



National Health
Funding Body

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FURTHER INFORMATION

If you require further information or have any queries in relation to this Annual Report, please contact:

NATIONAL HEALTH FUNDING BODY

GPO Box 1252

Canberra ACT 2601

Phone 1300 930 522

Email nhfb.enquiries@nhfb.gov.au

This Annual Report is also available online at nhfb.gov.au.

LETTER OF TRANSMITTAL

NATIONAL
HEALTH
FUNDING
BODY

ANNUAL
REPORT
2014–15



**National Health
Funding Body**

National Health Funding Body
GPO Box 1252 Canberra ACT 2601
ABN: 15337761242

Telephone: 1300 930 522
Email: nhfb.enquiries@nhfb.gov.au

The Hon. Sussan Ley MP
Minister for Health
Parliament House
CANBERRA ACT 2600

28 October 2015

Dear Minister,

National Health Funding Body Annual Report 2014–15

In accordance with section 63 of the *Public Service Act 1999*, I am pleased to provide you with the National Health Funding Body Annual Report and Financial Statements for the year ended 30 June 2015, for presentation to Parliament.

This report has been prepared in accordance with the *Requirements for Annual Reports — for Departments, Executive Agencies and other non-corporate Commonwealth entities* as issued by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit.

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

As per section 267(2) of the *National Health Reform Act 2011* a copy of this Annual Report and Financial Statements will be provided to each state and territory Health Minister.

Yours sincerely,

Lynton Norris
Chief Executive Officer
National Health Funding Body

OUR VISION

Improved health outcomes for all Australians, sustainability of a nationally unified and locally controlled Australian health system, and increased transparency in public hospital funding.

OUR MISSION

To support the obligations and responsibilities of the Administrator of the National Health Funding Pool, by providing transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system.

OUR STRATEGIC OBJECTIVES

We have adopted five high-level strategic objectives, which capture the scope of our responsibilities and serve the Vision and Mission of our organisation.

ACHIEVE BEST PRACTICE AND ACCOUNTABILITY

To achieve best practice and accountability through assisting the Administrator in implementing and overseeing a nationally consistent public hospital funding arrangement, through the National Health Funding Pool.

PROVIDE INCREASED TRANSPARENCY AND EFFECTIVE REPORTING

To provide increased transparency and effective reporting on the local hospital networks that are funded for the services they deliver to the community.

ENABLE ACCURATE COMMONWEALTH CONTRIBUTION CALCULATIONS

To enable accurate Commonwealth contribution calculations by using nationally consistent pricing and costing standards.

DEVELOP PRODUCTIVE AND EFFECTIVE PARTNERSHIPS

To develop productive and effective partnerships with relevant stakeholders, enabling the objectives of the Agreement to be achieved.

OPERATE AS A FULLY FUNCTIONAL AND COMPLIANT AGENCY

To operate as a fully functional and compliant agency, meeting statutory and legislative obligations.

Our *Strategic Plan 2013–16* is available from: nhfb.gov.au/publications.

77.9

BILLION

FUNDING AND PAYMENTS

TOTAL VALUE OF TRANSACTIONS PROCESSED
THROUGH THE NATIONAL HEALTH FUNDING POOL
AND STATE MANAGED FUNDS

38.2

BILLION

FUNDING PAID TO
LOCAL HOSPITAL NETWORKS

15.5

BILLION

COMMONWEALTH CONTRIBUTION
TO STATES AND TERRITORIES
FOR PUBLIC HOSPITALS

4544

TRANSACTIONS PROCESSED
THROUGH THE
NATIONAL HEALTH FUNDING POOL

1800

MONTHLY
REPORTS
PRODUCED

15,732

WEBSITE
PAGE
VIEWS

4.3

MILLION

BUDGET
APPROPRIATION

17

STAFF

FOREWORD

This Annual Report details the activities of the National Health Funding Body (NHFB) from 1 July 2014 to 30 June 2015.

The NHFB Chief Executive Officer (CEO) is required to prepare and present this report of operations to the Commonwealth Parliament, pursuant to section 267 of the *National Health Reform Act 2011* (the Act) and section 70 of the *Public Service Act 1999*.

The CEO is also required to provide a copy of this report to each state and territory Health Minister under section 267(2) of the Act.

This Annual Report is prepared in accordance with the *Requirements for Annual Reports — for Departments, Executive Agencies and other non-corporate Commonwealth entities*, as issued by the Department of the Prime Minister and Cabinet, and approved by the Joint Committee of Public Accounts and Audit.

ABOUT THIS REPORT

The Annual Report 2014–15 records the activities of the NHFB in 2014–15.

This report comprises:

- + narrative that describes our organisation, achievements and governance arrangements in 2014–15
- + the NHFB's financial statements for 2014–15.

To help readers search for specific information, an index (page 99) and a disclosure index (page 92) for specific reporting requirements have been included.

HEALTH PRODUCTIVITY AND PERFORMANCE COMMISSION

In the 2014–15 Budget, the Commonwealth Government announced an intention to consult with states and territories with a view to establishing a new Health Productivity and Performance Commission. The government has subsequently made a decision to not proceed with the establishment of a Health Productivity and Performance Commission. The Administrator and the NHFB will continue to administer and reconcile payments to public hospitals under the National Health Reform Agreement for the 2015–16 and 2016–17 financial years.

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CHIEF EXECUTIVE OFFICER'S MESSAGE

It is with pleasure that I present the third National Health Funding Body (NHFB) Annual Report for the financial year ended 30 June 2015.

Our primary function is to assist the Administrator of the National Health Funding Pool (the Administrator) to calculate the Commonwealth contribution to public hospital funding for each state and territory, and to administer the National Health Funding Pool (Funding Pool).

This year has been pivotal for the NHFB. In 2014–15, the NHFB again delivered on its legislative responsibilities, and collaboratively worked with states, territories and the Commonwealth on improving funding transparency for public hospital services.

The NHFB processed \$38 billion of Commonwealth, state and territory funding to local hospital networks and other providers in 2014–15. In total, nearly \$78 billion in funding and payment transactions were processed through the Funding Pool and state managed funds. Testament to the best practice operations in place at the NHFB, each Auditor-General provided an unqualified audit opinion on the respective Pool account for their state or territory.

For the 2014–15 financial year, the NHFB prepared and published 1,800 monthly reports detailing the funding and payments flows nationally, for each state and territory, and for each local hospital network on the publichospitalfunding.gov.au website. In addition to providing information that our stakeholders use, the public is able to access these reports to better understand the funding investment made by the states, territories and Commonwealth on public hospital services.

The success of the NHFB reflects the professional structure of the organisation and our ability to engage specialist staff as required. The culture of the organisation promotes high achievement. Of significant note was the awarding of a Secretary's Citation for Outstanding Community Service to a number of NHFB staff, as part of the Australia Day Awards for the Health portfolio. The Secretary's citation was another example of the excellent attitude possessed by staff of the NHFB, which continues to drive the performance of the agency.

Finally, I would like to thank Mr Bob Sendt who retired from the role of Administrator at the end of July 2015. Mr Sendt provided clear direction, sound judgement and professional expertise to the role of Administrator from 2012 to 2015. Mr Kim Snowball was appointed as Acting Administrator on 1 August 2015. Mr Snowball joins at a very exciting time as the NHFB continues to explore opportunities to provide states, territories and the Commonwealth with improved information and analysis that will lead to improved health outcomes for all Australians.



Mr Lynton Norris
Chief Executive Officer
National Health Funding Body

28 October 2015





A blurred photograph of a man and a woman in a modern office setting. The man is sitting in a white armchair, and the woman is standing next to him. The background shows a grid-like pattern, possibly a wall or a window. The entire image is overlaid with a large, semi-transparent orange hexagon.

OUR ORGANISATION

NATIONAL HEALTH FUNDING BODY

The NHFB is part of the Commonwealth health portfolio. It is a non-corporate entity under the *Public Governance, Performance and Accountability Act 2013*.

The NHFB staff are employed under the *Public Service Act 1999*.

The NHFB was established under the *National Health Reform Amendment (Administrator and National Health Body) Act 2012*. This Act amended the *National Health Reform Act 2011* (the Act). The Act mandates that the NHFB is independent of both Commonwealth and state/territory governments when assisting the Administrator in the exercise or performance of his functions.

WHAT WE DO

The principal function of the NHFB is to support the Administrator in the performance of his/her functions.

Those functions are set out in the Act and the National Health Reform Agreement (the Agreement).

The Administrator is required to:

- + Calculate and advise the Commonwealth Treasurer of the Commonwealth contribution to hospital funding in each state and territory (s.238).

- + Oversee the payment of Commonwealth hospital funding into State Pool Accounts (s.238).
- + Make payments from each State Pool Account in accordance with the directions of the State concerned (common provisions of the National Health Funding Pool legislation in each state and territory).¹
- + Monitor state payments into each State Pool Account (common provisions of National Health Funding Pool legislation in each state and territory).²
- + Reconcile estimated and actual service delivery volumes and calculate any necessary payment adjustments, so that Commonwealth payments can be adjusted to reflect the actual level of services provided (s.238).
- + Report publicly on the national health reform funding and payments (s.240).
- + Develop and provide to the states and territories rolling three year data plans (Clause 85).
- + Undertake data matching of hospital activity and Medical Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) to determine if eligible for funding (Clause A6).

¹ A list of the relevant state/territory legislation containing the common provisions can be found at page 26

² As above

PUBLIC HOSPITAL FUNDING

Table 1 provides an overview of the public hospital funding, including activity based, block and public health funding, for 2014–15 and 2013–14 for each state and territory.

TABLE 1: FUNDING BY SOURCE — 2014–15³

STATE / TERRITORY	AMOUNT PAID BY STATE/TERRITORY (\$'000)	AMOUNT PAID BY COMMONWEALTH (\$'000)	TOTAL FUNDING (\$'000)
NSW	6,276,974	4,861,029	11,138,003
VIC	4,585,151	3,863,243	8,448,394
QLD	6,114,211	3,059,520	9,173,731
WA	2,314,255	1,750,357	4,064,612
SA	2,154,468	1,125,562	3,280,030
TAS	635,386	333,410	968,796
ACT	567,279	310,958	878,237
NT	734,568	159,411	893,979
TOTAL	23,382,292	15,463,490	38,845,782

³ The values in the above table are rounded to the nearest thousand dollars. As such, the figures may not add to the totals shown due to the rounding.

TABLE 2: FUNDING BY SOURCE — 2013–14⁴

STATE / TERRITORY	AMOUNT PAID BY STATE/TERRITORY (\$'000)	AMOUNT PAID BY COMMONWEALTH (\$'000)	TOTAL FUNDING (\$'000)
NSW	6,449,417	4,342,849	10,792,266
VIC	4,481,171	3,483,176	7,964,347
QLD	5,394,654	2,814,967	8,209,622
WA	2,768,835	1,518,400	4,287,236
SA	2,083,070	1,007,904	3,090,974
TAS	635,683	292,447	928,130
ACT	552,438	275,181	827,618
NT	661,393	134,590	795,983
TOTAL	23,026,661	13,869,514	36,896,175

⁴ The values in the above table are rounded to the nearest thousand dollars. As such, the figures may not add to the totals shown due to the rounding.

Of the total funding provided by the Commonwealth, states and territories, Figure 1 shows the relative proportions of each funding stream.

FIGURE 1: FUNDING STREAMS — 2014-15 AND 2013-14 PROPORTIONS



TABLE 3: FUNDING AND PAYMENTS — 2014–15⁵

TRANSACTION TYPE	(\$'000)
TOTAL PUBLIC HOSPITAL FUNDING	38,845,781
TOTAL PAYMENT FOR PUBLIC HOSPITAL SERVICES	39,075,826
TOTAL VALUE OF TRANSACTION PROCESSED	77,921,607

⁵ The values in the above table are rounded to the nearest thousand dollars. As such, the figures may not add to the totals shown due to the rounding.

TABLE 4: FUNDING AND PAYMENTS — 2013–14⁶

TRANSACTION TYPE	(\$'000)
TOTAL PUBLIC HOSPITAL FUNDING	36,896,175
TOTAL PAYMENT FOR PUBLIC HOSPITAL SERVICES	37,000,111
TOTAL VALUE OF TRANSACTION PROCESSED	73,896,287

⁶ The values in the above table are rounded to the nearest thousand dollars. As such, the figures may not add to the totals shown due to the rounding.

Further information on national health reform payments into and out of the Funding Pool and state managed funds, is available in the Administrator's monthly reports and Annual Reports, available at publichospitalfunding.gov.au.

WHO WE ARE



(From Left to Right) First row: Val Price-Beck, Beth Gubbins, Lynton Norris, Svetlana Angelkoska. Second row: Bessie Zhou, Yuping Chan, Peta Hunt, Gitanjali Kaura, Julie Valeri, Sara McClintock, Animesh Agrawal (SAS Institute). Third row: Stephen Kwan, Vincent Lorimer, Peter Xu (SAS Institute), Sheila Holcombe, Karim Ehtisham, Susan O'Neil.

THE ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL

CHIEF EXECUTIVE OFFICER NATIONAL HEALTH FUNDING BODY

FINANCE AND REPORTING

The Finance and Reporting unit provides support and financial services to the Administrator and the Funding Pool, to ensure the continued transparency and efficiency of public hospital funding. This includes managing the National Health Funding Administrator Payments System (Payments System), processing Commonwealth, state and territory deposits and payments into and out of the Funding Pool, as required under the *National Health Reform Act 2011*.

The unit produces the Pool financial statements for auditing by each state and territory's Auditor-General, and the Australian National Audit Office.

Finance and Reporting oversees the calculation of the Commonwealth funding contribution, and facilitates the authorisation by the Administrator for all payments to local hospital networks and other providers. Other responsibilities include the preparation of NHFB financial statements under the *Public Governance, Performance and Accountability Act 2013*, and the strategic financial management of the departmental appropriation for the NHFB.

POLICY AND STRATEGY

The Policy and Strategy unit is responsible for providing strategic policy advice to the NHFB and Administrator. Responsibilities include researching, developing, monitoring and reviewing current and proposed policy decisions that relate to the functions of the NHFB and the Administrator.

The Policy and Strategy unit develops the Administrator's rolling Three Year Data Plan, the associated funding reconciliation framework and policy statements, and other organisational and strategic documents. These policy statements are developed in consultation with the Commonwealth and states and territories.

The unit is responsible for preparing briefing material for consideration by inter-jurisdictional committees, and the preparation and approval of a range of parliamentary reporting material.

In undertaking this work, the Policy and Strategy unit works in collaboration with jurisdictions, national agencies, and other stakeholders.

