Health Funding Pool* means the combined State Pool Accounts for each State;

*National Health Reform Agreement* means the National Health Reform Agreement between the Commonwealth and the States that was agreed to by COAG on 2 August 2011, as amended from time to time;

*responsible Minister* for a jurisdiction means the relevant Minister with portfolio responsibility for the administration of the provision of this Act in which the expression occurs (or of the corresponding provision of

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the laws of the Commonwealth and the other States);

***Standing Council on Health*** means (subject to subsection (2)) the Ministerial Council by that name or, if there is no such Ministerial Council, the standing Ministerial Council established or recognised by COAG whose members include all Ministers in Australia having portfolio responsibility for health;

***State*** includes the Australian Capital Territory and the Northern Territory;

***State Managed Fund*** of a State means a bank account or fund established or designated by the State for the purposes of health funding under the National Health Reform Agreement that is required to be undertaken in the State through a State Managed Fund;

***State Pool Account*** of a State means the bank account established by the State under Part 3 or under the corresponding provisions of the law of another State.

- (2) The Standing Council on Health, when acting under this Act, is to be constituted only by a single Minister for the Commonwealth and a single Minister for each of the States, and any reference in this Act to a member of that Council is to be construed as a reference to those Ministerial members only.
- (3) If there are 2 or more Ministers for the Commonwealth or for a State who are members of the Standing Council on Health, the relevant Minister for the purposes of this Act is the Minister having primary portfolio responsibility for health in his or her jurisdiction.

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- (4) A reference in this Act to the agreement of, or a request by, a member of the Standing Council on Health is a reference to an agreement or request in writing.
- (5) This Act is to be interpreted in accordance with Schedule 7 to the Health Practitioner Regulation National Law set out in the Schedule to the Health Practitioner Regulation National Law Act 2009 of Queensland and, for that purpose, Schedule 7 applies as if references to this Law or a Queensland Act were references to this Act or an Act of this jurisdiction, and with all other necessary modifications.
- (6) The **Interpretation of Legislation Act 1984** does not apply to or in respect of this Act.
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**PART 2—ADMINISTRATOR OF THE NATIONAL HEALTH  
FUNDING POOL**

**4 The office of Administrator**

- (1) The office of Administrator of the National Health Funding Pool is established by this Act.
- (2) It is the intention of Parliament that the same individual holds the office established under subsection (1) and under the corresponding provisions of the law of the Commonwealth and the other States.
- (3) The Administrator appointed under this Act may exercise and perform the functions of the Administrator in relation to—
  - (a) one jurisdiction; or
  - (b) 2 or more or all jurisdictions collectively.
- (4) A reference in a provision of this Act (other than in section 10(1) or Part 3) to a function of the Administrator under this Act includes a reference to a function of the Administrator under the corresponding provisions of the law of the Commonwealth and the other States.

**5 Appointment of Administrator**

- (1) The Minister for this jurisdiction who is a member of the Standing Council on Health is to appoint an individual to the office of the Administrator of the National Health Funding Pool under this Act.
- (2) Before the appointment is made, the Chair of the Standing Council on Health is to give each member of the Council an opportunity to nominate an individual for appointment.
- (3) An appointment is not to be made unless all the members of the Standing Council on Health have

agreed on the individual who will be appointed as Administrator, the date that the appointment will take effect, the period of appointment and the conditions of appointment.

- (4) The appointment is to be made by instrument in writing.
- (5) The Administrator is to be appointed (subject to subsection (3)) for the period, not exceeding 5 years, and on the conditions specified in his or her instrument of appointment, but is eligible for re-appointment.
- (6) The Administrator is entitled to the remuneration determined in accordance with the law of the Commonwealth.

