



National Health
Funding Body

ASSISTING THE
ADMINISTRATOR TO
IMPROVE THE
TRANSPARENCY OF
AUSTRALIA'S PUBLIC
HOSPITAL SYSTEM

NATIONALLY

**\$41
BILLION**

IN PAYMENTS
TO AUSTRALIAN
PUBLIC
HOSPITALS

ANNUAL REPORT

2015
2016

This Annual Report details the activities of the National Health Funding Body (NHFB) from 1 July 2015 to 30 June 2016.

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

It should be read in conjunction with the **Administrator National Health Funding Pool Annual Report 2015–16**.



The NHFB Chief Executive Officer (CEO) is required to prepare and present this report to the Commonwealth Parliament, pursuant to section 267 of the *National Reform Act 2011* (the Act) and section 70 of the *Public Service Act 1999*, and provide a copy of this report to each state and territory Health Minister under section 267(2) of the Act.

The \$41 billion on the cover page in payments to Australian public hospitals represents the amounts paid to local hospital networks from the State Pool Accounts and State Managed Funds, for weighted public hospital services. Further detail can be found in the Administrator National Health Funding Pool Annual Report 2015–16 on page iii.

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
1300 930 522

nhfb.enquiries@nhfb.gov.au
nhfb.gov.au

An accessible copy of this Annual Report is available online at nhfb.gov.au/publications.

VISION, MISSION AND STRATEGIC OBJECTIVES

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 (the Administrator), 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 nationally consistent public hospital funding arrangements, 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 National Health Reform 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.

The NHFB Strategic Plan for the period 2013–16 is available from nhfb.gov.au/publications.

LETTER OF TRANSMITTAL



**National Health
Funding Body**

National Health Funding Body
GPO Box 1252 Canberra ACT 2601
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19 October 2016

The Hon. Sussan Ley MP
Minister for Health
PO Box 6022
CANBERRA ACT 2600
minister.ley@health.gov.au

Dear Minister,

National Health Funding Body Annual Report 2015-16

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 2016, for presentation to Parliament.

This report has been prepared in accordance with the *Resource Management Guide No. 135 – Annual reports for non-corporate Commonwealth entities* as issued by the Department of Finance 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

Proudly assisting the Administrator of the National Health Funding Pool

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NATIONAL HEALTH REFORM REPORTING

SCOPE OF REPORTING



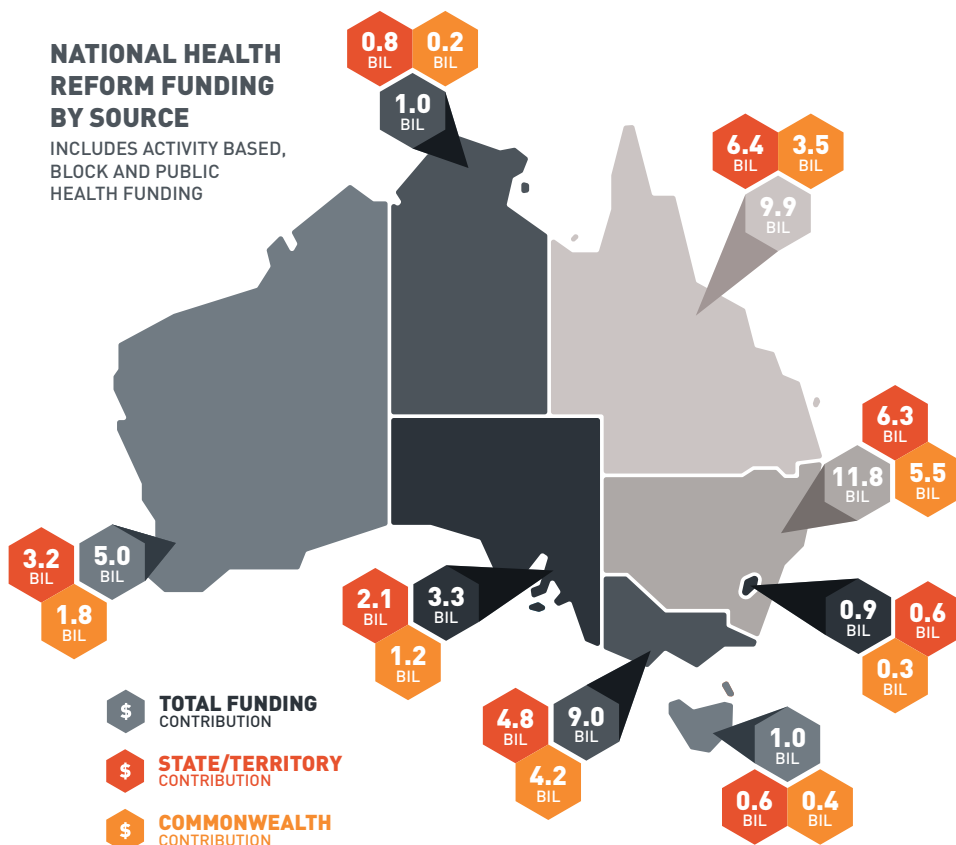
The scope of reporting in the Administrator and NHFB annual reports is funding and payments processed through the National Health Funding Pool and State Managed Funds. This comprises activity based, block and public health funding, which represents the majority of public hospital activity.

It may differ from reports published by the Australian Institute of Health and Welfare, states, territories and local hospital networks, due to the inclusion or exclusion of other funding such as specific purpose payments, own source revenue or personal contributions.

NATIONAL HEALTH REFORM FUNDING RECEIPTS 2015–2016

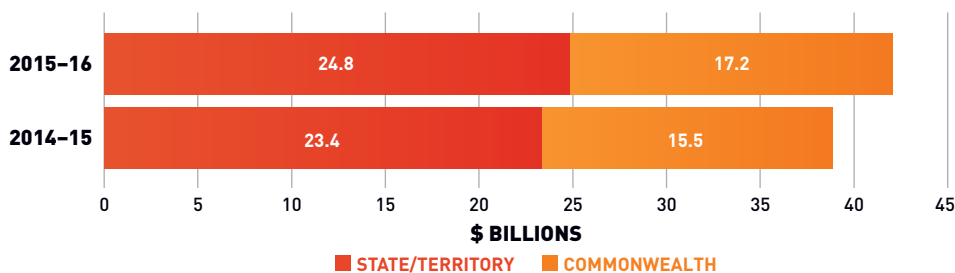
NATIONAL HEALTH REFORM FUNDING BY SOURCE

INCLUDES ACTIVITY BASED, BLOCK AND PUBLIC HEALTH FUNDING

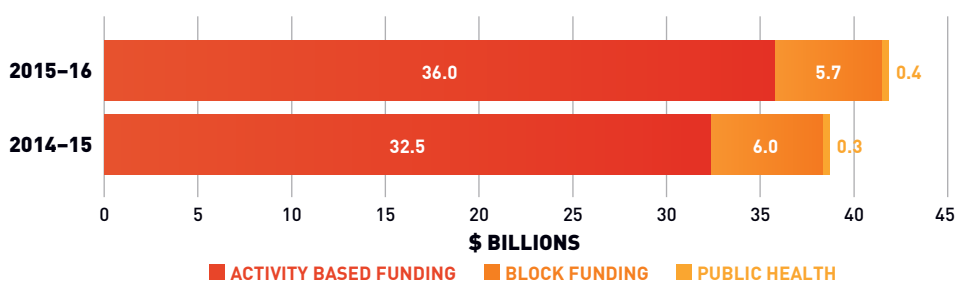


Totals may not equal the sum of components due to rounding

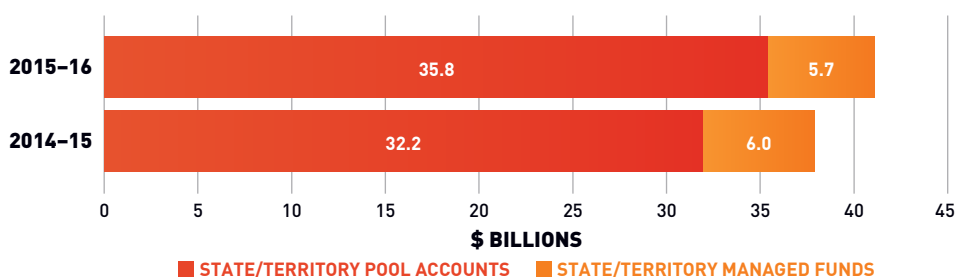
FUNDING RECEIPTS BY SOURCE



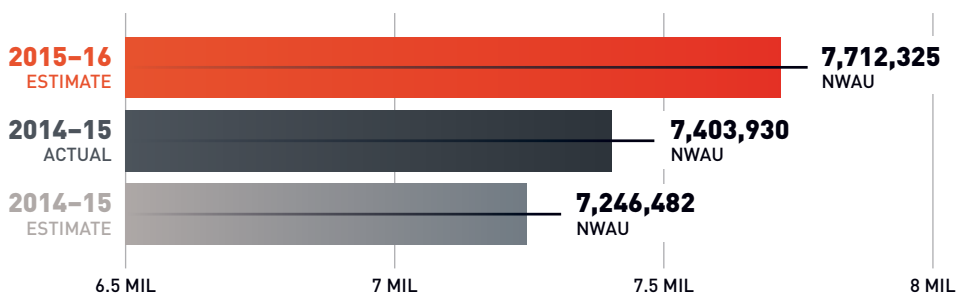
FUNDING RECEIPTS BY TYPE



PAYMENTS TO AUSTRALIAN PUBLIC HOSPITALS BY SOURCE



NUMBER OF WEIGHTED PUBLIC HOSPITAL SERVICES FUNDED



Further details on the basis of these amounts can be found in the relevant state or territory section of the Administrator of the National Health Funding Pool 2015-16 Annual Report, or at publichospitalfunding.gov.au.

The Administrator is assisted by the NHFB. For further details of the NHFB's operations, please see the relevant sections of this Annual Report or nhfb.gov.au.

Totals may not equal the sum of components due to rounding

MESSAGE FROM THE CEO

I am pleased to present the fourth NHFB Annual Report for the financial year ended 30 June 2016. It has been an exciting and invigorating year for the NHFB.

The Council of Australian Governments (COAG) agreed on 1 April 2016 to the *Heads of Agreement between the Commonwealth and the States and Territories on Public Hospital Funding*, which continues the role of the Administrator and NHFB into the future. The Heads of Agreement upholds the objectives of the *National Health Reform Agreement* (Agreement), which fundamentally changed the landscape of public hospital funding in Australia. The Agreement brought the common language of activity based funding, allowing all jurisdictions greater openness and collaboration, and engagement of citizens in the public resourcing of the health system.

By reaffirming the aims of the Agreement, the Australian Governments have signaled their commitment to a sustainable, transparent and effective health system for all Australians.

This provides significant opportunities to consolidate the excellent work that has been achieved to date, and to identify new areas for enhancement.

A number of high level goals have been set by the governments, and I look forward to working with the Administrator, jurisdictions and other agencies to achieve them.

Our primary function is to assist the Administrator of the National Health Funding Pool (the Administrator) to calculate the amount of the Commonwealth funding to public hospitals in each state and territory under the Agreement, and to administer the National Health Funding Pool.

It has been a successful year for the NHFB, with a total of 5,279 funding and payment transactions processed in 2015–16. The NHFB administered a total of \$41.4 billion² of Commonwealth and state payments to local hospital networks, and calculated the Commonwealth contribution of \$17.2 billion³ in 2015–16. The NHFB's operations are further outlined at nhfb.gov.au.

On behalf of the Administrator, the NHFB prepared 1,780 monthly reports over the financial year, available from publichospitalfunding.gov.au.

² Administrator National Health Funding Pool 2015–16 Annual Report, page iii.

³ Administrator National Health Funding Pool 2015–16 Annual Report, page 42–43.

These reports assist stakeholders, such as governments, researchers and the media, and the wider public to understand the national health reform funding and payment system and improve the transparency of payment flows and purchased hospital services for the community.

The accomplishments of the NHFB reflect the high performance of the staff and the strong culture of integrity and commitment to success. The small team of specialist staff have worked hard to consistently build on the achievements of previous years, and will continue to do so as the organisation transitions into the new arrangements of the Heads of Agreement. The diversity and agility of the NHFB has allowed us to bring leadership to delivering public hospital funding.