INTEGRITY, ASSURANCE AND RESOURCING

The Integrity, Assurance and Resourcing unit provides the NHFB with essential business support services including human resources, internal audit, organisational compliance, governance, business continuity, internal control and assurance, risk management, security, facilities management and records management.

The unit is responsible for implementing and assuring compliance with Part 2 of the Public Governance, Performance and Accountability framework for Internal Control and Accountability. The unit also provides secretariat support to the NHFB Audit Committee and manages the accommodation arrangements for the NHFB.

In support of the functions of the Administrator, the unit conducts assurance reviews on the integrity of the advice provided to the Commonwealth Treasurer by the Administrator on the Commonwealth funding contribution for public hospital services.

DATA MODELLING AND ANALYSIS

The Data Modelling and Analysis unit develops financial models that enable the Administrator to accurately calculate the Commonwealth funding contribution to local hospital networks. This includes reconciling the estimated and actual public hospital service delivery activity, to adjust the Commonwealth funding contribution. This unit also develops programmes and models to determine services eligible for Commonwealth funding. The unit determines, collects and processes the data required to support this modelling.

Data Modelling and Analysis works collaboratively with the Administrator and all jurisdictions to ensure that modelling and analytics are accurate and well understood by stakeholders.

The unit is responsible for the preparation and publication of the Administrator's monthly reports that record the Commonwealth and state/territory public hospital funding and payments for the month and year to date, at national, state/territory and local hospital network levels. These reports are available from: publichospitalfunding.gov.au.

CHIEF EXECUTIVE OFFICER

LYNTON NORRIS

As Chief Executive Officer of the National Health Funding Body, Lynton Norris has over 20 years of experience in government and the private sector. Lynton provides strategic vision and operational excellence in a dynamic environment. Lynton is a respected leader in health funding and policy design, and is leading significant change and reform in hospital and health funding arrangements. Prior to his appointment to the NHFB, Lynton was a senior executive in the Victorian State Government. Lynton has significant experience in public sector finance and policy development, has degrees in International Trade and Accounting, and is a Certified Practising Accountant.



FINANCE AND REPORTING POLICY AND STRATEGY

DIRECTOR, BETH GUBBINS

Beth Gubbins has experience in finance and public policy, as well as project development, management and delivery. Before joining the NHFB, Beth worked for the Victorian Department of Health in a number of strategic finance and policy roles. Beth is a Certified Practising Accountant with more than 15 years of public sector experience in Australia and the United Kingdom. During 2014-15, Beth led the strategic agenda of the NHFB and assumed the role and functions of the Chief Finance Officer. Beth represented the NHFB on national committees and working groups, and was instrumental in progressing the NHFB's work programme.





INTEGRITY, ASSURANCE AND RESOURCING

DIRECTOR, VAL PRICE-BECK

Val Price-Beck has over 20 years' public service experience, and has worked for the NHFB since 2012. Val has experience in corporate services and related functions. Prior to joining the NHFB, Val worked for a number of years in Indigenous economic development. In addition to providing corporate support services to the NHFB, during 2014-15 Val and her team were instrumental in developing an integrity framework that provided certainty over the accuracy of the Administrator's advice to the Commonwealth Treasurer on the Commonwealth funding contribution for public hospital services. Val also oversaw the implementation of a number of elements of the *Public Governance, Performance and Accountability Act 2013* and associated Rules into the NHFB.



DATA MODELLING AND ANALYSIS

DIRECTOR, SVETLANA ANGELKOSKA

Svetlana Angelkoska is an expert analyst and strategic leader, specialising in complex data. She manages high-risk, high-exposure projects, and has extensive experience in analysing, modelling and reporting health and related data. Prior to joining the NHFB, Svetlana worked for the Commonwealth Department of Health. Svetlana holds a Bachelor of Science and a Graduate Certificate of Actuarial Techniques. Svetlana led the 'data matching' work between hospital activity and MBS/PBS data, which has provided new and unique insights in health service and resource utilisation from a whole system perspective. Svetlana also played a pivotal role in the development of the growth calculation models that enables the Administrator to accurately calculate the Commonwealth funding contribution to local hospital networks.

OUR HISTORY — OUR FUTURE

The NHFB was created to provide support and assistance to the Administrator. The NHFB is a non-corporate entity under the *Public Governance, Performance and Accountability Act 2013*, and forms part of the Commonwealth health portfolio.

The NHFB is independent of both Commonwealth, and state and territory governments when exercising or performing the responsibilities and functions of the Administrator as set out in the Act, and supporting national health reform legislation enacted in all states and territories.

2011–12: ENABLING LEGISLATION

On 1 July 2011, the Act established the Australian Commission on Safety and Quality in Health Care, the National Health Performance Authority, and the Independent Hospital Pricing Authority.

On 25 June 2012, the Parliament of Australia gave assent to the *National Health Reform Amendment (Administrator and National Health Funding Body) Act 2012*, which established the Administrator of the National Health Funding Pool and the NHFB. An Acting Administrator was appointed on 27 June 2012, and the first staff member was recruited in June 2012.

2012–13: YEAR ONE

The NHFB commenced operations from 1 July 2012. The Acting CEO of the NHFB commenced on 23 July 2012, and was appointed permanently on 2 February 2013 for a period of five years.

From establishment, the then Department of Health and Ageing managed the NHFB's appropriation, until it was able to directly receive and manage these arrangements as a stand-alone independent agency.

The Department of Health and Ageing also provided support to the NHFB to develop its business, financial and corporate operations under a shared services' Memorandum of Understanding. The NHFB developed the key strategic framework documents relating to the Administrator's functions, and the documents required of a Commonwealth agency.

On 7 November 2012, the Administrator's Public Hospital Funding website publichospitalfunding.gov.au was launched, with the publication of the first three monthly reports.

2013–14: YEAR TWO

In 2013–14 the inaugural NHFB Annual Report 2012–13 was tabled on 31 October 2013 and the NHFB website nhfb.gov.au went live on 1 November 2013.

The NHFB worked with the Commonwealth, states and territories on reconciliations between estimated and actual service volume data, to ensure that all local hospital networks received Commonwealth funding based on their actual activity.

The first reconciliation (for the six month period July to December 2012) of estimates to actual was undertaken, and adjustments were made in the October to December 2013 payments. The annual reconciliation of service estimates and actual activity — in relation to 2012–13 — was made in the March to May 2014 payments.

The NHFB processed \$74 billion in transactions through the Payments System.

Functionality upgrades to the Payments System were undertaken in December 2013, April 2014 and June 2014.

The NHFB undertook a permanent recruitment round from July to October 2013. A Determination under Section 24(1) of the *Public Service Act 1999* was put in place to cover conditions of employment until an Enterprise Agreement was agreed.

2014–15: YEAR THREE

During 2014–15 the NHFB met its regulatory and compliance responsibilities and undertook data analysis work with the Commonwealth, states and territories as part of the Administrator's data matching activities.

The NHFB Annual Report 2013–14 was tabled on 28 October 2014. The NHFB reported on its performance against qualitative and quantitative outcomes in the 2013–14 Portfolio Budget Statement.

The Administrator's Three Year Data Plan 2015–16 to 2017–18 was submitted to the Council of Australian Governments' Health Council (CHC) on 17 March 2015 and released on 29 June 2015.

The Commonwealth, states and territories provided data to the NHFB for payment, reconciliation and reporting purposes. The six month and annual reconciliations were undertaken in September to November 2014 and March to May 2015 respectively.

The NHFB produced 1,800 monthly reports at a national, state and territory, and local hospital network level, on the transactions through the State Pool Accounts and state managed funds during the financial year.

The NHFB processed \$78 billion in transactions through the Payments System.

2015–16: YEAR FOUR

During 2015–16, the NHFB will continue to deliver on its legislated mandate, including building and developing the Commonwealth contribution calculation funding model. To enhance the transparency of the Commonwealth contribution calculations, the NHFB will move the model to a more dynamic platform.

The NHFB will work with the Commonwealth, states and territories on the Administrator's data matching activities, to move the work from a proof-of-concept to an operational stage, through strengthening the business rules.

The NHFB will continue the data analysis work commenced in 2014 — to provide new insights and understanding into health utilisation and cost from a whole-of-system perspective.

Additionally in 2015–16 the NHFB will continue its focus on:

- + Maintaining rigour and discipline in undertaking transactions into and out of the Funding Pool. The NHFB will effectively manage the largest financial contribution to Australia's public health system.
- + Continuing to use best-practice. The NHFB will maintain robust financial frameworks through the application of the 2015–16 integrity framework and ongoing quality assurance activities.
- + Continued transparency through the ongoing publication of Commonwealth, state and territory contributions to public hospital funding.
- + Undertaking time series/trend analysis. The NHFB will use the data and information generated within the Administrator's scope under the Agreement to provide de-identified time series and trend analysis.
- + Delivering more services of value to the Commonwealth, states and territories. The NHFB will work with the Commonwealth, states and territories to address requests for additional data and financial services.
- + Contributing to strategic national work on health data standards, collection, access and usage. The NHFB will work through national committees and working groups, such as the National Health Information and Performance Principal Committee and its subcommittee the National Health Information Standards and Statistics Committee.
- + Further collaborations with stakeholders. The NHFB values the collaborative relationships built with stakeholders and will maintain and strengthen these relationships through the 2015–16 to 2017–18 Stakeholder Engagement Plan.

SECRETARY'S CITATION FOR
OUTSTANDING COMMUNITY SERVICE

COMMUNITY SERVICE PROFILE: NATIONAL HEALTH FUNDING BODY AND NATIONAL HEALTH PERFORMANCE AUTHORITY



In December 2014, staff from the NHFB and National Health Performance Authority went above and beyond their usual role with their quick actions to help a person in danger. A construction worker was injured in an accident in an area of the office building under renovation. The quick thinking and composure of the staff under pressure ensured the injured man was attended to in a timely and safe manner.

The Secretary, Mr Martin Bowles, was so impressed by the staff's response to this incident that he created a new Australia Day award category — the Secretary's Citation for Outstanding Community Service.

A staff member from NHFB visited the injured worker in hospital and, thankfully, his injuries — although very serious — were not life threatening. The injured man expressed his thanks to the staff involved for the assistance they provided.

ACHIEVEMENTS

MAJOR PUBLICATIONS

Each year the NHFB publishes a suite of documents that guide and support the work of the organisation, and report publicly on the NHFB’s performance. The main focus of the publication schedule for the NHFB is the publication of financial and data specification documents which support the work of the Administrator. These are listed in Table 5.

TABLE 5: STRATEGIC, OPERATIONAL AND COMPLIANCE DOCUMENTS DEVELOPED ON BEHALF OF THE ADMINISTRATOR

DATE	PUBLICATION
1 JUL 2014	States and Territories Procedures Manual v3.0
28 JUL 2014	2013–14 Reconciliation Framework
29 AUG 2014	June 2014 Quarter Compliance Report
26 NOV 2014	September 2014 Quarter Compliance Report
4 MAR 2015	December 2014 Quarter Compliance Report
3 JUN 2015	March 2015 Quarter Compliance Report
25 JUN 2015	Data Compliance Policy (updated)
29 JUN 2015	Administrator’s Three Year Data Plan 2015–16 to 2017–18
29 JUN 2015	Administrator’s Data Plan 2015–16 — File Specifications
29 JUN 2015	States and Territories Procedures Manual v4.0

In addition to the publications developed for the Administrator, the NHFB also developed the following:

NHFB’S ANNUAL REPORT 2013–14

The NHFB’s Annual Report 2013–14 was tabled on 28 October 2014 for the financial year ended 30 June 2014. This publication reported against the 2013–14 Portfolio Budget Statements on the work undertaken by the NHFB.

ADMINISTRATOR’S ANNUAL REPORT 2013–14

The Administrator’s Annual Report 2013–14 was tabled on 28 October 2014 for the financial year ended 30 June 2014. This publication reported on the second year of operation of the Funding Pool from 1 July 2013 to 30 June 2014.

NHFB CORPORATE PLAN 2015–16

This plan was prepared in 2014–15 for the reporting period 2015–16 to 2016–19. It is prepared in accordance with paragraph 35(1)(b) of the *Public Governance Performance and Accountability Act 2013*.

NHFB RESPECT CHARTER

The staff of the NHFB developed a Respect Charter to guide the behaviour of staff, to contribute to their health, safety and wellbeing, and to ensure a culture free of bullying and harassment. The NHFB Respect Charter is an excellent example of how the staff have worked collaboratively to implement legislative and regulatory requirements.

STAKEHOLDER ENGAGEMENT PLAN

In 2014–15, the NHFB worked closely with its stakeholders to refine national health funding arrangements. The NHFB developed a draft *Stakeholder Engagement Plan 2015–18*, which will be published in 2015–16, in consultation with the Commonwealth, states and territories.

GROWTH AND FUNDING GUARANTEES

This publication, which was published on 29 August 2014, sets out the approach and process the Administrator adopted in 2014–15 in calculating the growth and funding guarantee clause of the Agreement.

COMMUNICATION

The NHFB website provided a communications channel for our stakeholders and the general public. The website enables us to meet our obligations with regard to Senate Order reporting and Freedom of Information requests. The NHFB website is available at nhfb.gov.au.

In 2014–15, the NHFB website had 15,732 page views and 6,760 unique users.

The NHFB continued to update the Administrator's Public Hospital Funding website, found at publichospitalfunding.gov.au.

In 2014–15 the Public Hospital Funding website had 65,822 page views and 15,969 unique visitors. Users in Australia made up 86.15% of visits to the site. The majority of visits to the site (72%) were from returning visitors.

PRESENTATIONS

The NHFB made a number of presentations to the Commonwealth, states and territories in 2014–15, including on emerging tasks and opportunities.

The NHFB was invited to present at the 2015 Activity Based Funding Conference held at the Adelaide Convention Centre, 27–29 May 2015.

The Chief Executive Officer, Lynton Norris, presented *Data matching of hospital activity and MBS claims: an unexpected journey* — co-authored by Beth Gubbins and Svetlana Angelkoska. See page 16 for the presentation abstract.