## **6 Suspension of Administrator**

- (1) The Chair of the Standing Council on Health is required to suspend the Administrator from office if requested to do so by—
    - (a) at least 3 members of the Council who are Ministers of a State; or
    - (b) the member of the Council who is a Minister of the Commonwealth.
  - (2) A member of the Standing Council on Health is not to request the suspension of the Administrator unless the member is satisfied that the Administrator—
    - (a) is, because of any physical or mental incapacity or otherwise, unable to perform his or her functions satisfactorily; or
    - (b) has failed to comply with his or her obligations or duties as Administrator; or
    - (c) has been accused or convicted of an offence that carries a penalty of imprisonment; or
    - (d) has or may become bankrupt.
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- (3) A suspension is to be effected by an instrument in writing and is to be notified by the Chair of the Standing Council on Health to all members of the Council.
  - (4) A suspension is terminated after a period of suspension of 60 days unless before the end of that period the Administrator is removed or resigns from office or a majority of the members of the Standing Council on Health—
    - (a) terminate the suspension; or
    - (b) extend the suspension for a specified further period.
  - (5) Despite subsection (1), the Chair of the Standing Council on Health is not to suspend the Administrator from office within the period of 90 days after an earlier period of suspension was terminated unless a majority of the members of the Council request the Chair to do so.

## **7 Removal and resignation of Administrator**

- (1) The Minister for this jurisdiction who is a member of the Standing Council on Health is required to remove the Administrator from office if a majority of the members of the Council agree to the Administrator's removal from office.
- (2) The Administrator is to be removed from office by an instrument in writing that takes effect on the date agreed to by the majority of the members of the Standing Council on Health.
- (3) The Administrator may resign as Administrator by notice in writing to the Chair of the Standing Council on Health.
- (4) The resignation of the Administrator takes effect on the date notified by the Chair of the Standing Council on Health to all members of the Council.

## **8 Acting Administrator**

- (1) The Chair of the Standing Council on Health may, from time to time, appoint an individual to act as the Administrator during any period when the office is vacant or the holder of the office is suspended or absent from duty.
- (2) Any such appointment may only be made from a panel of persons, and in accordance with the procedure, agreed to by all the members of the Standing Council on Health.

### **Note**

The applied provisions of Schedule 7 to the Health Practitioner Regulation National Law (clause 27) contain additional provisions relating to acting appointments that have effect subject to this section.

## **9 Provision of staff and facilities for Administrator**

- (1) Staff and facilities to assist the Administrator in exercising or performing his or her functions under this Act are to be provided by the National Health Funding Body constituted under the National Health Reform Act 2011 of the Commonwealth.
- (2) The Administrator is not entitled to delegate a function conferred on the Administrator under this Act to that body, to any such member of staff or to any other person or body.

## **10 Functions of Administrator**

- (1) The Administrator is—
  - (a) to calculate and advise the Treasurer of the Commonwealth of the amounts required to be paid by the Commonwealth into each State Pool Account of the National Health Funding Pool under the National Health Reform Agreement (including advice on any

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- reconciliation of those amounts based on subsequent actual service delivery); and
- (b) to monitor State payments into each State Pool Account for the purposes of Part 4; and
  - (c) to make payments from each State Pool Account in accordance with the directions of the State concerned; and
  - (d) to report publicly on the payments made into and from each State Pool Account and other matters on which the Administrator is required to report under this Act; and
  - (e) to exercise or perform any other functions conferred on the Administrator under this Act.

**Note**

The National Health Reform Act 2011 of the Commonwealth provides that the functions of the Administrator include monitoring Commonwealth payments into each State Pool Account for the purposes of Part 4.

- (2) The Administrator and the body and staff assisting the Administrator are not subject to the control or direction of any Minister of the Commonwealth in relation to the exercise or performance of the Administrator's functions under this Act.
- (3) However, the Administrator is required to comply with any directions given by COAG in relation to the manner in which the Administrator exercises or performs his or her functions under this Act (including in relation to the preparation or provision of annual or monthly reports, financial statements or information under Part 4).

- (4) Directions given by COAG under subsection (3)—
    - (a) are to be given in accordance with a written resolution of COAG passed in accordance with the procedures determined by COAG; and
    - (b) are to be notified in writing to the Administrator; and
    - (c) are to be made publicly available by the Administrator.
  - (5) To avoid doubt, this Act is not intended—
    - (a) to give the Commonwealth ownership or control of money in a State Pool Account; or
    - (b) to affect the obligation of the Administrator under the law of a State to make payments from the State Pool Account of the State in accordance with the directions of the State.
  - (6) To avoid doubt, the Administrator may have regard to information obtained in the exercise or performance of functions under the law of another jurisdiction in the exercise or performance of the Administrator's functions under Part 4.
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**PART 3—STATE POOL ACCOUNTS—THE NATIONAL  
HEALTH FUNDING POOL**

**11 Establishment of State Pool Account with Reserve Bank**

- (1) The responsible Minister for the State is to open and maintain with the Reserve Bank of Australia a separate State bank account for the purpose of the National Health Reform Agreement.
- (2) The bank account is the State Pool Account established for the State for the purposes of this Act.