Finally, I would like to take this opportunity to thank Mr Bob Sendt, the Administrator until 1 August 2015, and Mr Kim Snowball, the Acting Administrator until 22 February 2016, for their contribution. I welcome Mr Peter Achterstraat AM as the COAG Health Council's newly appointed Administrator, and I look forward to working with Peter in progressing the health reform agenda.

Mr Lynton Norris

Chief Executive Officer
National Health Funding Body





A blurred office scene with people and a grid pattern overlay. The image shows a modern office interior with a large grid pattern overlaying the scene. The grid is composed of thin, dark lines. In the background, there are people sitting at tables, and a large window with a grid pattern. The overall color palette is muted, with a lot of greys and blues. The text 'OUR ORGANISATION' is written in a bold, white, sans-serif font in the bottom right corner.

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* (PGPA Act).

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 and 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 functions. Those functions are set out in the Act and 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 of the Act)
- + oversee the payment of Commonwealth hospital funding into State Pool Accounts (s.238 of the Act)
- + 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)⁴
- + monitor state payments into each State Pool Account (common provisions of National Health Funding Pool legislation in each state and territory)⁵
- + reconcile estimated and actual hospital services and adjust Commonwealth payments to hospitals (s.238 of the Act)
- + report publicly on the national health reform funding and payments (s.240 of the Act)
- + develop and provide to the Commonwealth, states and territories rolling three–year data plans (Clause B85 of the Agreement)
- + undertake a funding integrity analysis to identify and report on public hospital services that received both Commonwealth national health reform funding and funding through other Commonwealth programs (Clause A6 of the Agreement).

⁴ A list of relevant state and territory legislation containing the common provisions can be found in Table 1.

⁵ See footnote 4.

LEGISLATION

The Commonwealth legislation is supported by common provisions in statutes in each state and territory that create the position of the Administrator and set out his functions:

TABLE 1: STATE AND TERRITORY LEGISLATION THAT SUPPORTS THE NATIONAL HEALTH REFORM ACT 2011

JURISDICTION	LEGISLATION
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>
WESTERN AUSTRALIA	<i>National Health Funding Pool Act 2012</i>
SOUTH AUSTRALIA	<i>National Health Funding Pool Administration (South Australia) 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>

OUR HISTORY, OUR FUTURE

FOUNDATION

On 1 July 2011, the Act and the Agreement set out the basis for strategic reform of Australia's health system. In 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 and the NHFB.

The Agreement and introduction of activity based funding fundamentally changed the landscape of public hospital funding in Australia. By bringing a common language and national consistency in the way Commonwealth and state and territory funding is measured and calculated, and how local hospital networks are paid, the Agreement informed the perspective of jurisdictions. These components made collaboration between stakeholders simpler and the complex system of public hospital funding more transparent. The independence of the Administrator and NHFB from any Commonwealth or state and territory Minister was vital to ensuring trust in the veracity of the funding and payments process.

From 2012, the NHFB developed the key strategic framework documents relating to the Administrator's functions, and the documents required of a Commonwealth agency. The processes surrounding the Administrator's functions were refined, including the Commonwealth contribution calculation model and reconciliation, to ensure that all local hospital networks received Commonwealth funding based on the actual hospital activity delivered. Strong governance and reporting frameworks were put in place to ensure the independence and integrity of the funding and payments.

TRANSITION

The 2014–15 Commonwealth Budget flagged the government's intention to create a Health Productivity and Performance Commission by merging several existing bodies including the NHFB and the Administrator, and return to a model of block funding to states and territories, rather than activity based funding. The 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO) announced the intention to close the NHFB in March 2018.

During this period the NHFB continued to deliver on its legislated mandate and met its regulatory and compliance responsibilities.

The NHFB undertook data analysis work with the Commonwealth, states and territories as part of the Administrator's funding integrity responsibilities to bring new insights and understanding into health utilisation and cost from a whole of system perspective. The Administrator and NHFB maintained an active role in intergovernmental committees, contributing to strategic national work on health data standards, collection, access and usage.

On 1 April 2016, COAG met and agreed to the *Heads of Agreement between the Commonwealth and the States and Territories on Public Hospital Funding*.

This Heads of Agreement sets out a series of high-level goals for all Australian governments to achieve in the interests of creating a high-performing and sustainable health system.

Schedule 1 of the Heads of Agreement continues the role of the Administrator and NHFB with ongoing funding from the 2016–17 Commonwealth Budget. This acknowledged the value contribution of the NHFB's work to date, and provides an opportunity for further improvement.

THE FUTURE

The Heads of Agreement reaffirms the objectives of the 2011 Agreement and a commitment to national health reform. Through the continuation of the Administrator, the NHFB and activity based funding, the Commonwealth and state and territory governments will continue to work towards a transparent and sustainable health system that will improve health outcomes for all Australians.

This brings significant opportunities and challenges for 2016–17 and the coming years. The new Agreement will allow the Administrator and NHFB to consolidate the excellent work that has been achieved to date, and fulfil new responsibilities and obligations. The development of the addendum to the Agreement will be undertaken by the Commonwealth and state and territory governments.

The implementation of the national health reform funding calculation model and integrity framework that incorporates a funding cap is a new challenge for the NHFB. However, it is an opportunity to drive the sustainability of public hospital funding through the strong foundation that has been established by the Administrator and the NHFB.

PUBLIC HOSPITAL FUNDING

Under the Agreement, the Commonwealth, state and territory governments are jointly responsible for funding public hospital services, using either activity based or block funding.

Commonwealth national health reform funding for public hospitals is paid monthly into the National Health Funding Pool, which consists of eight state and territory bank accounts with the Reserve Bank of Australia.

The national health funding and payment flows are outlined in Figure 1. Further details of the funding and payment flows and the National Health Reform funding types can be found in the 'Overview' section of the Administrator of the National Health Funding Pool Annual Report 2015–16.⁶

⁶ Available from publichospitalfunding.gov.au/publications/annual-reports

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 duties
- + Commonwealth Minister for Health, in respect of the NHFB's existence as a non corporate Commonwealth entity.

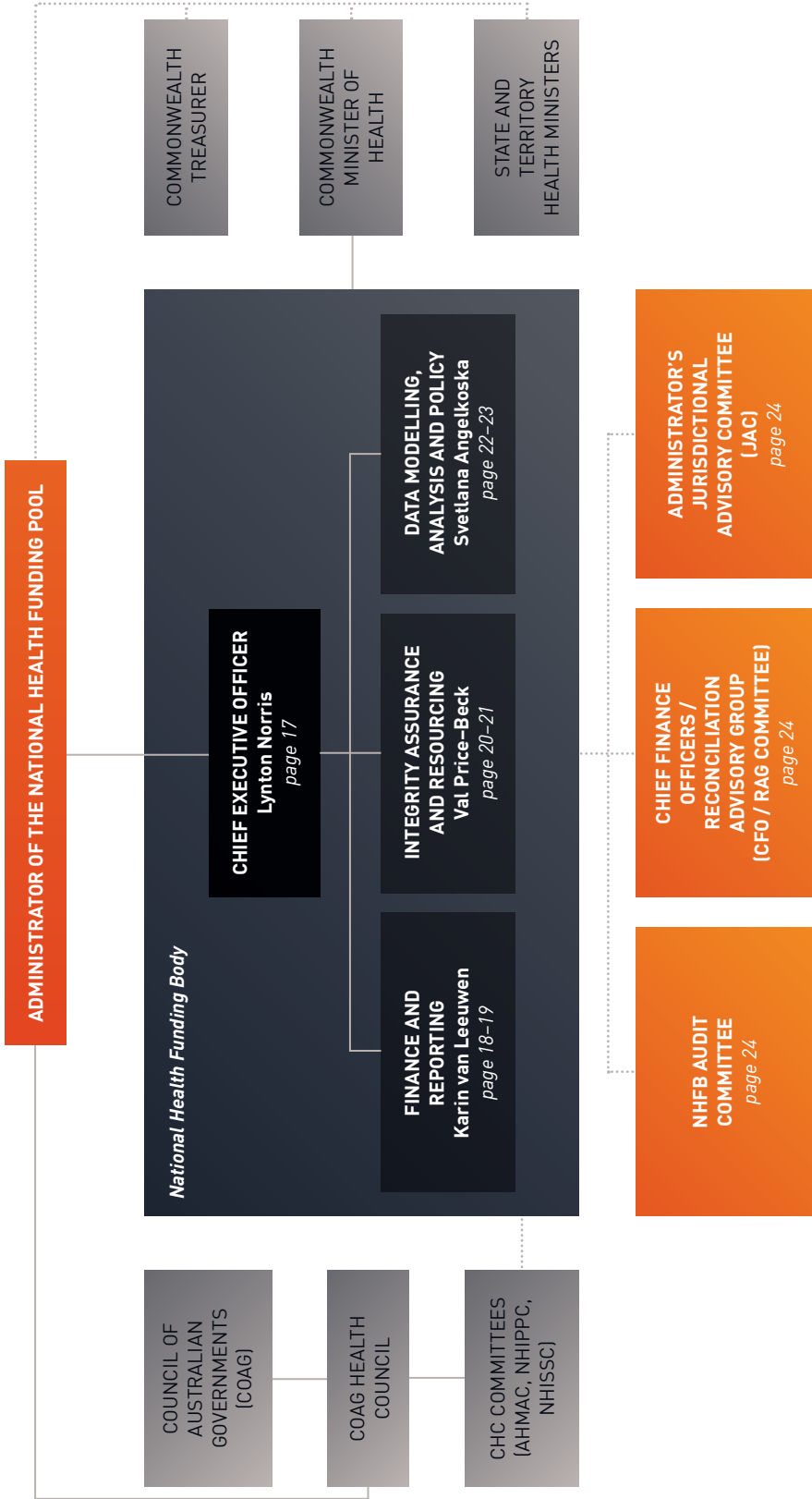
To facilitate the work of the Administrator and that of the NHFB, the NHFB has various external governance arrangements in place. These include:

- + managing the Administrator's Jurisdictional Advisory Committee (JAC), including secretariat functions (see page 24)
- + facilitating the Chief Finance Officers and Reconciliation Advisory Group Committee (CFO/RAG), including secretariat functions (see page 24)
- + 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 (see page 24)

- + assisting the Administrator in reporting to COAG Health Council on the operations of the National Health Funding Pool
- + supporting representation on the Australian Health Ministers' Advisory Committee (AHMAC) where appropriate. The NHFB is a member of the National Health Information Performance Principal Committee (NHIPPC), and the National Health Information Standards and Statistics Committee (NHISSC)
- + working in collaboration with a number of external national health committees. The Administrator and the NHFB provide representation on the Independent Hospital Pricing Authority JAC, Technical Advisory Committee (TAC), and Non-admitted Care Advisory Working Group (NACAWG).

A summary of the NHFB's external governance arrangements and organisational structure can be found in Figure 2.

FIGURE 2: NHFB GOVERNANCE ARRANGEMENTS AND ORGANISATIONAL STRUCTURE



WHO WE ARE



(From Left to Right) First row: Svetlana Angelkoska, Karin van Leeuwen, Lynton Norris, Val Price–Beck. Standing: Andrew Hai, Rachel Ren, Georgia James, Gitanjali Kaura, Jeremy Rhind, Sheila Holcombe, Purva Koparkar (SAS Institute), Bek Hyland, Peta Hunt, Vincent Lorimer, Karim Ehtisham, James Malizani.

The NHFB, led by the CEO Lynton Norris, supports the Administrator in his legislated functions by three core business units:

- + Finance and Reporting
- + Integrity, Assurance and Resourcing
- + Data Modelling, Analysis and Policy.

Figure 2 is an overview of the NHFB organisational structure including governance arrangements.

THE ADMINISTRATOR, PETER ACHTERSTRAAT AM



The Administrator is an independent statutory office holder, appointed to the position under legislation of the Commonwealth and each state and territory. The Administrator's functions are set out in the Agreement and the Act (see page 8). The current Administrator is Mr Peter Achterstraat AM, who was appointed on 23 February 2016.

Peter is the former Auditor-General of NSW and a former Deputy Commissioner of Taxation with over 30 years' experience in finance and governance. Peter is the President of the Australian Institute of Company Directors (NSW Div.). In 2005, he was inducted into the Australian National University College of Business and Economics' Hall of Fame.