**Implemented Part 2 of
the Public Governance,
Performance and
Accountability Framework
for Internal Control and
Accountability.**

ACTIVITY BASED FUNDING CONFERENCE — ADELAIDE 27–29 MAY 2015

DATA MATCHING OF HOSPITAL ACTIVITY AND MBS CLAIMS: AN UNEXPECTED JOURNEY

Presenter: Lynton Norris

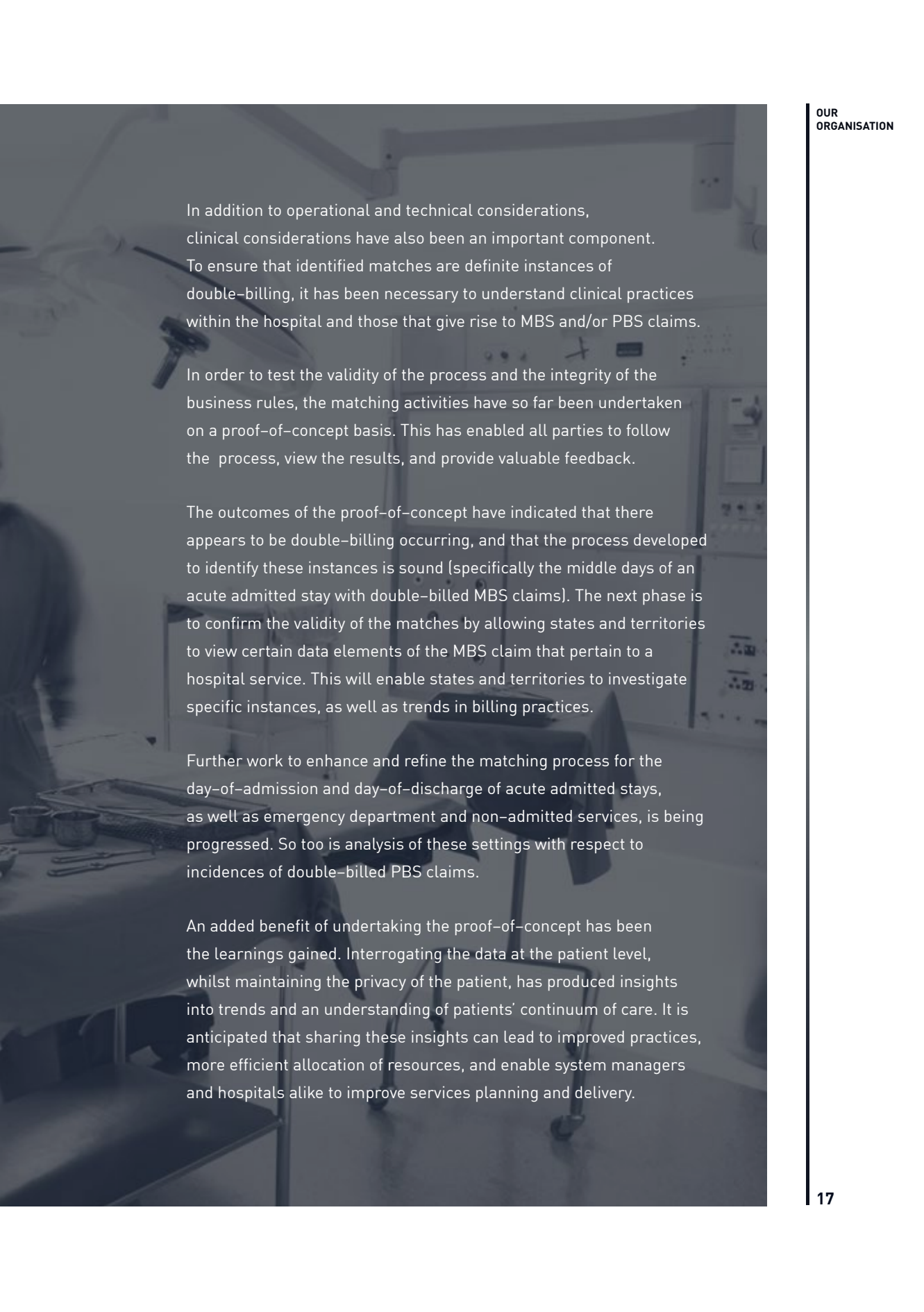
Authors: Lynton Norris, Beth Gubbins, Svetlana Angelkoska

National Health Funding Body, Canberra

Under the National Health Reform Agreement (the Agreement), the Administrator of the National Health Funding Pool (the Administrator) has responsibility for determining the Commonwealth's funding contribution for public hospitals, based on the actual volume of services provided, a total of approximately \$15 billion each year.

To ensure that the Commonwealth does not pay for the same service twice (as per Clause A6 of the Agreement), the Administrator, through the National Health Funding Body (NHFB), undertakes 'data matching' between the patient level activity data provided by states and territories (~30 million hospital records), and MBS and PBS claims data provided by the Commonwealth (~470 million MBS records, ~300 million PBS records).

This task has never been undertaken before, and the considerations have been many and varied. The sheer volume and sensitivity of the data require that the processing environment is capable of receiving, storing, linking and analysing the data in a highly secure manner. In addition to this capacity and capability, an understanding of the data at the data element level is essential — how reliable is a data element and what are the relationships between the data elements? Developing business rules to determine what constitutes a 'match' (potential double-billing) has been an integral step to provide transparency and to avoid 'false positives'.



In addition to operational and technical considerations, clinical considerations have also been an important component. To ensure that identified matches are definite instances of double-billing, it has been necessary to understand clinical practices within the hospital and those that give rise to MBS and/or PBS claims.

In order to test the validity of the process and the integrity of the business rules, the matching activities have so far been undertaken on a proof-of-concept basis. This has enabled all parties to follow the process, view the results, and provide valuable feedback.

The outcomes of the proof-of-concept have indicated that there appears to be double-billing occurring, and that the process developed to identify these instances is sound (specifically the middle days of an acute admitted stay with double-billed MBS claims). The next phase is to confirm the validity of the matches by allowing states and territories to view certain data elements of the MBS claim that pertain to a hospital service. This will enable states and territories to investigate specific instances, as well as trends in billing practices.

Further work to enhance and refine the matching process for the day-of-admission and day-of-discharge of acute admitted stays, as well as emergency department and non-admitted services, is being progressed. So too is analysis of these settings with respect to incidences of double-billed PBS claims.

An added benefit of undertaking the proof-of-concept has been the learnings gained. Interrogating the data at the patient level, whilst maintaining the privacy of the patient, has produced insights into trends and an understanding of patients' continuum of care. It is anticipated that sharing these insights can lead to improved practices, more efficient allocation of resources, and enable system managers and hospitals alike to improve services planning and delivery.

MONTHLY REPORTS

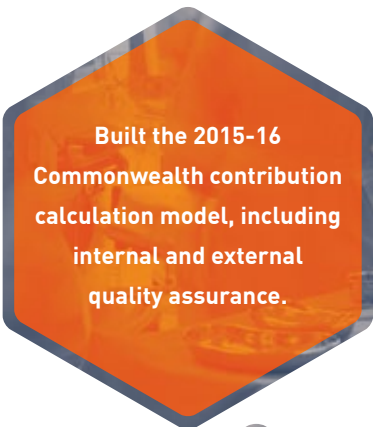
For the 2014-15 financial year, the NHFB produced a total of 1,800 monthly reports for the Administrator.

Each month a national report, a state report for each state and territory, and a report for each local hospital network, are produced.


Section 240 of the Act requires that the Administrator provide monthly reports to the Commonwealth and each state and territory, and to make them publicly available. The reports must contain:

- + Amounts paid into each State Pool Account and state managed fund by the relevant state, and the basis on which the payments were made.
- + Amounts paid into each State Pool Account by the Commonwealth, and the basis on which the payments were made.
- + 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.
- + 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.
- + Number of public hospital services funded for each local hospital network (including as a running financial year total), in accordance with the system of activity based funding.
- + Number of other public hospital services and functions funded from each State Pool Account or state managed fund (including a running financial year total).

The Administrator's monthly reports are available from: publichospitalfunding.gov.au/reports.



Built the 2015-16 Commonwealth contribution calculation model, including internal and external quality assurance.



Developed an integrity framework, to provide assurance over the Administrator's advice to the Commonwealth Treasurer on the Commonwealth contribution to hospital services.

Table 6 shows the release dates for the Administrator's monthly reports published for 2013–14 and 2014–15.

TABLE 6: MONTHLY REPORTS FOR 2013–14 AND 2014–15

2014–15	2013–14
July 2014 (released on 18.9.2014)	July 2013 (released on 30.10.2013)
August 2014 (released on 10.10.2014)	August 2013 (released on 13.11.2013)
September 2014 (released on 29.10.2014)	September 2013 (released on 5.12.2013)
October 2014 (released on 5.12.2014)	October 2013 (released on 30.1.2014)
November 2014 (released on 21.1.2015)	November 2013 (released on 20.2.2014)
December 2014 (released on 13.2.2015)	December 2013 (released on 20.2.2014)
January 2015 (released on 20.3.2015)	January 2014 (released on 28.3.2014)
February 2015 (released on 15.4.2015)	February 2014 (released on 28.3.2014)
March 2015 (released on 8.7.2015)	March 2014 (released on 7.5.2014)
April 2015 (released on 4.9. 2015)	April 2014 (released on 5.6.2014)
May 2015 (released on 4.9.2015)	May 2014 (released on 2.7.2014)
June 2015 (released on 16.10.2015)	June 2014 (released on 7.8.2014)

Provided MBS data to the states
and territories to verify the
Administrator's Business Rules
(enabled by the provision of
public interest certificates by
the Commonwealth Department
of Health).

DATA MATCHING


Under clauses A6 and A7 of the Agreement, the Commonwealth will not fund patient services through the Agreement if the same service or any part of that service is funded through MBS, PBS, or any other Commonwealth programme.

Since the commencement of the national health reform funding arrangements, the NHFB, in collaboration with the Commonwealth, states and territories, has worked on business rules to progress matching of hospital activity and MBS claims data; and hospital activity and PBS claims data, to ensure funding compliance with legislative requirements.

The data matching process enables the Administrator, as part of his/her statutory role and function, to be assured of the funding integrity by enabling the identification of services that have been funded by the Commonwealth more than once.

In 2014–15 data matching was undertaken as a 'proof-of-concept' in collaboration with the Commonwealth, states and territories. This is the first time that any entity has been permitted to undertake data matching with these datasets. In this privileged position, the NHFB has worked thoroughly and carefully through the process to ensure its veracity and reliability.

The data matching activity undertaken in 2014–15 has facilitated jurisdictional discussion regarding funding integrity, and enabled future work on the measurement and identification of relationships between services, needs and the associated cost-benefits.



For matched claims MBS and PBS patient level data were provided by the Commonwealth to states and territories (through Public Interest Certificates issued).

This is the first time that patient identified MBS and PBS data have been shared with jurisdictions in this manner.

REPORT ON PERFORMANCE

The NHFB Agency Budget Statement for 2014–15 included outcomes, objectives, deliverables and key performance indicators.

The NHFB's outcome is:

Provide transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system and support the obligations and responsibilities of the Administrator.

Table 7 describes our performance outcomes.

TABLE 7: NHFB OUTCOMES AGAINST THE 2014–15 PORTFOLIO BUDGET STATEMENT

Objective: Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible state or territory minister, and in line with the Agreement	
QUALITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Maintain proper records and reporting in relation to the administration of the National Health Funding Pool, including records of all payments made to and from those accounts, and the basis on which the payments were made.</p> <p><i>2014–15 PBS Reference Point or Target</i> Monthly publication and verification from the states and territories in relation to the operations of the National Health Funding Pool and state managed funds.</p>	<p>Payment for hospital services through the National Health Funding Pool were overseen and authorised. Appropriate protocols and procedures were in place to manage payments.</p> <p>All payments made in accordance with authorised documentation at the direction of ministers and/or their delegates.</p> <p>Verification from the states and territories in relation to the operations of the National Health Funding Pool and state managed funds.</p> <p>Monthly verification of transactions through the National Health Funding Pool and state managed funds.</p>

Continued

Objective: Assist the Administrator to transparently report on the operations of the National Health Funding Pool and state managed funds, as outlined in the Agreement

QUALITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Annual report of the National Health Funding Pool to the Commonwealth, and state and territory Governments.</p> <p><i>2014–15 PBS Reference Point or Target</i> Produce and table a single annual report and accompanying financial statements on the operation of the National Health Funding Pool in the Commonwealth Parliament, and each state and territory parliament. The annual report will include combined financial statements for the National Health Funding Pool, and financial statements for each state or territory state pool account, audited by the respective Auditor-General.</p>	<p>The 2013–14 Annual Report for the Administrator of the National Health Funding Pool was submitted to all Australian Health Ministers for tabling and is available from: publichospitalfunding.gov.au/publications/annual-reports</p> <p>Financial statements were prepared for each State Pool Account, and were audited by the relevant Auditor-General.</p>
<p>Public reporting on the operations of the state managed funds and National Health Funding Pool.</p> <p><i>2014–15 PBS Reference Point or Target</i> Produce monthly reports on the operation of the state managed funds and the National Health Funding Pool.</p>	<p>Monthly reports were produced and published.</p> <p>1,800 monthly reports were produced in total for 2014–15, including National Reports, a report for each state and territory, and a report for each local hospital network, for each month.</p> <p>The Administrator's monthly reports are available from: publichospitalfunding.gov.au/reports</p>

TABLE 8: QUALITATIVE KEY PERFORMANCE INDICATORS FOR PROGRAMME 1.1

Objective: Assist the Administrator to calculate the Commonwealth contribution to the National Health Funding Pool	
QUALITATIVE INDICATOR	PERFORMANCE OUTCOME
<p>Calculate the Commonwealth contribution to the National Health Funding Pool.</p> <p><i>2014–15 PBS Reference Point or Target</i> The calculation informs the Administrator's advice to the Treasurer and under the Agreement, Commonwealth funding will include a 45% contribution to efficient growth in public hospital services in 2015–16.</p>	<p>2014–15 and 2015–16 Commonwealth Contribution Models were developed and presented to stakeholders, and used by the Administrator to calculate the Commonwealth funding contribution for each state and territory.</p> <p>The Administrator advised the Commonwealth Treasurer, and state and territory health ministers of the Commonwealth funding calculation amounts throughout the year.</p> <p>All funding and payment transactions were effectively monitored and managed.</p>
Objective: Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible state or territory minister, and in line with the Agreement	
QUALITATIVE INDICATOR	PERFORMANCE OUTCOME
<p>Oversee and authorise all payments for public hospital services through the National Health Funding Pool, as required under the Agreement.</p> <p><i>2014–15 PBS Reference Point or Target</i> Improvements to the National Health Funding Administrator Payments System allow the NHFB, and states and territories, greater flexibility in managing payments.</p>	<p>Payment for hospital services through the National Health Funding Pool were overseen and authorised through the National Health Funding Administrator Payments System.</p>
Objective: Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible state or territory minister, and in line with the Agreement	
QUALITATIVE INDICATOR	PERFORMANCE OUTCOME
<p>Percentage of payments made in accordance with directions from the responsible state or territory Minister.</p> <p><i>2014–15 Budget Target 100%</i></p>	<p>100%</p>



The background of the image shows a woman with long brown hair, wearing a patterned shirt, sitting at a desk and smiling. She is looking down at her work. The scene is dimly lit, with light coming from a window with horizontal blinds. Overlaid on this image is a large, semi-transparent orange hexagon with a thin blue border. Inside the hexagon, the words "GOVERNANCE AND ACCOUNTABILITY" are written in a bold, white, sans-serif font, centered horizontally and vertically.