**12 Payments into State Pool Account**

There is payable into the State Pool Account established for the State—

- (a) money paid to the State by the Commonwealth for payment into the State Pool Account under the National Health Reform Agreement; and
  - (b) money made available by the State for the purposes of funding in the State through the State Pool Account under the National Health Reform Agreement; and
  - (c) money paid to the State by another State for payment into the State Pool Account under the National Health Reform Agreement; and
  - (d) interest paid on money deposited in the State Pool Account, unless directed to be paid into another bank account by the responsible Minister for the State; and
  - (e) money repaid to the State by a local hospital network, being money previously paid to the local hospital network from the State Pool Account.
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### **13 Payment from State Pool Account**

- (1) There are payable from the State Pool Account established for the State amounts to fund the following in the State under the National Health Reform Agreement (including through a State Managed Fund)—
    - (a) the services provided by local hospital networks;
    - (b) health teaching, training and research provided by local hospital networks or other organisations;
    - (c) any other matter that under that Agreement is to be funded through the National Health Funding Pool.
  - (2) Payments of amounts from the State Pool Account established for the State are to be made by the Administrator strictly in accordance with the directions of the responsible Minister for the State, including on the amount of each payment, the party or account to which it is to be paid and the timing of the payment.
  - (3) The Administrator is required to authorise personally each payment made from the State Pool Account.
  - (4) The Administrator is, at the direction of the responsible Minister for the State, to repay any money paid by the State into the State Pool Account for the State that the responsible Minister is satisfied constitutes an overpayment into that Account.
  - (5) This section does not affect the payment from the State Pool Account of charges imposed by the Reserve Bank of Australia for the operation of that Account.
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- (6) This section does not require the payment for services and matters referred to in subsection (1) to be made only from the State Pool Account.
  - (7) For the purposes of this section, the funding of a local hospital network includes the funding of another party on behalf of the network for corporate or other services provided to the network by that other party.
  - (8) If at any time when a payment from the State Pool Account is required to be made there is no Administrator or the Administrator is not available to make the payment at that time, the payment from that Account may be made by an official of this State who is directed by the responsible Minister for the State to make the payment.

#### **14 Distribution of Commonwealth funding**

- (1) Directions by the responsible Minister for the State to the Administrator for payments from the State Pool Account are, in relation to the distribution of Commonwealth funding provided to the State under the National Health Reform Agreement, to be consistent with the advice provided by the Administrator to the Treasurer of the Commonwealth about the basis on which the Administrator has calculated the payments to be made into that Account by the Commonwealth.
  - (2) This section does not affect the obligation of the Administrator to make payments from the State Pool Account strictly in accordance with the directions of the responsible Minister for the State.
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**PART 4—FINANCIAL MANAGEMENT AND REPORTING**

**15 Financial management obligations of Administrator**

The Administrator must—

- (a) develop and apply appropriate financial management policies and procedures with respect to the State Pool Accounts (including policies and procedures to ensure payments from those Accounts are made in accordance with the directions of the responsible Ministers); and
- (b) keep proper records in relation to the administration of the State Pool Accounts, including records of all payments made into and from those Accounts and the basis on which the payments were made; and
- (c) prepare the financial statements required by this Part in relation to the State Pool Accounts and arrange for the audit of those financial statements in accordance with this Part.

**16 Monthly reports by Administrator**

- (1) The Administrator must provide monthly reports to the Commonwealth and each State containing the following information for the relevant month—
    - (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;
    - (b) the amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made;
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- (c) the amounts paid from each State Pool Account to local hospital networks, a State Managed Fund or other organisations or funds and the basis on which the payments were made;
  - (d) the amounts paid from each State Managed Fund to local hospital networks or other organisations or funds and the basis on which the payments were made;
  - (e) the number of public hospital services funded for each local hospital network (including a running financial year total) in accordance with the system of activity based funding;
  - (f) the number of other public hospital services and functions funded from each State Pool Account or State Managed Fund (including a running financial year total).
- (2) A monthly report required to be provided to a jurisdiction under this section is to be provided to the responsible Minister for that jurisdiction or to a body or officer notified to the Administrator by that Minister.
  - (3) The Administrator is to make reports provided under this section publicly available.