Peter is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of CPA Australia, and a Fellow of Governance Institute of Australia. Peter is an Adjunct Professor at the University of Sydney's Graduate School of Government and was awarded an Order of Australia in 2014 for his Financial Management and Governance roles.

Further details of the Administrator's functions can be found in the Administrator's Annual Report 2015–16.⁷

⁷ publichospitalfunding.gov.au/publications/annual-reports

CHIEF EXECUTIVE OFFICER, LYNTON NORRIS



As Chief Executive, an independent statutory office holder of the Commonwealth of Australia, Lynton supports the Administrator to fulfil his functions, and is responsible for effective delivery of the outputs of the NHFB.

Lynton is a respected leader in health funding and policy design, and is leading significant change and reform in hospital and health funding arrangements. He provides a strategic vision and operational excellence in a dynamic environment.

Prior to his appointment as the NHFB CEO, Lynton was a senior executive in the Victorian State Government and has over 20 years' experience in government and the private sector.

Lynton has significant experience in public sector finance and policy development and implementation. He is a chair and member of a number of national and jurisdictional committees in health administration and service delivery.

Lynton holds degrees in International Trade and Accounting, and is a Fellow of CPA Australia.

ABOUT FINANCE AND REPORTING

The Finance and Reporting unit provides support and financial services to the Administrator and the National Health 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), and processing Commonwealth, state and territory deposits and payments into and out of the National Health Funding Pool, as required under the Act.

The unit also develops, maintains and monitors compliance with the National Health Reform Public Hospital Funding Procedures Manual and the States and Territories Procedures Manual for the Payments System.

The unit produces the eight State Pool Account financial statements for auditing by each state and territory's Auditor-General.

The unit is responsible for the preparation and publication of the Administrator's monthly reports that record the Commonwealth and state and territory public hospital funding and payments for the month and year to date, for the following:

- + 1 national monthly report (12 annually)
- + 8 state and territory monthly reports (96 annually)
- + approximately 140 LHN monthly reports (1,672 annually).

These reports are available from: publichospitalfunding.gov.au.

Other responsibilities include the strategic budget and financial management of the departmental appropriation for the NHFB, and the preparation of NHFB financial statements under the PGPA Act which is audited by the Australian National Audit Office.

UNQUALIFIED AUDIT OPINIONS OF FINANCIAL STATEMENTS FOR EIGHT NATIONAL HEALTH FUNDING POOL ACCOUNTS AND THE NHFB FOR 2015–16.

IMPROVED PUBLIC REPORTING BY PUBLICATION OF 1,780 MONTHLY REPORTS FOR 2015–16 ON PUBLICSHOSPITALFUNDING.GOV.AU.

COORDINATED ACCURATELY 5,279 PAYMENT TRANSACTIONS FOR PUBLIC HOSPITAL SERVICES THROUGH THE NATIONAL HEALTH FUNDING ADMINISTRATOR PAYMENT SYSTEM.

DIRECTOR, KARIN VAN LEEUWEN



Karin has over 25 years' experience in Accounting for both government and the private sector. She held several Company Secretary positions over a period of 10 years for private sector international companies. Karin joined the NHFB in November 2015.

Prior to her appointment with the NHFB, Karin worked for General Practice Education and Training for four years. She was responsible for the financial operations of the company and subsequently played a significant role in the successful wind-up of the company in 2014. In particular, Karin had responsibility for ensuring all operational and financial matters were finalised, including Taxation, Payment Summaries, Financial Statements, and final Audit by the Australian National Audit Office.

Karin has a Bachelor degree in Accounting, a Master degree in Business Administration, and is a Certified Practising Accountant.

ABOUT 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, fraud control, security, facilities management, and records management.

The unit is responsible for implementing and assuring adherence with Part 2 of the Public Governance, Performance and Accountability framework for good governance practices which has been embraced by the NHFB. The unit also develops and maintains the Strategic Plan and Corporate Plan.

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.

In 2015–16, there were 15 internal and 12 external audits or assurances, including of the Payments System, business continuity policies and procedures, fraud control processes, and the Commonwealth Contribution Model.

The unit provides secretariat support to the NHFB Audit Committee (further information on page 24) and a number of other committees including NHFB Executive Committee; Risk Compliance and Business Continuity Committee; Workplace Consultative Committee and Digital 2020 Committee.

PROVIDED INTEGRITY ANALYSIS AND ASSURANCE OF THE ADVICE TO THE COMMONWEALTH TREASURER ON \$17.2 BILLION⁸ OF COMMONWEALTH FUNDING FOR PUBLIC HOSPITALS.

CONDUCTED A COMPLETE RISK REVIEW OVER ALL ASPECTS OF THE NHFB'S OPERATIONS CAPTURING SYSTEMATIC, STRATEGIC, ENTERPRISE, FRAUD AND SECURITY RISKS, INCLUDING CONDUCTING 15 INTERNAL AUDITS AND COORDINATING 12 EXTERNAL AUDITS.

DEVELOPED THE NHFB ANNUAL PERFORMANCE STATEMENT FOR 2015–16 ANNUAL REPORT.

⁸ Administrator National Health Funding Pool 2015–16 Annual Report, page 42–43.

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, 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. This integrity framework continued to be applied in 2015-16.

Val also oversaw the establishment of the NHFB as a Commonwealth agency and the implementation of the PGPA Act and associated Rules into the NHFB.

ABOUT DATA MODELLING, ANALYSIS AND POLICY

The Data Modelling, Analysis and Policy 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 unit develops financial models that enable the Administrator to accurately calculate the Commonwealth funding contribution to local hospital networks. This includes a six-month and annual reconciliation of the estimated and actual public hospital service delivery activity, to adjust the Commonwealth funding contribution. This unit also develops programs and models to determine services eligible

for Commonwealth funding. The unit collects and processes the data required to support this modelling.

Other responsibilities include development of the Administrator's rolling Three Year Data Plan and determining the Administrator's minimum data requirements, the associated funding reconciliation framework and policy statements, and other organisational and strategic documents.

The unit is responsible for preparing parliamentary reporting material and provides briefing and secretariat support to the Administrator's and NHFB's interjurisdictional committees.

In undertaking this work, the Data Modelling, Analysis and Policy unit works collaboratively with the Administrator and all jurisdictions to ensure that modelling, analytics and policy decisions are accurate and well understood by stakeholders.

CALCULATED \$17.2 BILLION⁹ OF COMMONWEALTH FUNDING TO LOCAL HOSPITAL NETWORKS INCLUDING RECONCILIATION ADJUSTMENT OF \$328 MILLION¹⁰ FOR SERVICES PROVIDED IN 2014–15.

ENGAGED WITH STAKEHOLDERS ON DATA MATCHING FOR FUNDING INTEGRITY AND POSSIBLE USES OF THE ADMINISTRATOR'S DATA SET.

PRODUCED THE 2013–14 DATA MATCHING OUTCOMES AND DATA PREPARATION STEPS REPORTS TO ASSIST IN THE IDENTIFICATION AND REPORTING OF DUPLICATE PAYMENTS FOR THE SAME PUBLIC HOSPITAL SERVICE.

⁹ Administrator National Health Funding Pool 2015–16 Annual Report, page 42–43.

¹⁰ Administrator National Health Funding Pool 2015–16 Annual Report, page 42–43.

DIRECTOR, SVETLANA ANGELKOSKA



Svetlana Angelkoska is an expert analyst and strategic leader, specialising in complex data. She has extensive experience in analysing, modelling and reporting hospital and health 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 played a pivotal role in the development of the growth calculation models that enable the Administrator to accurately calculate the Commonwealth funding contribution to local hospital networks. During 2015–16, the model calculated \$17.2 billion in Commonwealth funding distributed to local hospital networks and other providers.

Svetlana led the ‘data matching’ work by developing business rules to deterministically link hospital activity data with MBS/PBS to identify and report duplicate payments for the same public hospital service. This work also provided new and unique insights in health service cost and resource utilisation from a whole system perspective.

OUR COMMITTEES

ADMINISTRATOR'S JURISDICTIONAL ADVISORY COMMITTEE

CHAIR ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL

The Administrator's JAC is a strategic advisory committee of senior representatives of states and territories, and relevant Commonwealth departments and agencies.

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. The Committee provides jurisdictional confidence in the independence and accountability that the Administrator and NHFB provide.

The JAC met four times during 2015–16, in July 2015, November 2015, March 2016 and June 2016.

CHIEF FINANCE OFFICERS/ RECONCILIATION ADVISORY GROUP

CHAIR NHFB CHIEF EXECUTIVE OFFICER

The CFO/RAG Committee is a technical group established by the NHFB on behalf of the Administrator.

The CFO/RAG Committee enables collaboration between Commonwealth, states and territories on issues impacting the operational management of the National Health Funding Pool.

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

The collaborative setting of the Committee serves to increase the transparency of the Commonwealth national health reform funding calculation and operation of the National Health Funding Pool.

The CFO/RAG met four times during 2015–16, in August 2015, November 2015, March 2016 and May 2016.

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, Diane Fielding (until October 2015) and Jeremy Chandler (from February 2016). All current members have tenures until March 2018.

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 National Health Funding Pool.

The Audit Committee met five times during 2015–16, in August 2015, September 2015, November 2015, March 2016 and May 2016.

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 Australian Nuclear Science and Technology Organisation, and a member of its Audit and Risk Committee. She is also the Independent Chair of the Risk Management and Audit Committees of NSW Land and Housing Corporation Services, the Parliament and Legislature of NSW, NSW Department of Finance, Services and Innovation and the Property and Housing Group and a member of the Risk and Audit Committee of 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 Immigration and Border Protection, 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. He was Chair of the Audit Committee for the Department of Human Services from July 2011 to September 2016.

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 over 40 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 Chair of National Blood Authority Audit Committee and Chair of Mid North Coast Local Health District Audit and Risk Committee. Mr Barker is also appointed as Deputy Chair of the NSW Justice Health and Forensic Mental Health Network, and also as a board member of the NSW Clinical Excellence Commission and Agency for Clinical Innovation.

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.

JEREMY CHANDLER

Mr Chandler was appointed as a member of the Audit Committee in February 2016. He is the Director of Business Wide Consulting Support Pty Ltd (Business WIDE) which he established in 2008 to provide management consulting and executive coaching services to a range of public sector and private sector organisations. He is also a Senior Adviser to Nous Group, which specialises in management consulting, and an Associate with both Executive Intelligence Group and Tempo Strategies.

Until late 2007, Mr Chandler was Chief Operating Officer for the Department of Infrastructure, Transport, Regional Development and Local Government. He has been Chief Financial Officer for three Australian Government agencies and had many years of experience in areas of accounting and budgetary policy, and program review within the Department of Finance, including as Finance Adviser to the Joint Parliamentary Committee of Public Accounts.

Mr Chandler is a Member of the Australian National University Audit and Risk Management Committee and Deputy Chair for the ACT Health Directorate's Audit and Risk Management Committee. He was formerly a member of the Australian Maritime Safety Authority Board Audit Committee.

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. Diane 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 was the Chair of the Downer Community Association until 2015.

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

Ms Fielding joined the NHFB Audit Committee in 2013 as a founding member, and resigned in October 2015 due to ill health.





OPERATIONAL HIGHLIGHTS 2015–16

COMMUNICATION

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 NHFB’s publications are financial and data specification documents which support the work of the Administrator. These are listed in Table 2.

TABLE 2: STRATEGIC, OPERATIONAL AND COMPLIANCE DOCUMENTS DEVELOPED ON BEHALF OF THE ADMINISTRATOR

DATE	PUBLICATION
10 JUL 2015	2014–15 Reconciliation Framework
4 SEPT 2015	June 2015 Quarter Compliance Report
20 JAN 2016	September 2015 Quarter Compliance Report
23 MAR 2016	December 2015 Quarter Compliance Report
1 JUN 2016	March 2016 Quarter Compliance Report
27 JUN 2016	Administrator’s <i>Three Year Data Plan 2016–17 to 2018–19</i> and File Specifications

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

NHFB’S ANNUAL REPORT 2014–15

The NHFB’s Annual Report 2014–15 was tabled in the Commonwealth Parliament on 28 October 2015 and provided to all Health Ministers. This publication reported against the 2014–15 Portfolio Budget Statements on the work undertaken by the NHFB.