GOVERNANCE AND ACCOUNTABILITY

LEGISLATION

Our enabling legislation is the *National Health Reform Act 2011* (Cwlth) as amended by the *National Health Reform Amendment (Administrator and National Funding Body) Act 2012* (Cwlth).

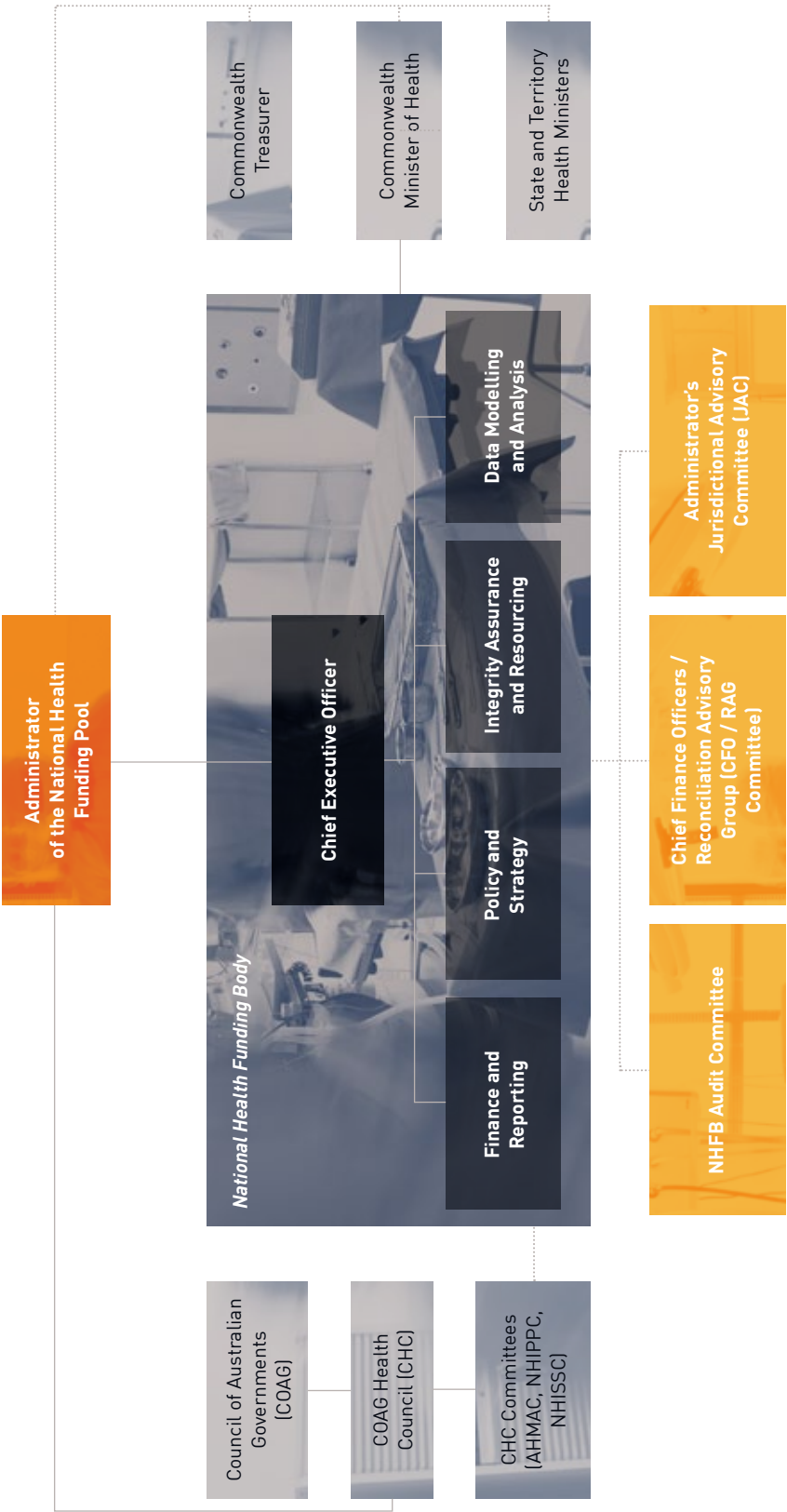
This Commonwealth legislation is supported by common provisions in statutes in each state and territory that create the Administrator’s position, and set out their functions:

TABLE 9: STATE AND TERRITORY LEGISLATION THAT SUPPORTS THE NATIONAL HEALTH REFORM ACT 2011

JURISDICTION	FINANCIAL STATEMENTS
NEW SOUTH WALES	<i>Health Services Act 1997</i>
VICTORIA	<i>Health (Commonwealth State Funding Arrangements) Act 2012</i>
QUEENSLAND	<i>Hospital and Health Boards Act 2011</i>
SOUTH AUSTRALIA	<i>National Health Funding Pool Administration (South Australia) Act 2012</i>
WESTERN AUSTRALIA	<i>National Health Funding Pool Act 2012</i>
TASMANIA	<i>National Health Funding Administration Act 2012</i>
AUSTRALIAN CAPITAL TERRITORY	<i>Health (National Health Funding Pool and Administration) Act 2013</i>
NORTHERN TERRITORY	<i>National Health Funding Pool and Administration (National Uniform Legislation) Act 2012</i>

GOVERNANCE

FIGURE 2: NHFB GOVERNANCE ARRANGEMENTS



The NHFB operates in a complex and challenging environment, involving a wide range of internal and external stakeholders. It is subject to legislation, regulations, standards and guidelines which are applicable to the NHFB and its activities.

The NHFB's governance is based on principles of public sector governance including:

- + **accountability** — to comply with the legislative requirements according to the parameters set
- + **collaboration** — to maintain effective working relationships with all stakeholders, to instil continued confidence
- + **integrity** — to conduct business and make decisions in a manner which demonstrates the principles of honesty, consistency, accuracy and ethics
- + **leadership** — to ensure leadership, effective policy advice and best practice in the management of national health funding
- + **privacy** — to comply with secrecy and disclosure requirements
- + **transparency** — to be transparent in the reporting and transactions of funding activities within the Funding Pool.

The NHFB is committed to managing its business operations, so it strives to meet its strategic objectives, statutory obligations and ethical standards. This commitment is an integral part of the NHFB's management practices, and the foundation of the NHFB's Corporate Governance Framework.

A feature of the NHFB's overall governance is its accountabilities to the:

- + Administrator (an officer accountable to the Commonwealth, states and territories), in respect of the requirements for the NHFB to assist the Administrator in the performance of his or her duties
- + Commonwealth Minister for Health, in respect of the NHFB's existence as a non-corporate Commonwealth entity.

To facilitate the work of the Administrator and that of the NHFB, the NHFB has various governance arrangements in place. These include:

- + Managing the Administrator's Jurisdictional Advisory Committee, including secretariat functions.
- + Facilitating the Chief Finance Officer and Reconciliation Advisory Group Committee, including secretariat functions.
- + Working in collaboration with a number of external national health committees. The Administrator and the NHFB provide representation on the Independent Hospital Pricing Authority Jurisdictional Advisory Committee, Technical Advisory Committee, and Non-admitted Care Advisory Working Group.
- + Assisting the Administrator in reporting to the Council of Australian Governments' Health Council on the operations of the Funding Pool.
- + Supporting representation on the Australian Health Ministers' Advisory Committee where appropriate. The NHFB is a member of the National Health Information Performance Principal Committee, and the National Health Information Standards and Statistics Committee.
- + Appointing an Audit Committee that is responsible for providing independent advice and assurance on the appropriateness of the NHFB's accountability and control framework, including independently verifying and safeguarding the integrity of financial and performance reporting.

For more detail on the NHFB's committee involvement, please refer to page 30 of this Annual Report.

OUR COMMITTEES

ADMINISTRATOR'S JURISDICTIONAL ADVISORY COMMITTEE

*Chair Administrator of the National
Health Funding Pool*

The Administrator's Jurisdictional Advisory Committee (the JAC) is a strategic advisory committee of senior representatives of states and territories, and relevant Commonwealth departments and agencies. The JAC considers strategic issues associated with those elements of national health reform for which the Administrator has responsibility.

The JAC enables collaboration between the Administrator (and the NHFB) and the Commonwealth, state and territory Health Departments on operational arrangements and priorities under the Agreement and the Act.

CHIEF FINANCE OFFICERS / RECONCILIATION ADVISORY GROUP COMMITTEE

Chair NHFB Chief Executive Officer

The Chief Finance Officers/ Reconciliation Advisory Group (CFO/RAG) Committee is a technical group established by the NHFB, on behalf of the Administrator.

The CFO/RAG Committee enables collaboration between jurisdictions on issues impacting the operational management of the Funding Pool.

The CFO/RAG Committee also supports and informs the hospital service reconciliation and data matching requirements outlined in the Agreement, and enables technical collaboration between stakeholders.

NHFB EXECUTIVE COMMITTEE

The NHFB Executive Committee is the primary decision making body in the NHFB. The Committee provides advice and makes recommendations to the Chief Executive Officer on policies, direction, initiatives, and immediate and emerging issues. The Committee also acts as a forum for discussion, prioritisation and forward planning.

NHFB AUDIT COMMITTEE

The NHFB Audit Committee is an assurance body formed in 2013 that comprises four independent members: Carol Holley (Chair), Mark Ridley, Ken Barker, and Diane Fielding. All members were appointed for a period of three years.

The functions of the Audit Committee include reviewing the appropriateness of the NHFB's financial reports, performance reporting, systems of risk oversight and management and systems of internal controls.

Additionally, the Audit Committee supports the process of auditing the financial statements of both the NHFB and the Funding Pool.

The Audit Committee met six times during 2014–15, in July, August, October and December 2014; and in March and May 2015.

AUDIT COMMITTEE MEMBERS

CAROL HOLLEY

Carol Holley was appointed as Chair of the NHFB Audit Committee on 1 March 2013.

Ms Holley is a Non-Executive Director and Chair of the Audit Committee of Australian Pharmaceutical Industries Limited, a Non-Executive Director of the Defence Housing Australia (DHA) Board, Chair of DHA Investment Management Limited, a member of the Property Committee of DHA, and Chair of the Board Audit Committee. She is also the Independent Chair of the Risk Management and Audit Committees of NSW, NSW Land and Housing Corporation Services, the Parliament of NSW, and a member of the Risk and Audit Committee of the NSW Police Force and the NSW Mental Health Commission.

Ms Holley is a Chartered Accountant, and a Fellow of the Australian Institute of Company Directors.

MARK RIDLEY

Mark Ridley is a former senior partner with PricewaterhouseCoopers, where he held a number of leadership roles focused on assurance and risk management.

Mr Ridley is currently Chair of the Audit Committee for the Department of Human Services, encompassing Centrelink, Medicare and Child Support, and Chair of the Audit Committee for the Clean Energy Regulator and the Royal Australian Mint. Mr Ridley is also an independent member of the Audit and Risk Committee of the Australian National University, and the Audit Committee for the Australian Financial Security Authority.

Mr Ridley is a Chartered Accountant (FCA), a graduate member of the Australian Institute of Company Directors, and a long-standing member of the Information Systems Audit and Control Association.

KEN BARKER

Ken Barker has 42 years of experience in public sector management and finance, previously working across four large NSW Government agencies (NSW Police, the former Public Works, Corrective Services, and NSW Health).

Mr Barker has a number of board and committee appointments, including Deputy Chair of the NSW Justice Health and Forensic Mental Health Network, board member of the NSW Clinical Excellence Commission and Agency for Clinical Innovation, and Chair of the National Blood Authority Audit Committee.

Prior to his retirement in 2009, he had been Chief Financial Officer of NSW Health for over 20 years.

Mr Barker was awarded the Public Service Medal in 2002 for Outstanding Public Service in public sector financial management. Mr Barker is a Fellow of the Institute of Public Accountants, and a graduate member of the Australian Institute of Company Directors.

DIANE FIELDING

Diane Fielding joined the Australian Public Service in 1982, and retired in 2006 as First Assistant Secretary (Finance) for the Department of Defence. She had previously been the Chief Financial Officer of the Departments of Veterans' Affairs, Social Security, and Centrelink.

Ms Fielding was a member of the CPA Australia Public Sector Committee for 14 years, and was a member of the Australian Institute of Management ACT Advisory Council from 2008 to 2013. She is currently the Chair of the Downer Community Association.

Ms Fielding is a Fellow of CPA Australia and the Australian Institute of Management, and is a member of the Australian Institute of Company Directors.

ACCOUNTABILITY RISK MANAGEMENT

The NHFB integrates its risk management practices with broader management and operational processes to achieve optimal business outcomes.

In line with the requirements under the *Public Governance, Performance and Accountability Act 2013*, the NHFB has an appropriate system of risk oversight and management. The NHFB uses a suite of risk management tools, including a Risk Management Framework, Risk Register, and a Risk Management Plan which comply with AS/NZS ISO31000: Risk Management.

FRAUD CONTROL

The NHFB has:

- + prepared fraud risk assessments and a fraud control plan
- + appropriate fraud prevention, detection, investigation, and reporting mechanisms in place
- + taken all reasonable measures to appropriately deal with fraud, including the provision of fraud awareness training to all staff in 2014–15.

The NHFB's Fraud Control Plan was developed in accordance with Section 10 of the *Public Governance, Performance and Accountability Rule 2014*.

AUDITS AND ASSURANCE REVIEWS

The NHFB's Audit and Assurance Programme during 2014–15 contained a total of 15 audit or assurance reviews. The Programme included 11 internal audit or assurance reviews, and four external assurance reviews.

During 2014–15, the NHFB also engaged an independent expert to undertake a reasonable assurance review of the control and governance model underpinning the Payments System.

The review was conducted in accordance with the Framework for Assurance Engagements issued by the Auditing and Assurance Standards Board (AUASB), and concluded that Payment System controls are effective in all material aspects.

PUBLIC SERVICE CODE OF CONDUCT

The NHFB promotes adherence to the Australian Public Service (APS) Values and Code of Conduct.

EXTERNAL SCRUTINY

Audit Committee members, including the Chair, are independent and external to the NHFB. See page 30 for further information on the Audit Committee.

No judicial or tribunal decisions have been made or are pending with regard to the NHFB.

No reports on the operations of the NHFB have been released by the Auditor-General, a Parliamentary Committee, or the Commonwealth Ombudsman.

ASSETS MANAGEMENT

In 2014–15 the NHFB leased assets from the Commonwealth Department of Health.

On 1 July 2014 the NHFB received a leasehold incentive in the form of an office fit-out. This asset was subsequently disposed when the lease was terminated on 31 January 2015.