**17 Annual report by Administrator**

- (1) The Administrator must, within 4 months after the end of each financial year, provide to the responsible Ministers an annual report on the exercise or performance of his or her functions under this Act during the financial year.
  - (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
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- relevant State and the basis on which the payments were made;
- (b) the amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made;
  - (c) the amounts paid from each State Pool Account to local hospital networks, a State Managed Fund or other organisations or funds and the basis on which the payments were made;
  - (d) the amounts paid from each State Managed Fund to local hospital networks or other organisations or funds and the basis on which the payments were made;
  - (e) the number of public hospital services funded for each local hospital network in accordance with the system of activity based funding;
  - (f) the number of other public hospital services and functions funded from each State Pool Account or State Managed Fund.
- (3) The annual report is to be accompanied by—
- (a) an audited financial statement for each State Pool Account; and
  - (b) a financial statement that combines the audited financial statements for each State Pool Account.
- (4) A responsible Minister must, as soon as practicable after receiving an annual report under this section, cause a copy of the report to be tabled in the Parliament of the responsible Minister's jurisdiction.
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## 18 Administrator to prepare financial statements for State Pool Accounts

The Administrator must, after each financial year, prepare—

- (a) a financial statement for each State Pool Account that details financial transactions during that financial year; and
- (b) a combined financial statement that consists of the financial statements for each State Pool Account for the financial year.

## 19 Audit of financial statements

- (1) A financial statement under this Part for the State Pool Account of a State is to be audited by the Auditor-General of that State.
- (2) For the purposes of subsection (1), the **Audit Act 1994** applies to a financial statement prepared under this Part in relation to the State Pool Account established for this State as if a reference in that Act to "authority", in relation to financial statements, were a reference to the Administrator.

## 20 Performance audits

- (1) For the purposes of this section, a *performance audit* is an audit by the Auditor-General of a jurisdiction of the exercise or performance of the functions of the Administrator in relation to that jurisdiction to determine whether the Administrator is acting effectively, economically, efficiently and in compliance with all relevant laws.
- (2) Before the Auditor-General of this jurisdiction conducts a performance audit, the Auditor-General must notify the Auditors-General of all other jurisdictions of his or her intention to conduct the proposed audit.

- (3) Auditors-General who are conducting performance audits at the same time are to make arrangements to co-ordinate the conduct of those audits in relation to any requirements imposed on the Administrator.
- (4) A performance audit is to be conducted by the Auditor-General of this jurisdiction.
- (5) For the purposes of this section, the **Audit Act 1994** applies to the conduct of a performance audit under this section as if a reference in that Act to "authority", in relation to performance audits under this section, were a reference to the Administrator when acting in relation to the State Pool Account established for this State.

**21 States to provide Administrator with information about State Managed Funds**

The responsible Minister for a State is to provide information to the Administrator about any of the following matters relating to the State Managed Fund of the State that the Administrator requires for the preparation of reports and financial statements under this Part—

- (a) the amounts paid by the State into the State Managed Fund and the basis on which the payments were made;
  - (b) the amounts paid by the State from the State Managed Fund to local hospital networks or other organisations or funds and the basis on which the payments were made;
  - (c) the public hospital services and functions that are funded from the State Managed Fund.
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## **22 Provision of information generally**

- (1) The Administrator is required to provide to the responsible Minister for a jurisdiction any information requested by that responsible Minister that relates to that jurisdiction.
  - (2) The information is to be provided by the time requested by that responsible Minister.
  - (3) The Administrator is required to provide to the responsible Ministers of all jurisdictions a copy of the advice provided by the Administrator to the Treasurer of the Commonwealth about the basis on which the Administrator has calculated the payments to be made into State Pool Accounts by the Commonwealth.
  - (4) The Administrator may at any time provide any information that relates to a jurisdiction to the responsible Minister for that jurisdiction.
  - (5) Any information relating to a jurisdiction that is provided by the Administrator to another jurisdiction may only be publicly released by that other jurisdiction in accordance with arrangements approved by the responsible Minister for the jurisdiction to which the information relates.
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**PART 5—STATE FINANCIAL MANAGEMENT  
OBLIGATIONS**

**Division 1—Interpretation**

**23 Interpretation**

In this Part, *Health State Pool Fund* means the State Pool Account established for this State under Part 3.