ADMINISTRATOR’S ANNUAL REPORT 2014–15

The Administrator’s Annual Report 2014–15 was provided to all Health Ministers for tabling in their respective Parliaments. This publication reported on the third year of operation of the National Health Funding Pool from 1 July 2014 to 30 June 2015.

MONTHLY REPORTS

For the 2015–16 financial year, the NHFB produced a total of 1,780 monthly reports for the Administrator.

Each month a national report, a state and territory report, 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.

Table 3 shows the release dates for the Administrator's monthly reports published for 2014–15 and 2015–16, satisfying the Administrator's legislated requirement. The timeliness of the public release of the monthly reports varied throughout the year. The release of the monthly reports is subject to the supply of accurate information by all states and territories.

TABLE 3: MONTHLY REPORTS FOR 2014–15 AND 2015–16

2015–16	2014–15
July 2015 (released on 18.12.2015)	July 2014 (released on 18.9.2014)
August 2015 (released on 18.12.2015)	August 2014 (released on 10.10.2014)
September 2015 (released on 18.12.2015)	September 2014 (released on 29.10.2014)
October 2015 (released on 20.1.2015)	October 2014 (released on 5.12.2014)
November 2015 (released on 20.1.2015)	November 2014 (released on 21.1.2015)
December 2015 (released on 3.2.2016)	December 2014 (released on 13.2.2015)
January 2016 (released on 9.2.2016)	January 2015 (released on 20.3.2015)
February 2016 (released on 1.4.2016)	February 2015 (released on 15.4.2015)
March 2016 (released on 10.5.2016)	March 2015 (released on 8.7.2015)
April 2016 (released on 10.6.2016)	April 2015 (released on 4.9.2015)
May 2016 (released on 10.8.2016)	May 2015 (released on 4.9.2015)
June 2016 (released on 16.9.2016)	June 2015 (released on 16.10.2015)

WEBSITES

The NHFB website provided a communications channel for our stakeholders and the general public. The website contains information on the operations on the NHFB, including our role and functions. The website enables us to meet our obligations with regard to Senate Order reporting and Freedom of Information requests. The NHFB website is at nhfb.gov.au.

In 2015–16, the NHFB website had 20,783 page views and 6,171 unique visitors.

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

The website provides information and financial reports on the funding of the Australian public hospital system by the Commonwealth, states and territories, and payments made to local hospital networks for public hospital services.

In 2015–16 the Public Hospital Funding website had 24,597 page views and 17,416 unique visitors. Users in Australia made up 85.01 per cent of visits to the site. The majority of visits to the site (69.4 per cent) were from new visitors.

PRESENTATIONS

The NHFB made a number of presentations to the Commonwealth, states and territories in 2015–16, including on emerging tasks and opportunities.

The NHFB was invited to present at the Independent Hospital Pricing Authority 2016 Activity Based Funding Conference held at the Brisbane Convention and Exhibition Centre, 9–11 May 2016.

The Chief Executive Officer, Lynton Norris, presented 'New frontiers in health system insights using data analytics'. See page 34 for the presentation abstract.

NEW FRONTIERS IN HEALTH SYSTEM INSIGHTS USING DATA ANALYTICS

THE REFORM OF FEDERATION DISCUSSION PAPER HAS IDENTIFIED THE IMPORTANCE OF BETTER USE OF EXISTING DATA SETS TO IMPROVE UNDERSTANDING OF HEALTHCARE AND INFORM EFFORTS TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE AUSTRALIAN HEALTH SYSTEM.

The Administrator of the National Health Funding Pool (the Administrator) has a unique set of deterministically integrated data holdings used to perform his legislated functions which include identifying where a national health reform funded hospital service also received funding through other Commonwealth programs.

Through the 'data-matching' of hospital activity with Medicare Benefits Schedule (MBS) data and hospital activity with Pharmaceutical Benefits Scheme (PBS) data, the National Health Funding Body (NHFB) has demonstrated the successful integration of large national health data sets and the enormous potential for the Administrator's integrated data holdings. Exploring the 'data-matches' [potential double-dips of Commonwealth funding for the same hospital service], the NHFB sought to identify and review the specific circumstances of the 'matches'. This work involved reviewing the patient pathway through the hospital and out of hospital setting (the patient 'continuum of care'), and relationship of primary and specialist care to the hospital service.

This project successfully demonstrated the capability of the deterministically integrated health data sets using hospital activity and MBS/PBS data. This work produced new insights into healthcare service utilisation patterns, costs of care, and patients' interactions across the health system (primary, secondary and tertiary setting). Very effective in identifying true 'data-matches', these new insights could also inform evidence based policy development and healthcare funding into the future.

It is evident that the benefits gained would be of great value to all jurisdictions (Commonwealth, states and territories), and stakeholders across the health system, particularly purchasers, providers, and citizens.

It is recognised that a key factor impacting efforts to improve the efficient delivery of health services is a lack of integrated information about how the whole system comes together. While ABF has allowed a better understanding of hospital use and costs across Australia, the NHFB project has expanded this understanding through analyses of patients and their hospital and community health journey, and their patterns of use and costs of care of both in hospital and out of hospital services.

Although a very positive first step, there is more work to be done to further understand the capability and usefulness of the existing hospital, MBS and PBS deterministically integrated dataset. This work will inform how the insights could be shared and used more effectively in health policy development in Australia, and contribute to the current National conversations on healthcare costs and sustainability.

This session demonstrated how the deterministically integrated data sets are used for 'data-matching', and how they can be applied to bring new insights into the health system use and costs (such as costs of avoidable admissions).

FUNDING INTEGRITY

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 program. To assist the Administrator in meeting this obligation, the NHFB undertakes funding integrity analysis through deterministic data matching in the Administrator's Dataset.

ADMINISTRATOR'S LINKED DATASET

To facilitate the identification of services that may have been funded by more than one Commonwealth program, the Administrator has a unique dataset that allows deterministic merging via Medicare PIN of patient level hospital activity data and MBS, or the hospital activity data and PBS. The data linkage of the Medicare Number to a Medicare PIN is undertaken by the Australian Government Department of Human Services (DHS), an accredited integrating authority.

The resulting dataset contains anonymised patient level information while maintaining the unique identifier that enables the NHFB to undertake data matching for funding integrity.

BUSINESS RULES FOR DATA MATCHING

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.

These business rules are published on publichospitalfunding.gov.au.

The data matching process enables the Administrator, as part of their 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.

This work commenced as a 'proof-of-concept' project in collaboration with the Commonwealth, states and territories. The NHFB remains the sole entity that has been permitted to undertake deterministic analysis with these datasets.

In this privileged position, the NHFB continues to work thoroughly and carefully through the process to ensure its veracity and reliability, whilst maintaining patient confidentiality.

The funding integrity analysis initially undertaken in 2014–15 has progressed in 2015–16 through the intergovernmental health committees, AHMAC and NHIPPC, which has facilitated jurisdictional discussion on the use of the outcomes to ensure compliance with the Agreement.

INTERNAL GOVERNANCE

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

The NHFB's values and governance is based on the 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 National Health 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 is the foundation of the NHFB's Corporate Governance Framework.

To facilitate the work of the Administrator and that of the NHFB, the NHFB has various internal and external governance arrangements in place. Further details of the external governance arrangements can be found on page 13.

The internal committees of the NHFB that support the governance framework include:

✦ **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 CEO on policies, direction, initiatives, and immediate and emerging issues. The Committee also acts as a forum for discussion, prioritisation, and forward planning.

✦ **Risk, Compliance and Business Continuity Committee**

The Risk, Compliance and Business Continuity Committee provides assurance to the CEO and the Audit Committee on the adequacy and effectiveness of the NHFB's risk, control and compliance frameworks, internal audit activities and assurance reviews. It also oversees management of business continuity.

✦ **Workplace Consultative Committee**

The NHFB Workplace Consultative Committee brings together employees and management to cooperatively and collaboratively consult and discuss employment conditions and health and safety matters affecting employees.

✦ **Digital 2020 Committee**

The Digital 2020 Committee provides governance to the implementation of Commonwealth digital initiatives. These include *Digital Continuity 2020* (National Archives), *Whole of Government Digital Records Transformation* (Department of Finance), and initiatives promoted by the Digital Transformation Office.

ACCOUNTABILITY

AUDITS AND ASSURANCE REVIEWS

Internal audit provides assurance to the CEO and the Audit Committee (via the Risk, Compliance and Business Continuity Committee) that the NHFB's financial and operational controls, designed to manage the NHFB's risks and achieve the NHFB's objectives, are operating in an efficient, effective, economical and ethical manner. Internal audit also assists management in improving the NHFB's business performance.

The NHFB adopts a co-sourced service delivery model, where the internal audit and assurance function is provided by a combination of in-house and contract resources.

An integral part of the internal audit and assurance reviews is the review conducted over the Administrator's Payments System, in accordance with the Framework for Assurance Engagements issued by the Auditing and Assurance Standards Board. This review concluded that Payment System controls are effective in all material aspects.

EXTERNAL SCRUTINY

Audit Committee members, including the Chair, are independent and external to the NHFB. See page 24 for further information on the Audit Committee.

No judicial, tribunal or Australian Information Commissioner 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.

There have been no capability reviews on the NHFB.

RISK MANAGEMENT

In accordance with Section 16 of the PGPA Act, the NHFB maintains an appropriate system of risk oversight, management and internal control.

The NHFB's risk management policy, framework and processes including registers and plans are consistent with the Commonwealth Risk Management Policy, Comcover's Better Practice Guide: Risk Management and ASNZ ISO 31000:2009 Risk Management — Principles and Guidelines.

FRAUD CONTROL

In accordance with the PGPA Act, Section 10 of the Public Governance, Performance and Accountability Rule 2014 and the Commonwealth Fraud Control Policy the NHFB maintains an appropriate system of risk management and internal control including measures relating to compliance with finance law.

During 2015–16 the NHFB undertook an agency-wide fraud risk assessment taking into consideration its internal and external fraud risks, updated its Fraud Control Plan to manage the identified risks, and incorporated the identified risk into its internal annual audit program. The NHFB also conducted an internal audit over the adequacy of current fraud policies and procedures.

The NHFB has appropriate fraud prevention, detection, investigation, and reporting mechanisms in place and has taken all reasonable measures to appropriately deal with fraud, including the provision of fraud awareness training to all staff in 2015–16.

PUBLIC SERVICE CODE OF CONDUCT

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

ASSETS MANAGEMENT

In 2015–16 the NHFB leased assets from the Commonwealth Department of Health.

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 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 2015–16.

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 2015–16 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 2015–16.

ECOLOGICAL AND ENVIRONMENTAL REPORTING

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

In 2015–16 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.

In 2015–16 the NHFB did not have any employees who identified themselves as having a disability.

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 2015–16.

GRANT PROGRAMS

There were no grant programs undertaken by the NHFB in 2015–16.



The background of the slide is a blurred photograph of several people in a meeting or office setting. A prominent diagonal line, composed of many thin, parallel blue and white stripes, runs from the top left towards the bottom right, creating a sense of movement and modernity. The text 'HUMAN RESOURCES' is positioned in the lower right area, partially overlapping the striped pattern.

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.

During 2015–16, the NHFB continued its commitment to managing and developing its employees to meet organisational objectives. The results of the 2016 Australian Public Service Commission Employee Census indicates that the benefits of small (micro) agencies include that they are collegiate, honest and respectful with a strong and happy team culture focused on outcome delivery. The key points from the Employee Census for micro agencies indicate:

- + 100 per cent of employees consider that people in their workgroup behave in an accepting manner towards people from diverse backgrounds
- + 97 per cent of employees consider that people in their workgroup treat each other with respect
- + 83 per cent of employees have good job satisfaction

- + 97 per cent of employees consider that:
 - + their colleagues act in accordance with the APS Values in their everyday work
 - + their supervisor acts in accordance with the APS Values in their everyday work; and
 - + their senior leaders act in accordance with the APS Values
- + 83 per cent of employees state that they enjoy the work in their current job
- + 81 per cent of employees are satisfied with their work–life balance
- + 87 per cent of employees feel they have a choice in deciding how they undertake their work
- + 71 per cent of employees feel the psychological wellbeing of workers is a priority for the agency.