PURCHASING

The NHFB's purchasing activities were conducted in line with the Commonwealth Procurement Guidelines and the NHFB Accountable Authority Instructions.

The NHFB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website: finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/

CONSULTANTS

No consultants were engaged by the NHFB in 2014–15.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The NHFB did not enter into any contracts precluding access by the Commonwealth Auditor-General.

EXEMPT CONTRACTS

The NHFB did not enter into any contracts that were exempt from publication on the AusTender website.

HEALTH AND SAFETY OUTCOMES

In 2014–15 the NHFB had no reportable incidents or serious personal injury incidents, and no notices or directions under the *Work Health and Safety Act 2011*.

ADVERTISING AND MARKET RESEARCH

The NHFB did not undertake any advertising campaigns or market research during 2014–15.

ECOLOGICAL AND ENVIRONMENTAL REPORTING

The NHFB is committed to the principles of ecologically sustainable development.

In 2014–15 the NHFB has continued to minimise its environmental impact by:

- + encouraging all staff members to reduce the volume of printing
- + turning off lights and computers when the office is not in use
- + utilising waste recycling stations
- + reducing our office space
- + limiting travel by using technological solutions whenever possible.

DISABILITY REPORTING

Commonwealth agencies have previously reported in annual reports on their performances as policy advisers, purchasers, employers, regulators, and providers under the Commonwealth Disability Strategy.

This has been replaced by reporting under the National Disability Strategy 2010–2020. This strategy sets out a ten-year national policy framework to improve the lives of people with disability, promote participation, and create a more inclusive society.

Information and reporting on the National Disability Strategy is available at: dss.gov.au/our-responsibilities/disability-and-carers/program-services/government-international/national-disability-strategy.

INFORMATION PUBLICATION SCHEME

The *Freedom of Information Act 1982* (the FOI Act) gives members of the public a right to access copies of documents, other than exempt documents, held by the NHFB.

Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme.

In accordance with the FOI Act requirements, the NHFB publishes FOI information on its website at: nhfb.gov.au/contact-us/freedom-of-information/.

No FOI requests were received by the NHFB in 2014–15.

GRANT PROGRAMMES

There were no grant programmes undertaken by the NHFB in 2014–15.



A woman with blonde hair is smiling and sitting at a round table in a meeting room. She is holding a pen over some papers. Another person is partially visible on the right side of the frame. The background shows office lockers. A large orange hexagon is overlaid on the image, containing the text 'HUMAN RESOURCES'.

HUMAN RESOURCES

MANAGEMENT OF HUMAN RESOURCES

The NHFB approach to people management is to support and develop individuals in an environment that allows them to work to their full potential, innovate, and encourage thought leadership.

STAFF PROFILE

We are a small dynamic agency that is culturally diverse. Our staff come from a range of countries, backgrounds and professional experiences.

Our staff profile reflects our diversity. Our age profile spans 28-60 years. Our staff are 71% female, 29% male.

TABLE 10: HEADCOUNT BY GENDER AND EMPLOYMENT STATUS

Organisation Unit	Female				Male				Total
	Contractor	Non-Ongoing	Ongoing	Female Total	Contractor	Non-Ongoing	Ongoing	Male Total	
Administrator	-	-	-	0	-	1	-	1	1
Office of the CEO	-	-	1	1	-	1	-	1	2
Data Modelling and Analysis	-	-	1	1	-	-	-	0	1
Finance and Reporting	-	-	3	3	1	-	1	2	5
Integrity, Assurance and Resourcing	2	-	2	4	-	-	1	1	5
Policy and Strategy	1	1	1	3	-	-	-	-	3
TOTAL	3	1	8	12	1	2	2	5	17

TABLE 11: HEADCOUNT BY CLASSIFICATION

Classification	Headcount
ADMINISTRATOR	1
CEO	1
EL2	3
EL1	5
APS6	3
APS5	3
APS4	1
TOTAL	17

FIGURE 3: HEADCOUNT BY CLASSIFICATION

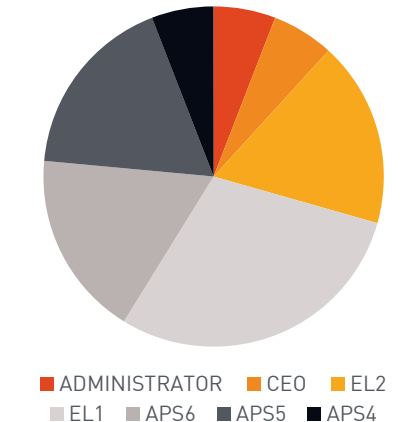


TABLE 12: HEADCOUNT BY
EMPLOYMENT STATUS

Employment Status	Headcount
Contractor	4
Non-ongoing	3
Ongoing	10
TOTAL	17

FIGURE 4: HEADCOUNT BY
EMPLOYMENT STATUS

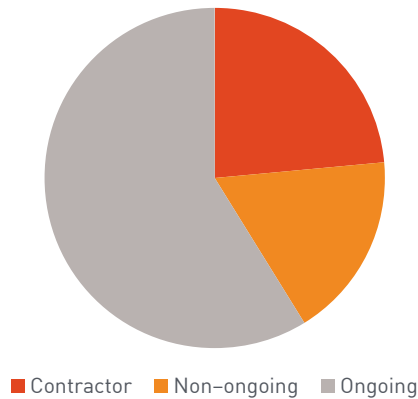


TABLE 13: NHFB STAFF
QUALIFICATIONS

Section	NHFB
Professional industry Qualification (e.g. GAICD/CPA)	10
Post Graduate Qualification	5
Undergraduate Qualification	14
TOTAL	29

TABLE 14: SENIOR EXECUTIVE —
HOLDERS OF PUBLIC OFFICE

Senior Executive	Male	Total
Holder of Public Office — Office of the CEO	1	1
Holder of Public Office — Administrator of the National Health Funding Pool ⁷	1	1

⁷ Note that the Administrator of the National Health Funding Pool is not an employee of the NHFB.

WORKFORCE PLANNING,
STAFF RETENTION
AND TURNOVER

The NHFB has progressed its workforce planning efforts in 2014–15. This work will be developed further in 2015–16. This will provide assurance for future workforce capability, which is critical to the success of the NHFB.

WORKFORCE DIVERSITY

The NHFB has a workforce diversity programme that works in conjunction with its Indigenous employment strategy. The NHFB is committed to recruitment and retention of a diverse workforce. This is evidenced by the representation levels of the NHFB’s culturally diverse workforce. The NHFB continues to promote staff to identify their culturally diverse backgrounds including Indigenous and disability status.

6.8% of our workforce identifies as Indigenous, and 0% of the workforce identify with a disability.

As part of the recruitment process at the NHFB, applicants from diverse backgrounds are encouraged to apply for vacancies.

The NHFB has a Workplace Diversity Plan 2014–16.

REMUNERATION FRAMEWORK

SES level appointments at the NHFB (Administrator and Chief Executive Officer) are appointments as Holders of Public Office.

The employment conditions and remuneration for these officers are set by the Remuneration Tribunal.

The Remuneration Tribunal determination covers remuneration matters including base salary, benefits, and total remuneration.

SES remuneration is applied consistent with the Remuneration Tribunal determinations.

The employment framework for non-SES employees is an Authority Determination 24(1) pursuant to the *Public Service Act 1999*.

The Determination provides additional entitlements to those that the employees enjoy under the Australian Public Service Award 1998. The Determination commenced on 8 May 2014. The NHFB has agreed to bargain for a new enterprise agreement.

No performance pay provisions were provided by the NHFB in the 2014–15 financial year.

PERFORMANCE MANAGEMENT

The NHFB annual performance appraisal scheme directly links regular reviews of individual performance with incremental increases in salary. The scheme provides a structured way for an employee and their manager to review past performance, and develop a future work programme in line with the NHFB strategic objectives. The focus of the scheme is on development and support and, where necessary, management of poor performance.

Consideration of capabilities and performance ensures a fair and objective appraisal scheme.

TRAINING AND DEVELOPMENT

The NHFB actively provides learning and development opportunities for staff to support our functions. The focus for this year was developing the core capabilities of our staff.

Employees are supported to maintain and enhance their professional capability.

Employees have supplemented already acquired skills and knowledge through conference attendance, attendance at relevant forums, and participation in professional development for their role and aligned to our functions.

Staff received training for fraud control, records management, a performance management scheme, and leadership development. New staff participated in a tailored orientation and induction programme.

Most of our staff are eligible to apply for the NHFB's Study Assistance Scheme. Two employees were granted access to study assistance during the 2014–15 financial year. This enabled them to undertake formal courses of study relevant to their work, and to that of the broader APS.

PRODUCTIVITY GAINS

The NHFB worked towards achieving a range of productivity initiatives throughout the year, to enhance our ability to deliver our business outcomes.

Through innovative development of people, structures, and processes, the aim was to deliver results that will improve our collective and individual productivity.

We introduced enhancements, including:

- + consolidating the Payments System processing
- + streamlining and automating monthly reporting for the Funding Pool
- + restructuring the staffing profile to improve efficiency in our operations
- + enhancing the utilisation of shared services.

HEALTH AND WELLBEING

The NHFB is committed to safeguarding the health and safety of its employees, workers and visitors by providing and maintaining a safe working environment. The NHFB aims to eliminate all preventable work-related injuries and illness through systematic management. The NHFB is also committed to supporting and promoting the holistic wellbeing of its employees.

The NHFB is committed to providing and maintaining a safe and healthy workplace, and to meeting its obligations under the *Work Health and Safety Act 2011* and the *Safety, Rehabilitation and Compensation Act 1988*.

The NHFB has a rehabilitation management system as required under Comcare's Guidelines for Rehabilitation Authorities 2012.

This framework includes the Health and Safety Management Arrangements, which outline the responsibilities of executive management, supervisors and employees in maintaining and promoting effective health and safety practices, and appointing health and safety representatives.

All new employees are required to complete Work Health and Safety training as part of their induction. The training helps us to meet our obligations, and create a safety aware workplace.

First aid officers are located in premises occupied by the NHFB, to ensure assistance is available when needed, and first aid kits are provided. Training was arranged for all new health and safety representatives, and refresher training organised as required for ongoing representatives.

The NHFB promotes health and wellbeing awareness among employees by supporting an annual programme that is focused on health and lifestyle. The health and wellbeing initiative is developed in consultation with employees, primarily through the Workplace Consultative Committee.

This year employees could access:

- + workplace assessments
- + workstation adjustment training
- + adjustment equipment
- + influenza vaccinations
- + stress management forum
- + rest-break guidance
- + Employee Assistance Provider awareness forum.

These opportunities encouraged employees to adopt healthy work and lifestyle practices.

Flexible working locations and home-based work including, where appropriate, access to the internet, laptop computers, tablets and mobile phones are offered to our staff.

The NHFB continues to take a proactive approach to supporting employees. This is evidenced by the Respect Charter developed by the staff of the NHFB.

No directions or notices were issued under the *Work Health and Safety Act* in 2014-15.



National Health
Funding Body

OUR VALUES

- + Accountability
- + Collaboration
- + Integrity
- + Leadership
- + Information privacy
- + Transparency

OUR PRINCIPLES

We will treat each other with
courtesy and respect.

We recognise that we will not
always agree, but we will strive to
disagree respectfully.

We acknowledge that our personal
behaviours have an impact on
everyone around us.

We will all own and learn from
our mistakes, and allow others to
do the same.

We will work as a team to achieve
the NHFB's shared goals.

We will support each other to
implement this Respect Charter.

RESPECT CHARTER

OUR BEHAVIOURS

- ✓ Be honest
- ✓ Say 'please' and 'thank you'
- ✓ Check in with others —
'Are you OK?'
- ✓ Be on time
- ✓ Share information
- ✓ Acknowledge others' contributions
— 'Good idea!'
- ✓ Say 'hello' and 'goodbye'
- ✓ Make feedback constructive —
explain how to make something
better, don't just say that something
is wrong or poor
- ✓ Accept feedback on your work as
essential and valuable, not as a
personal attack
- ✓ Ask for help if you need it and
provide help if it is needed —
we are a team!
- ✓ Show courage — without new ideas
we can't improve
- ✓ Listen actively to others
- ✓ Respect the cultural values and
religious beliefs of your colleagues
- ✗ Don't shout
- ✗ Don't speak when someone else is
already speaking
- ✗ Don't swear or use other
offensive language
- ✗ Don't invade other people's
personal space
- ✗ Don't humiliate or deprecate
your colleagues

SEE GOOD IN OTHERS



A woman with long dark hair, wearing a patterned top, is smiling. She is positioned behind a counter. The image is partially obscured by a large, semi-transparent orange hexagon with a dark blue border. The text 'FINANCIAL STATEMENTS' is written in white, bold, sans-serif capital letters across the center of the hexagon.

FINANCIAL STATEMENTS

NATIONAL HEALTH FUNDING BODY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

I have audited the accompanying annual financial statements of the National Health Funding Body for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Chief Executive Officer of the National Health Funding Body is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

reasonableness of accounting estimates made by the Chief Executive Officer of the entity, as well as evaluating the overall presentation of the financial statements.

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

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the National Health Funding Body:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Health Funding Body as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Brandon Jarrett
Executive Director
Delegate of the Auditor-General
Canberra
9 October 2015

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Health Funding Body will be able to pay its debts as and when they fall due.

Signed



Lynton Norris

Chief Executive Officer

9 October 2015

Signed



Beth Gubbins

Chief Finance Officer

9 October 2015

**National Health Funding Body
Statement of Comprehensive Income
for the period ended 30 June 2015**

	Notes	2015 \$	2014 \$
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	(1,921,213)	(2,489,145)
Suppliers	3B	(2,137,585)	(1,677,921)
Depreciation and amortisation	3C	(26,036)	–
Write-down and impairment of assets	3D	–	(16,250)
TOTAL EXPENSES		(4,084,834)	(4,183,316)
LESS			
Own-source Income			
Other Revenue	4A	223,486	40,000
TOTAL OWN-SOURCE INCOME		223,486	40,000
GAINS			
Reversals of previous asset write-downs and impairments	4B	15,070	–
TOTAL GAINS		15,070	–
NET (COST OF)/CONTRIBUTION BY SERVICES		(3,846,278)	(4,143,316)
Revenue from Government	4C	4,348,000	4,360,000
SURPLUS ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		501,722	216,684
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		501,722	216,684

The above statement should be read in conjunction with accompanying notes.