**Division 2—The Health State Pool Fund**

**24 Health State Pool Fund**

The account opened and maintained by the Minister under section 11(1) forms part of the Public Account and is part of the Trust Fund and is to be known as the Health State Pool Fund.

**25 Audit Act 1994**

The **Audit Act 1994** applies to the Health State Pool Fund to the extent that it is consistent with this Act.

**26 Financial Management Act 1994**

The **Financial Management Act 1994** applies to the Health State Pool Fund to the extent that it is consistent with this Act.

**Division 3—The State Managed Fund**

**27 Establishment of the Health State Managed Fund**

- (1) There is established as part of the Public Account and as part of the Trust Fund and as the State Managed Fund for this State an account to be known as the Health State Managed Fund.
- (2) There must be paid into the Health State Managed Fund any money required to be paid into the Fund under the National Health Reform Agreement.

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- (3) Payments out of the Fund must be made in accordance with the National Health Reform Agreement by the Minister.

**28 Audit Act 1994**

The **Audit Act 1994** applies to the Health State Managed Fund to the extent that it is consistent with this Act.

**29 Financial Management Act 1994**

The **Financial Management Act 1994** applies to the Health State Managed Fund to the extent that it is consistent with this Act.

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**PART 6—MISCELLANEOUS**

**30 Office of Administrator**

- (1) The Administrator is not a public body for the purposes of the **Financial Management Act 1994**.
- (2) The **Public Administration Act 2004** does not apply to the office of Administrator.

**31 Exclusion of legislation of this jurisdiction**

The following Acts do not apply to the Administrator or to any power exercised, or function performed, by the Administrator—

- (a) the **Freedom of Information Act 1982**;
- (b) the **Health Records Act 2001**;
- (c) the **Information Privacy Act 2000**;
- (d) the **Interpretation of Legislation Act 1984**;
- (e) the **Ombudsman Act 1973**;
- (f) the **Public Records Act 1973**;
- (g) the **Subordinate Legislation Act 1994**.

**32 Application of Commonwealth Acts**

- (1) The following Acts apply (subject to subsection (2)) as laws of this jurisdiction to or in respect of the Administrator and any function exercised or performed by the Administrator—
  - (a) the Archives Act 1983 of the Commonwealth;
  - (b) the Australian Information Commissioner Act 2010 of the Commonwealth;
  - (c) the Freedom of Information Act 1982 of the Commonwealth;



- (d) the Ombudsman Act 1976 of the Commonwealth;
  - (e) the Privacy Act 1988 of the Commonwealth.
- (2) Each of those Acts so applies subject to the modifications made by regulations made under the National Health Reform Act 2011 of the Commonwealth with the agreement of all the members of the Standing Council on Health.

### **33 Extraterritorial operation of Act**

It is the intention of the Parliament of this jurisdiction that the operation of this Act is, as far as possible, to include operation in relation to the following—

- (a) things situated in or outside the territorial limits of this jurisdiction;
- (b) acts, transactions and matters done, entered into or occurring in or outside the territorial limits of this jurisdiction;
- (c) things, acts, transactions and matters (wherever situated, done, entered into or occurring) that would, apart from this Act, be governed or otherwise affected by the law of another jurisdiction.

### **34 Act binds the Crown**

This Act binds the Crown in right of Victoria and in so far as the legislative power of the Parliament permits, the Crown in all its other capacities.

### **35 Delegation of functions of responsible Minister**

The Minister, by instrument, may delegate to—

- (a) the Secretary to the Department administered by the Minister administering this Act; or

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Part 6—Miscellaneous

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(b) any person or class of person employed in  
the Department administered by the Minister  
administering this Act—

any of the Minister's powers under Parts 3, 4  
and 5.

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## ENDNOTES

† *Minister's second reading speech—*

*Legislative Assembly: 23 May 2012*

*Legislative Council: 19 June 2012*

The long title for the Bill for this Act was "A Bill for an Act to provide for the implementation of the National Health Reform Agreement and for other purposes."