STAFF PROFILE

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

The total number of staff employed in the NHFB remained constant from the previous year with 17 employees (16.2 full time equivalent) at the end of June 2016.

All staff are based in a central Canberra office.

TABLE 4: HEADCOUNT BY GENDER AND EMPLOYMENT STATUS

	FEMALE			MALE			TOTAL
	Ongoing	Non-Ongoing	Female Total	Ongoing	Non-Ongoing	Male Total	
Office of the CEO	1	–	1	–	1	1	2
Data Modelling and Analysis	2	1	3	1	–	1	4
Finance and Reporting	3	1	4	2	1	3	7
Integrity, Assurance and Resourcing	3	–	3	1	–	1	4
TOTAL	9	2	11	4	2	6	17

TABLE 5: HEADCOUNT BY CLASSIFICATION

Classification	Headcount
CEO*	1
EL2	3
EL1	5
APS6	4
APS5	3
APS4	1
TOTAL	17

* the CEO is classified as a Holder of Public Office

FIGURE 3: HEADCOUNT BY CLASSIFICATION

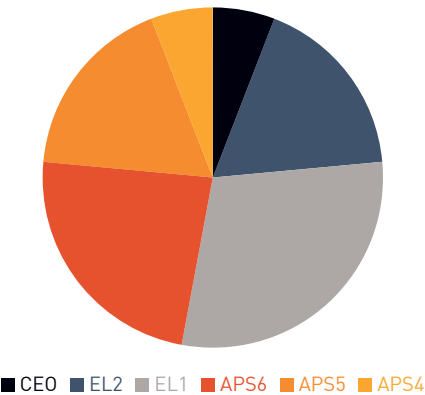


TABLE 6: HEADCOUNT BY EMPLOYMENT STATUS

Employment Status	Headcount
Non-Ongoing	4
Ongoing	13
TOTAL	17

FIGURE 4: HEADCOUNT BY EMPLOYMENT STATUS

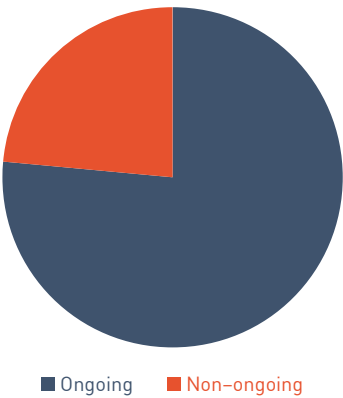


TABLE 7: NHFB STAFF QUALIFICATIONS

Section	NHFB
Professional industry Qualification (e.g. GAICD/CPA)	9
Post Graduate Qualification	9
Undergraduate Qualification	13
TOTAL	31

TABLE 8: SENIOR EXECUTIVE — HOLDERS OF PUBLIC OFFICE

Senior Executive	Male	Total
Holder of Public Office — Office of the CEO	1	1

WORKFORCE PLANNING, STAFF RETENTION AND TURNOVER

The NHFB has progressed its workforce planning efforts in 2015–16 and this work will be developed further in 2016–17. Progression of the workforce planning will provide the NHFB with assurance for future workforce capability, which is critical to the ongoing and future success of the organisation.

The average length of service for NHFB staff is approximately 1.5 years and 28 per cent of staff have been employed with the NHFB for more than three years.

The staff turnover rate for 2015–16 was 24 per cent (four people) attributable to uncertainty associated with a range of government decisions regarding the future of the NHFB. The 1 April 2016 Heads of Agreement assured the future of the NHFB.

WORKFORCE DIVERSITY

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 with:

- + 6 per cent of employees identifying as being Indigenous
- + 50 per cent of employees identifying as being from non-English speaking backgrounds and/or born outside of Australia
- + our age profile spanning 25–61 years
- + our gender demographic being 61 per cent female and 39 per cent male.

Although the NHFB has a *Workplace Diversity Plan 2014–16*, in 2015–16 the NHFB did not have any employees who identified themselves as having a disability.

REMUNERATION FRAMEWORK

The only SES level appointment at the NHFB is the CEO which is an appointment as a Holder of Public Office. The employment conditions and remuneration for the CEO is set by the Remuneration Tribunal.

The employment framework for non-SES employees is an Authority Determination 24(1) pursuant to the *Public Service Act 1999* which commenced on 8 May 2014.

The Determination provides additional entitlements to those that the employees enjoy under the Australian Public Service Enterprise Award 2015. Salary ranges for non-SES employees are in Table 9.

**TABLE 9: SALARY RANGE
BY CLASSIFICATION**

Classification	Salary Range \$
EL2	112,992–133,777
EL1	94,705–108,013
APS6	77,067–86,943
APS5	68,843–74,451
APS4	64,229–67,865

No performance pay provisions were paid to NHFB employees in the 2015–16 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 program in line with the NHFB strategic objectives. The focus of the scheme is on development and support, and, where necessary, management of poor performance.

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 where employees were 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.

During the reporting year, staff received training for:

- + fraud control
- + records management
- + internal audit
- + Protective Security Policy Framework
- + a performance management scheme
- + leadership development
- + new staff participated in a tailored orientation and induction program.

Staff are eligible to apply for the NHFB's Study Assistance Scheme which offers the potential for financial assistance, time off for study purposes or a combination of both.

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 the innovative development of people, structures, and processes, we were able to deliver results that will improve our collective and individual productivity.

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 illnesses through systematic management. Additionally, the NHFB is committed to supporting and promoting the holistic wellbeing of its employees.

The NHFB provides an ongoing commitment to maintain a safe and healthy workplace, and to meet its obligations under the *Work Health and Safety Act 2011* and the *Safety, Rehabilitation and Compensation Act 1988*. During the reporting year, no directions or notices were issued under the *Work Health and Safety Act 2011*.

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 the NHFB to meet our obligations, and create a safety aware workplace.

First Aid Officers and First Aid Kits are located on-site to ensure assistance is available when needed. 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 program that is focused on health and lifestyle and is developed in consultation with employees, primarily through the Workplace Consultative Committee.

Throughout the year, NHFB employees had access to:

- + workplace assessments
- + workstation adjustment training
- + adjustment equipment
- + influenza vaccinations
- + a stress management forum
- + rest-break guidance
- + an Employee Assistance Provider awareness forum
- + use of taxis after hours to provide safe transport to and from work

- + blood donation leave
- + eye sight testing
- + family care assistance
- + financial assistance to access financial advice for staff 54 years and older
- + leave for Australian Defence Force reserve and continuous full time service.

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 were available to 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.



A photograph of a modern office interior, featuring a staircase and a desk area. The image is overlaid with a dark blue diagonal line pattern that runs from the top left towards the bottom right. The background shows a bright, airy space with large windows and a clean, minimalist design.

ANNUAL PERFORMANCE

ANNUAL PERFORMANCE STATEMENT

This statement has been prepared for paragraph 39(1)(a) of the PGPA Act, for the reporting period 1 July 2015 to 30 June 2016.

In my opinion, as the accountable authority of the National Health Funding Body, the performance statement accurately represents the NHFB's performance in the above specified period and complies with subsection 39(2) of the PGPA Act.



Mr Lynton Norris

Chief Executive Officer
National Health Funding Body

19 October 2016

NHFB PURPOSE

The purpose of the NHFB is to provide transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system and support obligations and responsibilities of the Administrator (as described in the NHFB Corporate Plan and Portfolio Budget Statement).

NHFB PERFORMANCE FOR 2015–16

This Annual Performance Statement reports against the deliverables in the first NHFB Corporate Plan 2015–16. The goals and deliverables are derived from the NHFB Strategic Plan 2013–2016 objectives and include the Portfolio Budget Statement (PBS) 2015–16 program objectives.

The measures describe the deliverables and activities the NHFB must undertake to assist the Administrator in meeting his legislative functions under the Act and the Agreement.

The NHFB has continued to meet all performance measures in 2015–16, matching the performance in 2014–15. The year-to-year comparison has been shown through the mapping of the 2014–15 deliverables against the deliverables in the 2015–16 Corporate Plan.

The performance of the NHFB in 2015–16 has been impacted by a number of government decisions regarding the future of the NHFB which created workforce resourcing and retention issues. This has stabilised following the Council of Australian Governments (COAG) meeting on 1 April 2016 and the subsequent Heads of Agreement, which continues the role of the Administrator and the NHFB.

PERFORMANCE RESULTS AND ANALYSIS

PERFORMANCE MEASURE ONE

STRATEGIC OBJECTIVE ONE: 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.

Performance Measure One addresses the Portfolio Budget Statement Outcomes:

- + *Assist the Administrator to develop the Three Year Data Plan and associated calculation approach.*
- + *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 National Health Reform Agreement.*

As in prior years, in 2015–16 the NHFB efficiently oversaw, authorised and processed all payments into and out of the National Health Funding Pool and into the State Managed Funds.

The NHFB has maintained a 100% achievement of this performance measure, due to the robust control framework supporting the Payments System.

however, the NHFB was limited in the improvements that could be made due to the government's intention (until April 2016) to close the NHFB from March 2018.

Incremental improvements were made to the supporting framework for the Payments System in 2015–16;

The Administrator's Three Year Data Plan 2015–16 to 2017–18 was accepted by COAG Health Council without direction.

Deliverable	Outcome	2015–16	2014–15
Process and oversee National Health Reform funding and payments through the National Health Funding Pool.	Payment for hospital services through the National Health Funding Pool were effectively overseen and authorised through the National Health Funding Administrator Payments System.	✓	✓
Manage the integrity of the National Health Funding Administrator's Payments System.	Appropriate protocols and procedures were in place to manage payments.	✓	✓
	All payments made in accordance with authorised documentation at the direction of Ministers and/or their delegates.	✓	✓
	Verification from the states and territories in relation to the operations of the National Health Funding Pool and State Managed Funds.	✓	✓
	Monthly verification of transactions through the National Health Funding Pool and State Managed Funds.	✓	✓
Deliver the rolling Three Year Data Plan.	Determine the minimum level of data required to calculate to Commonwealth contribution, conduct reconciliation activities and ensure national comparability under the National Health Reform Agreement.	✓	✓
Improvements to the National Health Funding Administrator Payments System allow the NHFB, and states and territories, greater flexibility in managing payments.	Payment for hospital services through the National Health Funding Pool were overseen and authorised through the National Health Funding Administrator Payments System.	✓	✓
100% of payments made in accordance with direction from the responsible State or Territory Minister.	100% of payments were made in accordance with the direction from the responsible State or Territory Minister.	✓	✓

PERFORMANCE MEASURE TWO

STRATEGIC OBJECTIVE TWO: PROVIDE INCREASED TRANSPARENCY AND EFFECTIVE REPORTING

To provide increased transparency and effective reporting on what local hospital networks are funded for services delivered.

Performance Measure Two addresses the Portfolio Budget Statement Outcome:

- + Assist the Administrator to transparently report on the operations of the National Health Funding Pool and state managed funds as outlined in the Agreement.

The NHFB continued to fulfil all deliverables associated with Performance Measure Two in 2015–16. The Administrator's Annual Report 2014–15 was tabled in the Commonwealth Parliament on 28 October 2015 and provided to all state and territory Health Ministers. Importantly, all State Pool Account financial statements received an unqualified audit from the relevant Auditor-General, which is attributed to the robust assurance framework.

The NHFB produced and published a total of 1,780 monthly reports for the Administrator (at national, state and territory and local hospital network level).

Deliverable	Outcome	2015–16	2014–15
Develop and publish the National Health Funding Pool Annual Report and Financial Statements for each financial year.	The Annual Report for the Administrator of the National Health Funding Pool submitted to all Australian Health Ministers for tabling and is available from: publichospitalfunding.gov.au/publications/annual-reports .	✓	✓
	Financial statements were prepared for each State Pool Account, and were audited by the relevant Auditor-General.	✓	✓
Ensure monthly reporting requirements under the National Health Reform Act 2011 are satisfied.	Monthly reports produced and published, including national reports, a report for each state and territory, and a report for each local hospital network, for each month.	✓	✓
	The Administrator's monthly reports are available from publichospitalfunding.gov.au/reports .	✓	✓

PERFORMANCE MEASURE THREE

STRATEGIC OBJECTIVE THREE: ENABLE ACCURATE COMMONWEALTH CONTRIBUTION CALCULATIONS

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

Performance Measure Three addresses the Portfolio Budget Statement Outcome:

- + *Assist the Administrator to calculate the Commonwealth contribution to the National Health Funding Pool.*

There were eight updates to the Commonwealth contribution for 2015–16 and eight payment advices provide to the Commonwealth Treasurer and state and territory Health Ministers.