National Health Funding Body
Statement of Financial Position
for the period ended 30 June 2015

**FINANCIAL
STATEMENTS**

	Notes	2015 \$	2014 \$
ASSETS			
Financial Assets			
Cash	5A	12,000	12,000
Trade and other receivables	5B	1,659,566	1,280,964
TOTAL FINANCIAL ASSETS		1,671,566	1,292,964
Non-Financial Assets			
Leasehold Improvement	6A	–	–
Other non-financial assets	6C	43,499	5,400
TOTAL NON-FINANCIAL ASSETS		43,499	5,400
TOTAL ASSETS		1,715,065	1,298,364
LIABILITIES			
Payables			
Suppliers	7A	(253,992)	(193,754)
Other payables	7B	(54,158)	(66,463)
TOTAL PAYABLES		(308,151)	(260,217)
Provisions			
Employee provisions	8A	(300,412)	(433,366)
TOTAL PROVISIONS		(300,412)	(433,366)
TOTAL LIABILITIES		(608,563)	(693,583)
NET ASSETS		1,106,503	604,781
EQUITY			
Retained surplus		1,106,503	604,781
TOTAL PARENT ENTITY INTEREST		1,106,503	604,781
TOTAL EQUITY		1,106,503	604,781

The above statement should be read in conjunction with accompanying notes.

National Health Funding Body
Statement of Changes in Equity
for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
OPENING BALANCE								
Balance carried forward from previous period	604,781	388,097	-	-	-	-	604,781	388,097
ADJUSTED OPENING BALANCE	604,781	388,097	-	-	-	-	604,781	388,097
COMPREHENSIVE INCOME								
Surplus for the period	501,722	216,684	-	-	-	-	501,722	216,684
TOTAL COMPREHENSIVE INCOME	501,722	216,684	-	-	-	-	501,722	216,684
CLOSING BALANCE ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	1,106,503	604,781	-	-	-	-	1,106,503	604,781

The statement should be read in conjunction with the corresponding notes.

**National Health Funding Body
Cash Flow Statement
for the period ended 30 June 2015**

**FINANCIAL
STATEMENTS**

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		4,085,484	8,614,079
Other interagency receivable		–	–
Net GST received		186,355	94,165
Other		128,944	116,679
TOTAL CASH RECEIVED		4,400,783	8,824,923
Cash used			
Employees		(2,057,417)	(2,186,266)
Suppliers		(2,028,067)	(6,400,770)
Section 74 receipts transferred to OPA		(315,299)	(225,887)
TOTAL CASH USED		(4,400,783)	(8,812,923)
NET CASH FROM OPERATING ACTIVITIES	9	–	12,000
NET INCREASE (DECREASE) IN CASH HELD		–	12,000
Cash and cash equivalents at the beginning of the reporting period		12,000	–
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	5A	12,000	12,000

The above statement should be read in conjunction with the accompanying notes.

National Health Funding Body
Schedule of Commitments
for the period ended 30 June 2015

	2015 \$	2014 \$
BY TYPE		
Commitments receivable		
Net GST receivable on commitments	55,466	247,029
TOTAL COMMITMENTS RECEIVABLE	55,466	247,029
Commitments Payable		
Operating Lease ¹	–	(2,083,161)
Other ²	(611,267)	(691,814)
TOTAL OTHER COMMITMENTS	(611,267)	(2,774,975)
NET COMMITMENTS BY TYPE	(555,801)	(2,527,946)
BY MATURITY		
Other commitments receivable		
One year or less	55,466	71,771
From one to five years	–	175,258
Over five years	–	–
TOTAL OTHER RECEIVABLE ON COMMITMENTS	55,466	247,029
TOTAL COMMITMENT RECEIVABLE	55,466	247,029
Commitments payable		
Operating Lease Commitments		
One year or less	–	(374,946)
From one to five years	–	(1,708,215)
Over five years	–	–
TOTAL OPERATING LEASE COMMITMENTS	–	(2,083,161)
Other Commitments		
One year or less	(611,267)	(452,224)
From one to five years	–	(239,590)
Over five years	–	–
TOTAL OTHER COMMITMENTS	(611,267)	(691,814)
TOTAL COMMITMENTS PAYABLE	(611,267)	(2,774,974)
NET COMMITMENTS BY MATURITY	(555,801)	(2,527,945)

Note: Commitments are GST inclusive where relevant.

¹ During 2014–15, the NHFB terminated its lease at Canberra House.

² Other commitments payable, comprises amounts committed under signed agreements where the contracted organisation has yet to perform the services required.

This schedule should be read in conjunction with the accompanying notes.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 OBJECTIVES OF THE NATIONAL HEALTH FUNDING BODY

The National Health Funding Body (NHFB) is an Australian Government controlled not-for-profit entity. The NHFB was established on 1 July 2012.

The role and functions of the NHFB are set out in the *National Health Reform Act 2011*. The objective of the NHFB is to assist the Administrator of the National Health Funding Pool to:

- + calculate the Commonwealth contribution to the National Health Funding Pool;
- + develop the Three Year Data Plan and associated funding calculation approach;
- + ensure the National Health Funding Pool operations are in accordance with directions from the responsible State or Territory Minister, and in line with the National Health Reform Agreement (NHRA);
- + transparently report on the operations of the National Health Funding Pool and state managed funds as outlined in the NHRA.

The NHFB is structured to meet one outcome:

Outcome 1 *Provide transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system, and support the obligations and responsibilities of the Administrator of the National Health Funding Pool.*

The NHFB activities contributing to this outcome are classified as Departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the NHFB in its own right.

The NHFB does not conduct any administered activities on behalf of the Government.

The Australian Government continues to have regard to developments in case law, including the High Court's recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2014) HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programmes. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

The continued existence of the NHFB in its present form and with its present programmes is dependent on Government policy and continuing funding by Parliament for the NHFB's administration and programmes. In the 2014–15 Budget, the Government announced an intention to consult with states and territories with a view to establishing a new Health Productivity and Performance Commission.

The Government has made a decision to not proceed with the establishment of a Health Productivity and Performance Commission. The NHFB and the Administrator of the National Health Funding Pool will continue to administer and reconcile payments to public hospitals under the NHRA for the 2015–16 and 2016–17 financial years.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by s.42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a. Financial Reporting Rule 2015 (FRR) for reporting periods ending on or after 1 July 2014; and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the NHFB or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

National Health Funding Body

Notes to and forming part of the Financial Statements for the period ended 30 June 2015

However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 NEW AUSTRALIAN ACCOUNTING STANDARDS

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

The following new standards, revised standards, interpretations and amending standards were issued prior to the signing of the statement by the accountable authority and chief financial officer, were applicable to the current reporting period:

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1055	Budget Reporting — March 2013 (Principal) — this new requirement requires the NHFB to explain significant variance between budget and actual expenditure — this will result in an increased level of explanation.
AASB 2013–1	Amendments to AASB 1049 — Relocation of Budgetary Reporting Requirements — this standard relocates the AASB 1049 budgetary requirements into AASB 1055 to make it the complete reference on the budget reporting.
AASB 1031	Materiality (revised) — The revised standard no longer includes a definition of 'material', or guidance on how to assess materiality. Instead, it references AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> , AASB 101 <i>Presentation of Financial Statements and the Framework</i> .
AASB 2012–3	Amendments to Australian Accounting Standards — Offsetting Financial Assets and Liabilities (AASB 132) — this is expected to have a minimum impact on the NHFB's financial statements.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

FUTURE AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the signing of the statement by the accountable authority and chief financial officer. No accounting standard has been adopted earlier than the application date as stated in the standard. None are expected to have a material impact on the NHFB's financial statements for future reporting periods:

Standard/ Interpretation	Application date for the entity	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 2015-1	On or after 1 January 2016	<p><i>Amendment to Australian Accounting Standards — Annual improvements to Australian Accounting Standards 2012-2014.</i></p> <p>This is expected to have a minimal impact on the NHFB's financial statements.</p>
AASB 2015-2	On or after 1 January 2016	<p><i>Amendments to Australian Accounting Standards — Disclosure Initiative: Amendments to AASB 101. The changes clarify that entities should not be disclosing immaterial information and that the presentation of information in notes can and should be tailored to provide investors and other users with the clearest story of an entity's financial performance and financial position.</i></p> <p>This is expected to have a minimal impact on the NHFB's financial statements.</p>
AASB 2015-3	On or after 1 July 2015	<p><i>Amendment to Australian Accounting Standards arising from the Withdrawal of AASB 1031.</i></p> <p>Materiality — completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.</p>
ASB 2013-9	On or after 1 July 2015	<p><i>Amendments to Australian Accounting Standards — Conceptual Framework, Materiality and Financial Instruments (Part C — Financial Instruments)</i></p> <p>This is expected to have minimum impact on the NHFB's financial statements.</p>

1.5 REVENUE

REVENUE FROM GOVERNMENT

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the NHFB gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.6 GAINS

RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

1.7 TRANSACTIONS WITH THE GOVERNMENT AS OWNER

EQUITY INJECTIONS

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

1.8 EMPLOYEE BENEFITS

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

LEAVE

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NHFB is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NHFB's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for the long service leave has been determined by our best estimates based on the NHFB staff profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

SUPERANNUATION

Staff of the NHFB are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or employee nominated superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and employee nominated superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

National Health Funding Body Notes to and forming part of the Financial Statements for the period ended 30 June 2015

The NHFB makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The NHFB accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 LEASES

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The NHFB entered into one operating lease on 1 July 2014. This lease was originally planned to be completed on 31 August 2019, however, due to unforeseen circumstances, it was terminated on the 31st of January 2015. The NHFB had not entered into any other operating leases as at 30 June 2015.

1.10 PROPERTY, PLANT AND EQUIPMENT

Under the 'shared services arrangements' with the Department of Health all IT, infrastructure and major office equipment are provided to the NHFB. In July 2014, the NHFB received a leasehold incentive in the form of an office fitout. This asset was subsequently disposed when the lease was terminated. Other Property, Plant and Equipment purchased by NHFB has not been capitalised as at 30 June 2015, as they are low value items, below the threshold of \$2000.

DEPRECIATION

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated over the lesser of the estimated useful life of the improvement or the lease term using the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date.

DERECOGNITION

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

As a result of the termination of the lease at Level 1, Canberra House on 31 January 2015, the NHFB adjusted its lease incentive liability and the carrying value of the leasehold fitout asset to zero.

1.11 CASH

Cash is recognised at its nominal amount.

1.12 FINANCIAL ASSETS

The NHFB classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at their nominal value less impairment.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for impairment at the end of each reporting period.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

1.13 FINANCIAL LIABILITIES

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

1.14 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised in the balance sheet but are reported in the notes. They may arise from uncertainty as to the existence of an asset or liability represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote. As at 30 June 2015, the NHFB did not have any contingency assets or liabilities (2014: Nil).

1.15 TAXATION

NHFB is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a. where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b. for receivables and payables.

1.16 FAIR VALUE MEASUREMENT

NHFB's financial assets and liabilities are measured at nominal amounts. No fair value measurement disclosures are required.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period affecting the financial statements.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 3: EXPENSES

	2015 \$	2014 \$
NOTE 3A: EMPLOYEE BENEFITS		
Wages and salaries	(1,331,057)	(1,724,996)
Superannuation		
Defined contribution plans	(184,464)	(298,211)
Defined benefit plans	(86,552)	(11,541)
Leave and other entitlements	(319,140)	(454,397)
TOTAL EMPLOYEE BENEFITS	(1,921,213)	(2,489,145)
NOTE 3B: SUPPLIERS		
Goods and services supplied or rendered		
Consumables, printing, recruitment and training	(131,721)	(121,342)
Contractors	(1,511,930)	(956,804)
Information technology and communications	(70,488)	(153,214)
Professional fees	(55,607)	(69,613)
Property and utilities	(28,469)	(178,137)
Travel	(59,465)	(76,135)
Other	(20,110)	(73,369)
TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED	(1,877,790)	(1,628,614)
Goods supplied in connection with		
Related parties	(1,332)	–
External parties	(4,624)	(18,635)
TOTAL GOODS SUPPLIED	(5,956)	(18,635)
Services rendered in connection with		
Related parties	(218,913)	(698,122)
External parties	(1,652,920)	(911,857)
TOTAL SERVICES RENDERED	(1,871,833)	(1,609,978)
TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED	(1,877,790)	(1,628,614)

Continued

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

FINANCIAL
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NOTE 3: EXPENSES (CONTINUED)

	2015 \$	2014 \$
Other suppliers		
Operating lease rentals in connection with		
Minimum lease payments	(208,364)	–
Workers compensation expenses	(51,432)	(49,307)
TOTAL OTHER SUPPLIER EXPENSES	(259,795)	(49,307)
TOTAL SUPPLIER EXPENSES	(2,137,585)	(1,677,921)
NOTE 3C: DEPRECIATION AND AMORTISATION		
Depreciation		
Leasehold Improvement	(26,036)	–
TOTAL DEPRECIATION	(26,036)	–
TOTAL DEPRECIATION AND AMORTISATION	(26,036)	–
NOTE 3D: WRITE-DOWN AND IMPAIRMENT OF ASSETS		
Asset write-downs and impairments from		
Other — Write-down of other receivables	–	(16,250)
TOTAL WRITE-DOWN AND IMPAIRMENT OF ASSETS	–	(16,250)

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 4: OWN-SOURCE INCOME

	2015 \$	2014 \$
Own-Source Revenue		
NOTE 4A: OTHER REVENUE		
Resources received free of charge		
Remuneration of auditors	47,000	40,000
Rent received free of charge — Department of Health	66,734	—
Department of Health	109,752	—
TOTAL OTHER REVENUE	223,486	40,000
NOTE 4B: REVERSALS OF PREVIOUS ASSET WRITE-DOWNS AND IMPAIRMENTS		
Reversal of impairment losses	15,070	—
TOTAL WRITE-DOWN AND IMPAIRMENT OF ASSETS	15,070	—
NOTE 4C: REVENUE FROM GOVERNMENT		
Appropriations		
Departmental appropriations	4,348,000	4,360,000
TOTAL REVENUE FROM GOVERNMENT	4,348,000	4,360,000

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

**FINANCIAL
STATEMENTS**

NOTE 5: FINANCIAL ASSETS

	2015 \$	2014 \$
NOTE 5A: CASH		
Cash on hand or on deposit	12,000	12,000
TOTAL CASH	12,000	12,000
NOTE 5B: TRADE AND OTHER RECEIVABLES		
Good and Services receivables in connection with		
Related entities	109,752	–
External parties	–	15,070
TOTAL GOODS AND SERVICES RECEIVABLES	109,752	15,070
Appropriations receivable		
For existing programme	1,528,437	1,265,921
TOTAL APPROPRIATIONS RECEIVABLE	1,528,437	1,265,921
Other receivables		
GST receivable from the Australian Taxation Office	21,377	15,043
TOTAL OTHER RECEIVABLES	21,377	15,043
TOTAL TRADE AND OTHER RECEIVABLES (GROSS)	1,659,566	1,296,034
Less impairment allowance		
Goods and services	–	(15,070)
TOTAL IMPAIRMENT ALLOWANCE	–	(15,070)
TOTAL TRADE AND OTHER RECEIVABLES (NET)	1,659,566	1,280,964
Receivables are expected to be recovered in		
No more than 12 months	1,659,566	1,280,964
More than 12 months	–	–
TOTAL TRADE AND OTHER RECEIVABLES	1,659,566	1,280,964

Continued

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 5: FINANCIAL ASSETS (CONTINUED)

	2015 \$	2014 \$
Receivables are aged as follows		
Not overdue	1,659,566	1,280,964
Overdue by		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	15,070
More than 90 days	–	–
TOTAL TRADE AND OTHER RECEIVABLES (GROSS)	1,659,566	1,296,034
Impairment allowance aged as follows		
Not overdue	–	–
Overdue by		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	(15,070)
More than 90 days	–	–
TOTAL IMPAIRMENT ALLOWANCE	–	(15,070)

Credit terms for goods and services were within 30 days.