In addition, specific advice was provided to the Treasurer for the 2015–16 Mid-Year Economic and Fiscal Outlook (MYEFO), the 2014–15 Treasurer’s Determination (including the reconciliation of estimated and actual volume of services for 2014–15), the 2016–17 Commonwealth Budget, and the initial 2016–17 Commonwealth contribution calculation. All payment advices were accepted by stakeholders, endorsing the NHFB’s approach to transparency in the calculation and reconciliation of funding entitlements. The increasing maturity of the Commonwealth Contribution Model allows a high level of flexibility and responsiveness to changing stakeholder needs.

Deliverable	Outcome	2015–16	2014–15
Calculate the Commonwealth contribution accurately (assessed by acceptance of the calculation by the Commonwealth, states and territories).	Current and future year Commonwealth Contribution Models developed and presented to stakeholders, and used by the Administrator to calculate the Commonwealth funding contribution for each state and territory.	✓	✓
	Calculation and payment advice accepted by stakeholders.	✓	✓
Reconcile estimated and actual volume of service delivery for calculation of Commonwealth contributions.	Processing of actual data received under the Administrator's Three Year Data Plan and calculation of weighted hospital services (measured in NWAUs).	✓	✓*
	Reconciliation of actual NWAUs to estimated NWAUs.	✓	✓*
	Calculation and payment of funding impact from reconciliation.	✓	✓*
The calculation informs the Administrator's advice to the Treasurer, and under the National Health Reform Agreement, Commonwealth funding will include a 45 per cent contribution to efficient growth in public hospital services in 2015–16.	The Administrator advised the Commonwealth Treasurer and state and territory Health Ministers of the Commonwealth funding calculation amounts throughout the year using the Commonwealth Contribution Model.	✓	✓

* Deliverable was met in 2014–15, however was not required to be reported in 2014–15.

PERFORMANCE
MEASURE FOUR

STRATEGIC OBJECTIVE FOUR:
DEVELOP PRODUCTIVE AND
EFFECTIVE PARTNERSHIPS

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

The NHFB strengthened relationships with stakeholders throughout 2015–16, with regular meetings of the Administrator’s JAC and the NHFB CFO/RAG Committee including a combined two-day workshop in March 2016.

The NHFB, in its role of supporting the Administrator, worked productively with all key national health committees.

The NHFB contributed to NHIPPC and NHISSC through active committee membership including engaging NHIPPC and AHMAC on data matching for funding integrity and possible uses of the Administrator’s data holdings.

NHFB staff worked productively with IHPA through their JAC, TAC and NACAWG Committees.

The NHFB CEO presented at the IHPA Activity Based Funding Conference in May 2016. The presentation provided health system insights using data analytics, leading to collaboration with other agencies.

The NHFB’s proactive and continual engagement has led to these strong results.

Deliverable	Outcome	2015–16	2014–15
Maintain and continually strengthen productive partnerships and collaboration with all stakeholders, based on trust and respect.	Networks and partnerships maintained through working groups, advisory committees and other mechanisms.	✓	✓*
	Report to COAG Health Council, AHMAC, NHIPPC, NHISSC and other national committees.	✓	✓*
Inform stakeholders of opportunities to improve sustainability of funding for public hospitals.	Present at conferences relevant to the NHFB work program.	✓	✓*

* Deliverable was met in 2014–15, however was not required to be reported in 2014–15.

PERFORMANCE MEASURE FIVE

STRATEGIC OBJECTIVE FIVE: OPERATE AS A FULLY FUNCTIONAL AND COMPLIANT AGENCY

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

The NHFB continued to implement the PGPA Act requirements for a non-corporate entity through 2015–16, including the development of the first rolling Corporate Plan, covering the period 2015–2019.

Good governance principles were reaffirmed, with a total of 15 internal audits and 12 external audits undertaken. NHFB staff completed refresher training in workplace health and safety and fraud awareness in June 2016. The fulfilment of this performance measure is reflective of an internal commitment to integrity in all processes and practices.

The NHFB Annual Report 2014–15 was tabled in the Commonwealth Parliament on 28 October 2015 and provided to all state and territory Health Ministers.

Deliverable	Outcome	2015–16	2014–15
Robust policies and procedures are in place, including ensuring all NHFB values are reflected and compliance with relevant statutory and legislative requirements.	Policies and procedures in place to ensure the integrity of the NHFB and health and wellbeing of staff.	✓	✓*
	Staff committees convened to maintain the health and wellbeing of staff, e.g. Workplace Consultative Committee.	✓	✓*
	All compliance reporting requirements of the NHFB as a non-corporate entity met.	✓	✓*
Adhere to good governance principles and practices while conducting business in an ethical manner.	Governance policies and practices, including internal audits, overseen by an external Audit Committee.	✓	✓*
	Appropriate policies in place for risk and fraud.	✓	✓*

* Deliverable was met in 2014–15, however was not required to be reported in 2014–15.

SUMMARY OF FINANCIAL PERFORMANCE

NHFB OPERATING RESULT

The net operating result as at 30 June 2016 was a deficit of \$53,561, within the Department of Finance approved deficit of \$0.132 million for 2015–16 to complete outstanding funding integrity initiatives.

Revenue for the year was \$4.409 million compared to the internal budget of \$4.565 million. The variance of \$0.156 million includes the following:

- + a reduction in revenue of \$80,000 from the Department of Health for completion of the Transformation to Closure Plan. This amount was offset against the Department of Health shared services costs
- + \$81,182 lower than expected cost recoveries from the Department of Health for the Hospital Accountability and Performance Program (HAPP) project which explored health system insights using innovative data analysis.

Expenditure for the year to 30 June 2016 was \$4.463 million, compared with budgeted expenses of \$4.778 million, which is an underspend of \$0.315 million. The major variances were in employee expenses and contractors.

TABLE 10: NHFB RESOURCE STATEMENT, 2015–16

	Actual available appropriations for 2015–16 \$'000	Payments made in 2015–16 \$'000	Balance remaining in 2015–16 \$'000
Ordinary annual services			
Departmental appropriation ¹	6,364	4,375	1,989
Total ordinary annual services	6,364	4,375	1,989
Special appropriations	–	–	–
TOTAL RESOURCING AND PAYMENTS	6,364	4,375	1,989

¹ Appropriation Bill (No. 1) 2015–16, prior year departmental appropriation and section 74 receipts.

TABLE 11: EXPENSES FOR OUTCOME, 2015–16

	Budget ¹ 2015–16 \$'000	Actual expenses 2015–16 \$'000	Variation 2015–16 \$'000
<i>Outcome: To 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.</i>			
PROGRAM 1.1: NATIONAL HEALTH FUNDING POOL ADMINISTRATION			
Departmental expenses			
Departmental appropriation ²	4,409	4,463	(54)
Special appropriation	–	–	–
TOTAL FOR PROGRAM 1.1	4,409	4,463	(54)
TOTAL FOR OUTCOME 1	4,409	4,463	(54)
		2015–16	2014–15
AVERAGE STAFFING LEVEL (NUMBER)		14	19

¹ Full year budget, including any subsequent adjustment made to the 2015–16 Budget.

² Departmental appropriations combine 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources under section 74 of the PGPA Act.'





FINANCIAL STATEMENTS

NATIONAL HEALTH FUNDING BODY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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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 2016, 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; and
- Notes to and forming part of the Financial Statements.

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 2016 and its financial performance and cash flows for the year then ended.

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 and is also responsible for such internal control as the Chief Executive Officer determines 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

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entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority 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.

Australian National Audit Office

A handwritten signature in dark ink, appearing to read "B. M. Jarrett", with a small flourish at the end.

Brandon Jarrett
Executive Director
Delegate of the Auditor-General
Canberra
30 September 2016

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 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

Signed



Svetlana Angelkoska
Acting Chief Executive Officer

Date 30 September 2016



Karin van Leeuwen
Chief Financial Officer

Date 30 September 2016

**National Health Funding Body
Statement of Comprehensive Income
for the period ended 30 June 2016**

	Notes	2016 \$	2015 \$	Original Budget
NET COST OF SERVICES				
EXPENSES				
Employee benefits	2A	2,044,593	1,921,213	2,503,000
Suppliers	2B	2,418,216	2,137,585	1,812,000
Depreciation and amortisation	2C	–	26,036	
TOTAL EXPENSES		4,462,809	4,084,834	4,315,000
OWN-SOURCE INCOME				
OWN-SOURCE REVENUE				
Other revenue	3A	95,248	223,486	–
TOTAL OWN-SOURCE REVENUE		95,248	223,486	–
GAINS				
Reversals of previous asset write-downs and impairments	3B	–	15,070	–
TOTAL GAINS		–	15,070	–
TOTAL OWN-SOURCE INCOME		95,248	238,556	–
NET COST OF SERVICES		4,367,561	3,846,278	4,315,000
Revenue from Government	3C	4,314,000	4,348,000	4,315,000
(DEFICIT)/SURPLUS ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		(53,561)	501,722	–
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE (DEFICIT)/SURPLUS ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		(53,561)	501,722	–

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 2016**

	Notes	2016 \$	2015 \$	Original Budget
ASSETS				
FINANCIAL ASSETS				
Cash and cash equivalents	4A	25,000	12,000	12,000
Trade and other receivables	4B	1,971,776	1,659,566	1,251,000
TOTAL FINANCIAL ASSETS		1,996,776	1,671,566	1,263,000
NON-FINANCIAL ASSETS				
Leasehold improvement		–	–	–
Other non-financial assets	5B	–	43,499	42,000
TOTAL NON-FINANCIAL ASSETS		–	43,499	42,000
TOTAL ASSETS		1,996,776	1,715,065	1,305,000
LIABILITIES				
PAYABLES				
Suppliers	6A	(505,531)	(253,992)	(201,000)
Other payables	6B	(53,973)	(54,158)	(66,000)
TOTAL PAYABLES		(559,504)	(308,150)	(267,000)
PROVISIONS				
Employee provisions	7A	(384,330)	(300,412)	(433,000)
TOTAL PROVISIONS		(384,330)	(300,412)	(433,000)
TOTAL LIABILITIES		(943,834)	(608,562)	(700,000)
NET ASSETS		1,052,942	1,106,503	605,000
EQUITY				
Retained surplus		1,052,942	1,106,503	(605,000)
TOTAL EQUITY		1,052,942	1,106,503	(605,000)

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 2016**

	Retained earnings		Original Budget	Asset revaluation reserve		Contributed equity/capital		Original Budget	Total equity		Original Budget
	2016	2015		2016	2015	2016	2015		2016	2015	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPENING BALANCE											
Balance carried forward from previous period	1,106,503	604,781	605,000	-	-	-	-	-	1,106,503	604,781	605,000
ADJUSTED OPENING BALANCE	1,106,503	604,781	605,000	-	-	-	-	-	1,106,503	604,781	605,000
COMPREHENSIVE INCOME											
(Deficit)/Surplus for the period	(53,561)	501,722	-	-	-	-	-	-	(53,561)	501,722	-
TOTAL COMPREHENSIVE INCOME	(53,561)	501,722	-	-	-	-	-	-	(53,561)	501,722	-
CLOSING BALANCE AS AT 30 JUNE	1,052,942	1,106,503	605,000	-	-	-	-	-	1,052,942	1,106,503	605,000
CLOSING BALANCE ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	1,052,942	1,106,503	605,000	-	-	-	-	-	1,052,942	1,106,503	605,000

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

**National Health Funding Body
Cash Flow Statement
for the period ended 30 June 2016**

	Notes	2016 \$	2015 \$	Original Budget
OPERATING ACTIVITIES				
CASH RECEIVED				
Appropriations		3,662,581	4,085,484	4,214,000
Sale of goods and rendering of services		150,000	–	–
Net GST received		215,935	186,355	150,000
Other		346,973	128,944	–
TOTAL CASH RECEIVED		4,375,489	4,400,783	4,364,000
CASH USED				
Employees		(2,006,026)	(2,057,417)	(2,405,000)
Suppliers		(1,859,490)	(2,028,067)	(1,809,000)
Section 74 receipts transferred to OPA		(496,973)	(315,299)	(150,000)
TOTAL CASH USED		(4,362,489)	(4,400,783)	(4,364,000)
NET CASH USED BY OPERATING ACTIVITIES	8	13,000	–	–
NET INCREASE IN CASH HELD		13,000	–	–
Cash and cash equivalents at the beginning of the reporting period		12,000	12,000	12,000
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4A	25,000	12,000	12,000

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

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

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National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 1: OVERVIEW

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); and
- + 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 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.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

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. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; 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.

1.3. NEW AUSTRALIAN ACCOUNTING STANDARDS

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

No accounting standard has been adopted earlier than the application date as stated in the standard. 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/s in accounting policy and likely impact on initial application
AASB 2015-1	Amendment to Australian Accounting Standards — Annual improvements to Australian Accounting Standards 2012–2014.
AASB 2015-2	Amendments to Australian Accounting Standards — Disclosure Initiative: Amendments to AASB 101. The changes clarify that entities should not be disclosing immaterial information.
AASB 2015-3	Amendment to Australian Accounting Standards arising from the Withdrawal of AASB 1031. Materiality — completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.
AASB 2013-9	Amendments to Australian Accounting Standards — Conceptual Framework, Materiality and Financial Instruments (Part C — Financial Instruments). This does not have material 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 2016

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 ¹	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 9	on or after 1 January 2018	<p><i>AASB 9 was reissued in December 2014 and now incorporates:</i></p> <ul style="list-style-type: none"> + the classification and measurement requirements for financial assets (including limited amendments) and for financial liabilities, and the recognition and derecognition requirements for financial instruments (representing the first phase of the three phase project that replaces AASB 139); + requirements for impairment of financial assets (representing the second phase); and + hedge accounting (representing the third phase).
AASB 15	on or after 1 January 2017	<p>Specifies the accounting treatment for all revenues arising from contracts with customers.</p> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p>
AASB 16	on or after 1 January 2019	Requires lessees to recognise almost all leases as assets and liabilities.
AASB 2014-7	on or after 1 January 2018	Amends various standards to incorporate the consequential amendments arising from the issuance of AASB 9.
AASB 2015-6	on or after 1 July 2016	Extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit (NFP) public sector entities and includes implementation guidance for these entities.
AASB 2015-7	on or after 1 July 2016	Amends to AASB 13 Fair value measurement to exempt not-for-profit public sector entities from certain disclosures.

¹ The NHFB expected initial application date is when the accounting standard becomes operative at the beginning of the reporting period.

**National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016**

1.4. EVENTS AFTER THE REPORTING PERIOD

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

1.5. 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.

1.6 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.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 2: EXPENSES

	2016 \$	2015 \$
NOTE 2A: EMPLOYEE BENEFITS		
Wages and salaries	1,358,652	1,331,057
Superannuation		
Defined contribution plans	178,517	184,464
Defined benefit plans	87,709	86,552
Leave and other entitlements	419,715	319,140
TOTAL EMPLOYEE BENEFITS	2,044,593	1,921,213

ACCOUNTING POLICY

The accounting policy for employee benefits is in note 7.

NOTE 2B: SUPPLIERS

GOODS AND SERVICES SUPPLIED OR RENDERED		
Consumables, printing, recruitment and training	115,418	131,721
Contractors	1,863,433	1,511,930
Information technology and communications	88,852	70,488
Professional fees	60,771	55,607
Property and utilities	15,540	28,469
Travel	105,825	59,465
Other	21,959	20,110
TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED	2,271,798	1,877,790

SETTLEMENT TERMS FOR SUPPLIERS

All payables are expected to be settled within 12 months except where indicated.

ACCOUNTING POLICY — LEASING

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 31 January 2015. The NHFB had not entered into any other operating leases as at 30 June 2016, the lease arrangements are on a month by month.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 2: EXPENSES (CONTINUED)

	2016 \$	2015 \$
GOODS SUPPLIED IN CONNECTION WITH		
Related parties	–	1,332
External parties	–	4,624
TOTAL GOODS SUPPLIED	–	5,956
SERVICES RENDERED IN CONNECTION WITH		
Related parties	322,517	218,913
External parties	2,095,699	1,652,920
TOTAL SERVICES RENDERED	2,418,216	1,871,833
TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED	2,418,216	1,877,789
OTHER SUPPLIERS		
OPERATING LEASE RENTALS IN CONNECTION WITH		
Minimum lease payments	126,056	208,364
Workers compensation expenses	20,362	51,432
TOTAL OTHER SUPPLIER EXPENSES	146,418	259,796
TOTAL SUPPLIER EXPENSES	2,418,216	2,137,585

NOTE 2C: DEPRECIATION AND AMORTISATION

DEPRECIATION

Leasehold improvement	–	26,036
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TOTAL DEPRECIATION	–	26,036
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TOTAL DEPRECIATION AND AMORTISATION	–	26,036
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ACCOUNTING POLICY

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.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 3: INCOME

	2016 \$	2015 \$
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OWN-SOURCE REVENUE

NOTE 3A: OTHER REVENUE

Resources received free of charge		
Remuneration of auditors	55,000	47,000
Rent received free of charge — Department of Health	—	66,734
Department of Health	40,248	109,752
TOTAL OTHER REVENUE	95,248	223,486

ACCOUNTING POLICY

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 accounting policy on Note 3C).

Contributions by the Department of Health to the operating costs of the NHFB are recognised as revenues, when it is probable that the economic benefits of the transaction will flow through to the NHFB.

NOTE 3B: REVERSALS OF PREVIOUS ASSET WRITE-DOWNS AND IMPAIRMENTS

Reversal of impairment losses	—	15,070
TOTAL WRITE-DOWN AND IMPAIRMENT OF ASSETS	—	15,070

NOTE 3C: REVENUE FROM GOVERNMENT

Appropriations		
Departmental appropriations	4,314,000	4,348,000
TOTAL REVENUE FROM GOVERNMENT	4,314,000	4,348,000

ACCOUNTING POLICY

Revenues 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.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 4: FINANCIAL ASSETS

	2016 \$	2015 \$
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NOTE 4A: CASH AND CASH EQUIVALENTS

Cash on hand or on deposit	25,000	12,000
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TOTAL CASH AND CASH EQUIVALENTS	25,000	12,000
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ACCOUNTING POLICY

Cash and Cash Equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a. cash on hand; and
- b. demand deposits in bank accounts with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTE 4B: TRADE AND OTHER RECEIVABLES

GOOD AND SERVICES RECEIVABLES IN CONNECTION WITH

Goods and services	–	109,752
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TOTAL GOODS AND SERVICES RECEIVABLES	–	109,752
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APPROPRIATIONS RECEIVABLE

For existing program	1,963,921	1,528,437
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TOTAL APPROPRIATIONS RECEIVABLE	1,963,921	1,528,437
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OTHER RECEIVABLES

GST receivable from the Australian Taxation Office	7,855	21,377
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TOTAL OTHER RECEIVABLES	7,855	21,377
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TOTAL TRADE AND OTHER RECEIVABLES (GROSS)	1,971,776	1,659,566
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LESS IMPAIRMENT ALLOWANCE

Goods and services	–	–
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TOTAL IMPAIRMENT ALLOWANCE	–	–
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TOTAL TRADE AND OTHER RECEIVABLES (NET)	1,971,776	1,659,566
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RECEIVABLES ARE EXPECTED TO BE RECOVERED IN

No more than 12 months	1,971,776	1,659,566
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More than 12 months	–	–
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TOTAL TRADE AND OTHER RECEIVABLES	1,971,776	1,659,566
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National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 4: FINANCIAL ASSETS (CONTINUED)

	2016 \$	2015 \$
NOTE 4B: TRADE AND OTHER RECEIVABLES (CONTINUED)		
RECEIVABLES ARE AGED AS FOLLOWS		
Not overdue	1,971,776	1,659,566
Overdue by		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	–
TOTAL TRADE AND OTHER RECEIVABLES (GROSS)	1,971,776	1,659,566
IMPAIRMENT ALLOWANCE AGED AS FOLLOWS		
Not overdue	–	–
Overdue by		
0 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	–
TOTAL IMPAIRMENT ALLOWANCE	–	–

Credit terms for goods and services were within 30 days.

ACCOUNTING POLICY

Trade and Other Receivables

Trade receivables, loans and other receivables that have a 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. 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.

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 2016

NOTE 5: NON-FINANCIAL ASSETS

	2016	2015
	\$	\$

NOTE 5A: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment for the NHFB was nil.

NOTE 5B: OTHER NON-FINANCIAL ASSETS

Prepayments	–	43,499
TOTAL OTHER NON-FINANCIAL ASSETS	–	43,499
TOTAL OTHER NON-FINANCIAL ASSETS — ARE EXPECTED TO BE RECOVERED IN		
No more than 12 months	–	43,499
More than 12 months	–	–
TOTAL OTHER NON-FINANCIAL ASSETS	–	43,499

No indicators of impairment were found for other non-financial assets.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 6: PAYABLES

	2016 \$	2015 \$
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NOTE 6A: SUPPLIERS

Trade creditors and accruals	(505,531)	(253,992)
TOTAL SUPPLIER PAYABLES	(505,531)	(253,992)
SUPPLIERS EXPECTED TO BE SETTLED WITHIN 12 MONTHS		
Related entities ¹	(262,079)	(23,973)
External parties	(243,452)	(230,019)
TOTAL	(505,531)	(253,992)

Settlement was usually made within 30 days.

NOTE 6B: OTHER PAYABLES

Wages and salaries	(8,672)	(46,732)
Superannuation	(958)	(7,426)
Leave provisions payable	(44,343)	–
TOTAL OTHER PAYABLES	(53,973)	(54,158)
TOTAL OTHER PAYABLES ARE EXPECTED TO BE SETTLED IN		
No more than 12 months	(53,973)	(54,158)
TOTAL OTHER PAYABLES	(53,973)	(54,158)

ACCOUNTING POLICY

Financial liabilities are recognised and derecognised upon 'trade date'. The NHFB's financial liabilities are measured at nominal amounts. No fair value measurement disclosures are required.

¹ For the years ended 30 June 2016 and 30 June 2015, 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 2016

NOTE 7: PROVISIONS

	2016 \$	2015 \$
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NOTE 7A: EMPLOYEE PROVISIONS

Leave	(384,330)	(300,412)
TOTAL EMPLOYEE PROVISIONS	(384,330)	(300,412)

EMPLOYEE PROVISIONS ARE EXPECTED TO BE SETTLED

No more than 12 months	(268,644)	(214,315)
More than 12 months	(115,686)	(86,097)
TOTAL EMPLOYEE PROVISIONS	(384,330)	(300,412)

ACCOUNTING POLICY

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

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.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 8: CASH FLOW RECONCILIATION

	2016 \$	2015 \$
RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER STATEMENT OF FINANCIAL POSITION TO CASH FLOW STATEMENT		
CASH AND CASH EQUIVALENTS AS PER		
Cash flow statement	25,000	12,000
Statement of Financial Position	25,000	12,000
DISCREPANCY	–	–
RECONCILIATION OF NET COST OF SERVICES TO NET CASH FROM OPERATING ACTIVITIES		
Net cost of services	(4,367,561)	(3,846,278)
Add revenue from Government	4,314,000	4,348,000
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 in net receivables)	(312,210)	(378,602)
(Increase)/decrease in prepayments	43,499	(38,099)
LIABILITIES		
Increase/(decrease) in employee provisions	83,918	(132,954)
Increase in supplier payables	251,539	60,238
(Decrease in other payables)	(185)	(12,305)
NET CASH FROM OPERATING ACTIVITIES	13,000	–

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

QUANTIFIABLE CONTINGENCIES

As at 30 June 2016, 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 2016.

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 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 2016, the NHFB had no significant remote contingencies. (2015: Nil)

ACCOUNTING POLICY

Contingent assets and liabilities are not recognised in the balance sheet but are reported in this note. They may arise from uncertainty as to the existence of an asset or liability, represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote. As at 30 June 2016, the NHFB did not have any contingency assets or liabilities (2015: Nil).