RECONCILIATION OF THE IMPAIRMENT ALLOWANCE MOVEMENTS IN RELATION TO 2014-15

	Goods and Services \$	Total \$
OPENING BALANCE	–	–
Amounts written off	–	(15,070)
CLOSING BALANCE	–	(15,070)

NOTE 6: NON-FINANCIAL ASSETS

	2015 \$	2014 \$
NOTE 6A: LEASEHOLD IMPROVEMENTS		
Leasehold improvements		
Fair value	–	–
Accumulated depreciation	–	–
Accumulated impairment losses	–	–
TOTAL LEASEHOLD IMPROVEMENTS	–	–

	Leasehold Improvement \$
NOTE 6B: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT	
RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT FOR 2015	
As at 1 July 2014	
Gross book value	–
Accumulated depreciation and impairment	–
TOTAL AS AT 1 JULY 2014	–
Additions	
Leasehold fitout incentive received	230,600
Depreciation	(26,036)
Other	(204,564)
TOTAL AS AT 30 JUNE 2015	–
Total as at 30 June 2015 represented by	
Gross book value	–
Accumulated depreciation and impairment	–
TOTAL AS AT 30 JUNE 2015	–

The NHFB received a leasehold incentive in the form of a office fitout in respect of its lease at Canberra House in July 2014. That lease was subsequently terminated on 31 January 2015, and accordingly the leasehold fitout asset carrying value was adjusted to zero.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 6: NON-FINANCIAL ASSETS (CONTINUED)

	2015 \$	2014 \$
NOTE 6C: OTHER NON-FINANCIAL ASSETS		
Prepayments	43,499	5,400
TOTAL OTHER NON-FINANCIAL ASSETS	43,499	5,400
Total other non-financial assets — are expected to be recovered in		
No more than 12 months	43,499	5,400
More than 12 months	—	—
TOTAL OTHER NON-FINANCIAL ASSETS	43,499	5,400

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 7: PAYABLES

	2015 \$	2014 \$
NOTE 7A: SUPPLIERS		
Trade creditors and accruals	(253,992)	(193,754)
TOTAL SUPPLIER PAYABLES	(253,992)	(193,754)
Suppliers expected to be settled within 12 months:		
Related entities ¹	(23,972)	(84,712)
External parties	(230,019)	(109,042)
TOTAL	(253,991)	(193,754)
<i>Settlement was usually made within 30 days.</i>		
NOTE 7B: OTHER PAYABLES		
Wages and salaries	(46,732)	(56,492)
Superannuation	(7,426)	(9,971)
TOTAL OTHER PAYABLES	(54,158)	(66,463)
Total other payables are expected to be settled in:		
No more than 12 months	(54,158)	(66,463)
TOTAL OTHER PAYABLES	(54,158)	(66,463)

¹ For the year ended 30 June 2015 and 30 June 2014, this amount relates to payables to the Department of Health under a shared services arrangement and some small payables to other Commonwealth government agencies.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 8: PROVISIONS

	2015 \$	2014 \$
NOTE 8A: EMPLOYEE PROVISIONS		
Leave	(300,412)	(433,366)
TOTAL EMPLOYEE PROVISIONS	(300,412)	(433,366)
Employee provisions are expected to be settled		
No more than 12 months	(214,315)	(245,830)
More than 12 months	(86,097)	(187,536)
TOTAL EMPLOYEE PROVISIONS	(300,412)	(433,366)

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 9: CASH FLOW RECONCILIATION

	2015 \$	2014 \$
RECONCILIATION OF CASH AS PER STATEMENT OF FINANCIAL POSITION TO CASH FLOW STATEMENT		
Cash		
Cash flow statement	12,000	12,000
Statement of Financial Position	12,000	12,000
DISCREPANCY	–	–
RECONCILIATION OF NET COST OF SERVICES TO NET CASH FROM OPERATING ACTIVITIES		
Net cost of services	(3,846,278)	(4,143,316)
Add revenue from Government	4,348,000	4,360,000
Adjustment for non-cash items		
Depreciation	26,036	–
Minimum lease payment (amortisation of lease incentive liability)	(26,036)	–
Movements in assets and liabilities		
Assets		
(Increase) / decrease in net receivables	(378,602)	4,376,428
(Increase) / decrease in prepayments	(38,099)	(5,400)
Liabilities		
Increase / (decrease) in employee provisions	(132,954)	238,342
Increase / (decrease) in supplier payables	60,238	(4,800,004)
Increase / (decrease) in other payables	(12,305)	(14,050)
NET CASH FROM (USED BY) OPERATING ACTIVITIES	–	12,000

NOTE 10: CONTINGENT ASSETS AND LIABILITIES

QUANTIFIABLE CONTINGENCIES

As at 30 June 2015, the NHFB had no quantifiable contingencies.

UNQUANTIFIABLE CONTINGENCIES

As at 30 June 2013, the NHFB had entered into an arrangement for an indemnity with the New South Wales Health Administration Council (HAC). No change has occurred during 2013–14, 2014–15 and remains current as of 30 June 2015.

The HAC is a statutory body whose functions include entering into contracts to support the functions of the NSW Minister for Health. HAC has a banking contract for its Pool accounts with the RBA. HAC has provided the RBA with an indemnity that places obligations upon HAC to accept risks on persons not in its direct control, being the staff of the NHFB. The HAC has in turn sought a 'back to back' indemnity from the Commonwealth. The indemnity is limited to cover the actions of NHFB staff in their capacity as users of Pool account information.

The most probable cost of the indemnity if called upon would be over \$20,000,000 (inclusive of GST).

A risk assessment has been undertaken in accordance with the Department of Finance's Guidelines for Issuing and Managing Indemnities, Guarantees, Warranties and Letters of Comfort. The contingent liability includes risks which are assessed as being either significant or non-remote. The NHFB will make every effort to limit the risk to the Commonwealth under the arrangement through the adoption and implementation of appropriate risk management procedures.

Under the National Health Reform Agreement (NHRA), each of the States agreed to open a Reserve Bank of Australia (RBA) account (a 'State Pool Account') for the purpose of receiving all Commonwealth and activity-based State public hospital funding. The Administrator of the National Health Funding Pool (the Administrator) is responsible for making payments from each State Pool Account, at the direction of each State Health Minister. This process is supported by the NHFB.

SIGNIFICANT REMOTE CONTINGENCIES

As at 30 June 2015, the NHFB had no significant remote contingencies. (2014: Nil)

NOTE 11: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2015 \$	2014 \$
Short-term employee benefits		
Salary	294,985	293,442
Other	60,626	71,984
TOTAL SHORT-TERM EMPLOYEE BENEFITS	355,611	365,426
Post-employment benefits		
Superannuation	59,344	49,874
TOTAL POST-EMPLOYMENT BENEFITS	59,344	49,874
Other long-term benefits		
Annual leave	22,578	22,578
Long-service leave	7,362	25,084
TOTAL OTHER LONG-TERM BENEFITS	29,940	47,662
TOTAL EMPLOYMENT BENEFITS	444,895	462,962

Notes: The total number of senior management personnel that are included in the above table are two (2014: 2).

NOTE 12: FINANCIAL INSTRUMENTS

	2015 \$	2014 \$
NOTE 12A: CATEGORIES OF FINANCIAL INSTRUMENTS		
Financial Assets		
Loans and Receivables		
Cash	12,000	12,000
Trade and other receivables	109,752	–
TOTAL	121,752	12,000
CARRYING AMOUNT OF FINANCIAL ASSETS	121,752	12,000
Financial Liabilities		
At amortised cost		
Trade creditors and accruals	(253,992)	(193,754)
TOTAL	(253,992)	(193,754)
CARRYING AMOUNT OF FINANCIAL LIABILITIES	(253,992)	(193,754)

NOTE 12B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS

There is no income or expense from financial assets in 2014–15. (2013–14: Nil)

NOTE 12C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES

There is no net income or expense from financial liabilities in 2014–15. (2013–14: Nil)

NOTE 12D: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all financial assets and liabilities equals its carrying amount in 2014–15 and 2013–14.

NOTE 12: FINANCIAL INSTRUMENTS (CONTINUED)

NOTE 12E: CREDIT RISK

NHFB is exposed to minimal credit risk as receivables were cash and other receivables. The maximum exposure to credit risk for other receivables is the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables 2014–15: \$109,752 (2014: Nil). The NHFB has endorsed policies and procedures for debt management, to reduce the incidence of credit risk. NHFB has no significant exposures to any concentrations of credit risk.

No collateral is held in relation to the NHFB's gross credit risk.

CREDIT QUALITY OF FINANCIAL INSTRUMENTS NOT PAST DUE OR INDIVIDUALLY DETERMINED AS IMPAIRED

	Not past due nor impaired	Not Past due or impaired	Past due or impaired	Past due or impaired
	2015 \$	2014 \$	2015 \$	2014 \$
Receivables for goods and services	109,752	–	–	15,070
TOTAL	109,752	–	–	15,070

NOTE 12F: LIQUIDITY RISK

The NHFB's financial liabilities only include suppliers. Any exposure to liquidity risk is based on the notion that the NHFB will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding from the Australian Government and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

Suppliers expenses are payable on demand.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

NOTE 13: FINANCIAL ASSETS RECONCILIATION

Financial assets	Notes	2015 \$	2014 \$
TOTAL FINANCIAL ASSETS AS PER BALANCE SHEET		1,671,566	1,292,964
Less: non-financial instrument components			
Appropriations receivable	5B	1,528,437	1,265,921
GST Receivable from the Australian Taxation Office	5B	21,377	15,043
TOTAL NON-FINANCIAL INSTRUMENT COMPONENTS		1,549,814	1,280,964
TOTAL FINANCIAL ASSETS AS PER FINANCIAL INSTRUMENTS NOTE		121,752	12,000

NOTE 14: APPROPRIATIONS

NOTE 14A: ANNUAL APPROPRIATIONS ('RECOVERABLE GST EXCLUSIVE')

ANNUAL APPROPRIATION FOR 2015

	Appropriation Act		PGPA Act		Total appropriation \$	Appropriation applied in 2015 (current and prior years) \$	Variance ¹ \$	Section 51 determination \$
	Annual Appropriation \$	AFM \$	Section 74 \$	Section 75 \$				
DEPARTMENTAL								
Ordinary annual services	4,348,000	-	128,944	-	4,476,944	(4,214,428)	262,516	-
TOTAL DEPARTMENTAL	4,348,000	-	128,944	-	4,476,944	(4,214,428)	262,516	-

ANNUAL APPROPRIATION FOR 2014

	Appropriation Act		Section 30	Section 31	Total appropriation \$	Appropriation applied in 2014 (current and prior years) \$	Variance ² \$	Section 51 determination \$
	Annual Appropriation \$	AFM \$	Section 74 \$	Section 75 \$				
DEPARTMENTAL								
Ordinary annual services	4,360,000	-	116,679	-	4,476,679	(8,730,758)	(4,254,079)	-
TOTAL DEPARTMENTAL	4,360,000	-	116,679	-	4,476,679	(8,730,758)	(4,254,079)	-

¹ The variance of \$262,516 is due to the lower drawdown during FY14-15. It will be available for drawdown in forward years for current year-end accruals and/or employee entitlements payout.

² The variance of \$4,254,079 is due to the NHFB drawing down on its prior year appropriation during 13-14 to pay its 12-13 trade creditors and accruals.

NOTE 14: APPROPRIATIONS (CONTINUED)

TABLE B: DEPARTMENTAL AND ADMINISTERED CAPITAL BUDGETS
('RECOVERABLE GST EXCLUSIVE')

There was no Departmental Capital Budget appropriated to NHFB in 2014–15
or in 2013–14.

TABLE C: UNSPENT ANNUAL APPROPRIATIONS
('RECOVERABLE GST EXCLUSIVE')

Authority	2015 \$	2014 \$
DEPARTMENTAL		
Appropriation Act (No 1) 2014–15	1,528,737	
Appropriation Act (No 1) 2013–14		539,450
Appropriation Act (No 1) 2012–13		738,471
TOTAL	1,528,737	1,277,921

NOTE 15: REPORTING OF OUTCOMES

	Outcome 1 ¹ 2015 \$	Outcome 1 ¹ 2014 \$
NOTE 15A: NET COST OF OUTCOME DELIVERY		
DEPARTMENTAL		
Expenses	(4,084,834)	(4,183,316)
Own-source income	223,486	40,000
NET (COST)/CONTRIBUTION OF OUTCOME DELIVERY	(3,861,347)	(4,143,316)

¹ Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.

The NHFB had one Outcome in the 2014–15 financial year. All revenues, expenses, assets and liabilities are in relation to achieving this Outcome.

**NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF
MAJOR VARIANCES**

The following tables provide a comparison between the 2014–15 Portfolio Budget Statement (PBS) budget and the 2014–15 final financial outcome in the 2014–15 financial statements. The budget is not audited and does not reflect additional estimates provided as part of the 2015–16 PBS. Material changes have been explained as part of the variance analysis.

The actuals are prepared in accordance with Australian Accounting Standards.

Due to the size and nature of the NHFB budget, the impact of an individual event can result in a material variance.

NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

NOTE 16A: DEPARTMENTAL BUDGETARY REPORTS

Statement of Comprehensive Income for the period ended 30 June 2015

	Actual	Budget estimate	
	2015 \$	Original ¹ 2015 \$	Variance ² 2015 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	(1,921,213)	(2,836,000)	914,787
Suppliers	(2,137,585)	(1,512,000)	(625,585)
Depreciation and amortisation	(26,036)	–	(26,036)
TOTAL EXPENSES	(4,084,834)	(4,348,000)	263,165
OWN-SOURCE INCOME			
Own-source revenue			
Other revenue	223,486	–	223,486
TOTAL OWN-SOURCE REVENUE	223,486	–	223,486
GAINS			
Reversals of previous asset write-downs and impairments	15,070	–	15,070
TOTAL GAINS	15,070	–	15,070
TOTAL OWN-SOURCE INCOME	238,556	–	238,556
NET (COST OF)/CONTRIBUTION BY SERVICES	(3,846,278)	(4,348,000)	501,722
Revenue from Government	4,348,000	4,348,000	–
SURPLUS/(DEFICIT) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	501,722	–	501,722
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	501,722	–	501,722

¹ The NHFB's budgeted financial statement first presented to Parliament in respect of the reporting period, being the 2014–15 Portfolio Budget Statements (PBS).

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 16B.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015**NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF
MAJOR VARIANCES (CONTINUED)****Statement of Financial Position for National Health Funding Body
as at 30 June 2015**

	Actual	Budget estimate	
	2015 \$	Original ¹ 2015 \$	Variance ² 2015 \$
ASSETS			
Financial assets			
Cash	12,000	333,000	(321,000)
Trade and other receivables	1,659,566	1,156,000	503,566
TOTAL FINANCIAL ASSETS	1,671,566	1,489,000	182,566
Non-financial assets			
Other non-financial assets	43,499	–	43,499
TOTAL NON-FINANCIAL ASSETS	43,499	–	43,499
TOTAL ASSETS	1,715,065	1,489,000	226,065
LIABILITIES			
Payables			
Suppliers	(253,992)	(540,000)	286,008
Other payables	(54,158)	(107,000)	52,842
TOTAL PAYABLES	(308,151)	(647,000)	338,849
Provisions			
Employee provisions	(300,412)	(454,000)	153,588
TOTAL PROVISIONS	(300,412)	(454,000)	153,588
TOTAL LIABILITIES	(608,563)	(1,101,000)	492,437
NET ASSETS	1,106,503	388,000	718,503
EQUITY			
Parent entity interest			
Retained surplus	1,106,503	388,000	718,503
TOTAL PARENT ENTITY INTEREST	1,106,503	388,000	718,503
TOTAL EQUITY	1,106,503	388,000	718,503

¹ The NHFB's budgeted financial statement first presented to Parliament in respect of the reporting period, being the 2014–15 Portfolio Budget Statements (PBS).

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 16B.

NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

Statement of Changes in Equity for National Health Funding Body for the period ended 30 June 2015

	Retained earnings			Total Equity		
	Actual	Budget estimate		Actual	Budget estimate	
	2015 \$	Original ¹ 2015 \$	Variance ² 2015 \$	2015 \$	Original ¹ 2015 \$	Variance ² 2015 \$
OPENING BALANCE						
Balance carried forward from previous period	604,781	388,000	216,781	–	–	–
ADJUSTED OPENING BALANCE	604,781	388,000	216,781	–	–	–
COMPREHENSIVE INCOME						
Surplus/(Deficit) for the period	501,722	–	501,722	–	–	–
TOTAL COMPREHENSIVE INCOME	501,722	–	501,722	–	–	–
CLOSING BALANCE ATTRIBUTABLE TO AUSTRALIAN GOVERNMENT	1,106,503	388,000	718,503	–	–	–

¹ The NHFB's budgeted financial statement first presented to Parliament in respect of the reporting period, being the 2014–15 Portfolio Budget Statements (PBS).

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 16B.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2015

**NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF
MAJOR VARIANCES (CONTINUED)**

**Cash Flow Statement for National Health Funding Body
for the period ended 30 June 2015**

	Actual	Budget estimate	
	2015 \$	Original ¹ 2015 \$	Variance ² 2015 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations	4,085,484	4,348,000	(262,516)
Net GST received	186,355	144,000	42,355
Other	128,944	–	128,944
TOTAL CASH RECEIVED	4,400,783	4,492,000	(91,217)
Cash used			
Employees	(2,057,417)	(2,830,000)	772,583
Suppliers	(2,028,067)	(1,508,000)	(520,067)
Section 74 receipts transferred to OPA	(315,299)	(144,000)	(171,299)
TOTAL CASH USED	(4,400,783)	(4,482,000)	81,217
NET CASH FROM/(USED BY) OPERATING ACTIVITIES	–	10,000	(10,000)
NET INCREASE/(DECREASE) IN CASH HELD	–	10,000	(10,000)
Cash at the beginning of the reporting period	12,000	323,000	(311,000)
CASH AT THE END OF THE REPORTING PERIOD	12,000	333,000	(321,000)

¹ The NHFB's budgeted financial statement first presented to Parliament in respect of the reporting period, being the 2014–15 Portfolio Budget Statements (PBS).

² Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided at Note 16B.

NOTE 16: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES (CONTINUED)

NOTE 16B: DEPARTMENTAL MAJOR BUDGET VARIANCES FOR 2015

Explanations of major variances	Affected line items (and statement)
<p>The decrease in Employee Expenses compared to Budget resulted from the departure of ongoing staff members who were replaced by temporary and contract staff.</p> <p>This change in resourcing was determined in response to the Government's 2014-15 Budget announcement to merge six national health bodies, including the NHFB, into a Health Performance and Productivity Commission.</p>	<p><i>Employee Benefits and Supplier expenses / Statement of Comprehensive Income</i></p> <p><i>Cash used / Employees and Suppliers / Cash Flow Statement</i></p>
<p>The Depreciation and Amortisation expense arose from the depreciation of the fit-out (leasehold improvement) of Canberra House from July 2014 to January 2015. Prior to entering this lease and subsequent to its termination, the NHFB's accommodation was provided by the Department of Health on a commercial basis under a Memorandum of Understanding.</p>	<p><i>Depreciation expense / Statement of Comprehensive Income</i></p>
<p>The Cash variance relates to a decision by the Department of Finance that the NHFB could maintain a small on-going cash balance. This decision occurred after the original 2014-15 Budget information had been submitted.</p>	<p><i>Cash / Statement of Financial Position</i></p>
<p>The Trade and other receivables variance reflects a higher appropriation receivable carried forward from the prior year and a lower than budgeted drawdown for 2014-15, and grants received by the Department of Health.</p>	<p><i>Trade and other receivables / Statement of Financial Position</i></p>
<p>The Other non-financial assets variance relates to a prepayment for services.</p>	<p><i>Prepayment / Statement of Financial Position</i></p>
<p>The lower than budgeted Payables — Suppliers liability relates to more timely processing of invoices.</p>	<p><i>Total Payables / Statement of Financial Position</i></p>
<p>The lower Employee provisions liability reflects the reduction in APS staff employed by the NHFB and the transfer of entitlements for staff departures during 2014-15.</p>	<p><i>Employee Provisions / Statement of Financial Position</i></p>



National Health
Funding Body



Administrator
National Health
Funding Pool

ENDNOTES

DISCLOSURE INDEX

This report requires the following identified information.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
	Letter of transmittal	Mandatory	iii
	Table of contents	Mandatory	vii
	Index	Mandatory	99
	Glossary	Mandatory	97
	Contact officer(s)	Mandatory	inside front cover
	Internet home page address and Internet address for report	Mandatory	inside front cover
REVIEW BY CEO			
	Review by CEO	Mandatory	viii–ix
	Summary of significant issues and developments	Suggested	14–20
	Overview of agency’s performance and financial results	Suggested	21–23, 46–89
	Outlook for following year	Suggested	12
	Significant issues and developments — portfolio	Portfolio departments — suggested	N/A
AGENCY OVERVIEW			
	Role and functions	Mandatory	3–5
	Organisational structure	Mandatory	5–9
	Outcome and programme structure	Mandatory	21–23
	Where outcome and programme structures differ from PB Statements/ PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	N/A
	Portfolio structure	Portfolio departments — mandatory	N/A

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
REPORT ON PERFORMANCE			
	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	21–23
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	21–23
	Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
	Narrative discussion and analysis of performance	Mandatory	14–20
	Trend information	Mandatory	14–20
	Significant changes in nature of principal functions/ services	Suggested	N/A
	Performance of purchaser/ provider arrangements	If applicable, suggested	N/A
	Factors, events or trends influencing agency performance	Suggested	N/A
	Contribution of risk management in achieving objectives	Suggested	32
	Discussion and analysis of the agency's financial performance	Mandatory	33–34
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	N/A
	Agency resource statement and summary resource tables by outcomes	Mandatory	81

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
MANAGEMENT AND ACCOUNTABILITY			
CORPORATE GOVERNANCE			
	Agency heads are required to certify their agency's actions in dealing with Fraud	Mandatory	33
	Statement of the main corporate governance practices in place	Mandatory	27–29
	Names of the senior executive and their responsibilities	Suggested	8–9
	Senior management committees and their roles	Suggested	30–32
	Corporate and operational plans and associated performance reporting and review	Suggested	N/A
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	32–33
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	N/A
	How nature and amount of remuneration for SES officers is determined	Suggested	N/A
EXTERNAL SCRUTINY			
	Significant developments in external scrutiny	Mandatory	N/A
	Judicial decisions and decisions of administrative tribunals	Mandatory	N/A
	Reports by the Auditor–General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	N/A
MANAGEMENT OF HUMAN RESOURCES			
	Assessment of effectiveness in managing and developing human resources to achieve agency objectives	Mandatory	38–43
	Workforce planning, staff turnover and retention	Suggested	39
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	40–41

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
	Training and development undertaken and its impact	Suggested	40–41
	Work health and safety performance	Suggested	41–42
	Productivity gains	Suggested	41
	Statistics on staffing	Mandatory	38–39
	Statistics on employees who identify as Indigenous	Mandatory	39
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	40–41
	Performance pay	Mandatory	40
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	33
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	34
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	34
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	34
Exempt contracts	Contracts exempt from the AusTender	Mandatory	34
Purchasing	Procurement initiatives to support small business	Mandatory	34
Financial Statements	Financial Statements	Mandatory	47–89

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
OTHER MANDATORY INFORMATION			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	34, 41
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	34
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	34
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A
	Grant programmes	Mandatory	35
	Disability reporting — explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	35
	Information Publication Scheme statement	Mandatory	35
	Correction of material errors in previous annual report	If applicable, mandatory	N/A
	Agency Resource Statements and Resources for Outcomes	Mandatory	81, 84
	List of Requirements	Mandatory	92

ACRONYMS, ABBREVIATIONS AND GLOSSARY

TABLE 15: ACRONYMS, ABBREVIATIONS AND GLOSSARY

TERM	MEANING
(the) Act	The <i>National Health Reform Act 2011</i> .
activity based funding	A system for funding public hospital services based on the actual number of services provided to patients and the efficient cost of delivering those services. Activity based funding uses national classifications, cost weights and nationally efficient prices to determine the amount of funding for each activity or service.
(the) Administrator	<p>The Administrator of the National Health Funding Pool (the Administrator) is an independent statutory office holder, distinct from Commonwealth and state and territory government departments, established under legislation of the Commonwealth and state and territory governments.</p> <p>The role of the Administrator, with support from the National Health Funding Body, is to administer the payment of public hospital funding according to the <i>National Health Reform Agreement</i>, and to oversee payments into and out of the State pool account for each state and territory, collectively known as the National Health Funding Pool (the Funding Pool).</p>
(the) Agreement	See National Health Reform Agreement.
AHMAC	Australian Health Ministers' Advisory Council.
block funding	<p>A system of funding public hospital functions and services as a fixed amount based on population and previous funding.</p> <p>Under National Health Reform, block funding will be provided to states and territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate, particularly smaller rural and regional hospitals.</p>
CEO	Chief Executive Officer.
CFO	Chief Finance Officer.
Council of Australian Governments (COAG)	The peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, state and territory Premiers and Chief Ministers and the President of the Australian Local Government Association.
COAG Health Council	Previously known as Standing Council on Health (SCoH).
DoHA	The (former) Department of Health and Ageing.
FMA Act	The <i>Financial Management and Accountability Act 1997</i> . This Act provided a framework for the proper management of public money and public property.
(the) Funding Pool	See 'National Health Funding Pool'.
Independent Hospital Pricing Authority (IHPA)	An independent statutory body established under Commonwealth legislation to calculate and deliver an annual National Efficient Price (NEP) used in the calculation of national activity based funding for Australian public hospitals.

Continued.

TERM	MEANING
JAC	Administrator's Jurisdictional Advisory Committee.
Local hospital networks (LHNs)	Recipients of the payments from the National Health Funding Pool, Commonwealth block funding and state managed funds.
Medicare Benefits Schedule (MBS)	A listing of the Medicare services subsidised by the Australian Government.
National Health Funding Body (NHFB)	An independent statutory body established under Commonwealth legislation to assist the Administrator in carrying out his or her functions under Commonwealth, state and territory legislation.
National Health Funding Pool (the Funding Pool)	A collective name for the state pool accounts of all states and territories, also known as the 'the Funding Pool'. The Pool was established under Commonwealth and state and territory legislation for the purpose of receiving all Commonwealth and activity based state and territory public hospital funding, and for making payments under the Agreement.
National Health Performance Authority (NHPA)	An independent statutory authority established under Commonwealth legislation to report on the performance of hospitals and primary health care organisations across Australia.
National health reform	National health reform includes reforms to the way in which public hospitals are funded nationally in Australia, as set out in the <i>National Health Reform Agreement</i> entered into by all states, territories and the Commonwealth in August 2011.
National Health Reform Agreement (the Agreement)	The <i>National Health Reform Agreement</i> outlines the funding, governance, and performance arrangements for the delivery of public hospital services in Australia. The Agreement was entered into by all states, territories and the Commonwealth in August 2011.
Payments System (the)	The Administrator's Payments System processes the national health reform Commonwealth, state/territory deposits and payments into and out of the Pool, as required under the Act.
Pharmaceutical Benefits Scheme (PBS)	Details of the medicines subsidised by the Australian Government.
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i> . This act replaced the <i>Financial Management and Accountability Act 1997</i> and the <i>Commonwealth Authorities and Companies Act 1997</i> from 1 July 2014.
RAG	Reconciliation Advisory Group.
SCoH	Standing Council on Health. Known as the COAG Health Council from December 2013.
state managed fund	A separate bank account or fund established by a state or territory for the purposes of health funding under the Agreement which must be undertaken in the state or territory through a state managed fund.
state pool account	A Reserve Bank account established by a state or territory for the purpose of receiving all Commonwealth and activity based state and territory public hospital funding, and for making payments under the Agreement. The state pool accounts of all states and territories are collectively known as the National Health Funding Pool or the Pool.

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DESIGN Voodoo Creative

PHOTOGRAPHY Lightbulb Studio

PRINTING Paragon Printers Australasia

PAPER-BASED PUBLICATIONS

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