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 10: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2016 \$	2015 \$
SHORT-TERM EMPLOYEE BENEFITS		
Salary	304,527	294,985
Other	50,117	60,626
TOTAL SHORT-TERM EMPLOYEE BENEFITS	354,644	355,611
POST-EMPLOYMENT BENEFITS		
Superannuation	45,613	59,344
TOTAL POST-EMPLOYMENT BENEFITS	45,613	59,344
OTHER LONG-TERM BENEFITS		
Annual leave	21,665	22,578
Long-service leave	10,427	7,362
TOTAL OTHER LONG-TERM BENEFITS	32,092	29,940
TOTAL EMPLOYMENT BENEFITS	432,349	444,895

Notes

The total number of senior management personnel that are included in the above table is two (2015: 2).

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 11: FINANCIAL INSTRUMENTS

	2016 \$	2015 \$
NOTE 11A: CATEGORIES OF FINANCIAL INSTRUMENTS		
FINANCIAL ASSETS		
LOANS AND RECEIVABLES		
Cash and Equivalents	25,000	12,000
Trade and other receivables	–	109,752
TOTAL	25,000	121,752
CARRYING AMOUNT OF FINANCIAL ASSETS	25,000	121,752
FINANCIAL LIABILITIES		
AT AMORTISED COST		
Trade creditors and accruals	(505,531)	(253,992)
TOTAL	(505,531)	(253,992)
CARRYING AMOUNT OF FINANCIAL LIABILITIES	(505,531)	(253,992)

NOTE 11B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS

There is no income or expense from financial assets in 2015–16. (2014–15: Nil)

NOTE 11C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES

There is no net income or expense from financial liabilities in 2015–16. (2014–15: Nil)

NOTE 11D: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all financial assets and liabilities equals its carrying amount in 2015–16 and 2014–15.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 11: FINANCIAL INSTRUMENTS (CONTINUED)

ACCOUNTING POLICY

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

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.

Financial liabilities

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

NOTE 11E: CREDIT RISK

The 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 2015–16: \$0 (2015: \$109,752). 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 2016 \$	Not Past due or impaired 2015 \$	Past due or impaired 2016 \$	Past due or impaired 2015 \$
Receivables for goods and services	–	109,752	–	–
TOTAL	–	109,752	–	–

NOTE 11F: 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.

Supplier expenses are payable on demand.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 12: FINANCIAL ASSETS RECONCILIATION

	Notes	2016 \$	2015 \$
FINANCIAL ASSETS			
Total financial assets as per balance sheet		1,996,776	1,671,566
Less: non-financial instrument components			
Appropriations receivable	4B	1,963,921	1,528,437
GST Receivable from the Australian Taxation Office	4B	7,855	21,377
TOTAL NON-FINANCIAL INSTRUMENT COMPONENTS		1,971,776	1,549,814
TOTAL FINANCIAL ASSETS AS PER FINANCIAL INSTRUMENTS NOTE		25,000	121,752

NOTE 13: APPROPRIATIONS

NOTE 13A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

ANNUAL APPROPRIATION FOR 2016

	Appropriation Act		PGPA Act		Total appropriation	Appropriation applied in 2016 (current and prior years)	Variance ¹	Section 51 determination
	Annual Appropriation	AFM	Section 74	Section 75				
	\$	\$	\$	\$	\$	\$	\$	\$
DEPARTMENTAL								
Ordinary annual services	4,315,000	-	496,973	-	4,811,973	(4,375,488)	436,485	1,000
TOTAL DEPARTMENTAL	4,315,000	-	496,973	-	4,811,973	(4,375,488)	436,485	1,000

ANNUAL APPROPRIATION FOR 2015

	Appropriation Act		PGPA Act		Total appropriation	Appropriation applied in 2015 (current and prior years)	Variance ²	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	-	-	-	4,476,944	(4,214,428)	262,516	-

¹ The variance of \$436,485 is due to the NHFB drawing down on its prior year appropriation during 15-16 to pay its 14-15 trade creditors and accruals.

² The variance of \$262,516 is due to the lower drawdown during FY14-15. This amount will be available for drawdown in forward years for current year-end accruals and/or employee entitlements payout.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 13: APPROPRIATIONS (CONTINUED)

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

There was no Departmental Capital Budget appropriated to the NHFB in 2015–16 (2014–15: nil)

TABLE C: UNSPENT ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

Authority	2016 \$	2015 \$
DEPARTMENTAL		
Appropriation Act (No 1) 2015–16	1,988,921	–
Appropriation Act (No 1) 2014–15	–	1,540,437
Appropriation Act (No 1) 2013–14	–	–
Appropriation Act (No 1) 2012–13	–	–
TOTAL	1,988,921	1,540,437

NOTE 14: REPORTING OF OUTCOMES

NOTE 14: NET COST OF OUTCOME DELIVERY

	Outcome 1 ¹ 2016 \$	Outcome 1 ¹ 2015 \$
DEPARTMENTAL		
Expenses	(4,462,809)	(4,084,834)
Own-source income	95,248	223,486
NET (COST)/CONTRIBUTION OF OUTCOME DELIVERY	(4,367,561)	(3,861,348)

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 2015–16 financial year. All revenues, expenses, assets and liabilities are in relation to achieving this Outcome.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2016

NOTE 15: DEPARTMENTAL MAJOR BUDGET VARIANCE EXPLANATIONS FOR 2015–16

Explanations of major variances	Affected line items (and statement)
The decrease in employee expenses and increase in supplier expenses compared to Budget resulted from the departure of some employees who were replaced by contract staff, and budgeted pay increases not having been effected.	<i>Employee Benefits and Supplier expenses / Statement of Comprehensive Income</i>
Other revenue comprise resources received free of charge and unearned income from 2014–15 financial year which were not included in the budget.	<i>Other revenue / Statement of Comprehensive Income</i>
The variance is due to the increase of cash balances to minimise the risk of the account being overdrawn.	<i>Cash and Cash Equivalents / Statement of Financial Position</i>
The trade and other receivables variance reflects a higher appropriation receivable brought forward from 2014–15.	<i>Trade and other receivables / Statement of Financial Position</i>
The decrease in non-financial assets compared to Budget is due to prepayments from 2014–15 being moved to expenditure in the 2015–16 financial year.	<i>Other non-financial assets / Statement of Financial Position</i>
The increase in suppliers payable is due to amounts payable to the Department of Health under the Memorandum of Understanding being withheld for payment, while discussions were underway to agree pricing and invoicing matters.	<i>Suppliers Payable / Statement of Financial Position</i>
Employee provisions are lower than Budget due to a number of employees transferring to other agencies and replaced by contractors.	<i>Employee Provisions / Statement of Financial Position</i>
The increase in retained surplus reflects the 2014–15 surplus.	<i>Retained surplus / Statement of Financial Position</i>
The variance relates to amounts of cash received from the Department of Health for Data Modelling and the Transformation Plan, leave provision for employees transferred from other agencies, and cost recovery from NHPA for the share of office accommodation.	<i>Cash received / Sale of goods and rendering of services, and Other / Cash Flow Statement</i>
The variance is a result of the departure of some employees.	<i>Cash used / Employees / Cash Flow Statement</i>
The variance is due to receipts not included in the Budget for leave provisions for employees transferred from other agencies, cost recovery from NHPA for the share of office accommodation and an amount of money from the Department of Health for the Transformation Plan.	<i>Cash used / Section 74 receipts transferred to OPA / Cash Flow Statement</i>



National Health
Funding Body



Administrator
National Health
Funding Pool

A woman in a dark dress is seen from the side, looking out a window. The image is overlaid with a pattern of diagonal lines. The text "ENDNOTES" is written in white, bold, uppercase letters at the bottom.

ENDNOTES

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 National Health Reform Agreement, 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.
Jurisdiction	Refers to the Commonwealth or a state or territory.
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 National Health Reform Agreement entered into by all states, territories and the Commonwealth in August 2011.
National Health Reform Agreement (the Agreement)	The National Health Reform Agreement 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.
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.

DISCLOSURE INDEX

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
LETTER OF TRANSMITTAL			
	Letter of transmittal	Mandatory	Page iv
AIDS TO ACCESS			
	Table of contents	Mandatory	Page 1
	Alphabetical index	Mandatory	Pages 104–110
	Glossary of abbreviations and acronyms	Mandatory	Pages 96–97
	List of requirements	Mandatory	Pages 98–103
	Details of contact officer	Mandatory	Inside front cover
	Agency website address	Mandatory	Inside front cover
	Electronic address for report	Mandatory	Inside front cover
REVIEW BY CEO			
	Review by CEO	Mandatory	Pages 4–5
OVERVIEW OF AGENCY			
	Role and functions	Mandatory	Pages 8–13
	Organisational structure	Mandatory	Page 14
	Outcome and programme structure	Mandatory	Pages 18, 20
	Purpose of the agency	Mandatory	Page 52
	Portfolio structure	Portfolio departments — mandatory	N/A
	Where outcome and programme structures differ from PBS/PAES or other portfolio estimates statement that was prepared for the agency for the period, details of variation and reasons for change	If applicable, Mandatory	N/A

Continued

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
REPORT ON PERFORMANCE			
Annual Performance Statements	Annual performance statement in accordance with paragraph 39(1) (b) of the PGPA Act and section 16F of the PGPA Rule	Mandatory	Pages 52–59
Report on Financial Performance	Discussion and analysis of the agency's financial performance	Mandatory	Pages 60–61
	Agency resource and payments summary	Mandatory	Page 61
	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the agency; how the agency has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the agency's future operation or financial results.	If applicable, Mandatory	Page 60

Continued

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
MANAGEMENT AND ACCOUNTABILITY			
Corporate Governance	Information on compliance with section 10 (fraud systems)	Mandatory	Page 39
	Certification by CEO that fraud risk assessments and fraud control plans have been prepared	Mandatory	Page 39
	Certification by CEO that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the agency are in place	Mandatory	Pages 20, 39
	Certification by CEO that all reasonable measures have been taken to deal appropriately with fraud relating to the agency	Mandatory	Pages 20, 39
	Outline of structures and processes in place for the agency to implement principles and objectives of corporate governance	Mandatory	Pages 37–38
	Statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non compliance	If applicable, Mandatory	N/A
External Scrutiny	Significant developments in external scrutiny and the agency's response to the scrutiny	Mandatory	Pages 20, 38–39
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	If applicable, Mandatory	N/A
	Reports on operations of the agency by the Auditor-General, a Parliamentary Committee, or the Commonwealth Ombudsman	If applicable, Mandatory	Pages 65–66
	Capability reviews on the agency	If applicable, Mandatory	N/A

Continued

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
Management of Human Resources	Assessment of the agency's effectiveness in managing and developing employees to achieve agency objectives	Mandatory	Pages 44–48
	Statistics on the agency's APS employees on an ongoing and non-ongoing basis; including the following: + Statistics on staffing classification level; + Statistics on full-time employees; + Statistics on part-time employees; + Statistics on gender; + Statistics on staff location; + Statistics on employees who identify as Indigenous	Mandatory	Pages 44–46
	Enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	Page 47
	Number of SES and non-SES employees	Mandatory	Pages 45–46
	Salary ranges available for APS employees by classification level	Mandatory	Page 47
	Non-salary benefits provided to employees	Mandatory	Pages 48–49
	Performance pay; including: + number of employees at each classification level who received performance pay + aggregate amounts of performance pay at each classification level + average amount of performance payment, and range of such payments, at each classification level + aggregate amount of performance payments	If applicable, Mandatory	N/A

Continued

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
Assets Management	Assessment of effectiveness of assets management	If applicable, Mandatory	Page 40
Purchasing	Assessment of agency performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	Page 40
Consultants	A summary statement detailing the number of new and ongoing contracts engaging consultants, including actual expenditure	Mandatory	N/A
	A statement of new and ongoing contracts	Mandatory	Page 40
	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	N/A
	A statement regarding expenditure reporting in Annual Reports	Mandatory	Page 40
Australian National Audit Office	Absence of provisions in contracts allowing access by the Auditor-General	If applicable, Mandatory	Page 40
Exempt contracts	Contracts exempt from AusTender	If applicable, Mandatory	Page 40
Small business	Statement of support for small and medium enterprise (SME) participation in Commonwealth Government procurement	Mandatory	Page 40
	Procurement practices of the agency that support SMEs	Mandatory	Page 40
	If agency is considered material in nature, statement of importance of timely payment to SMEs	If applicable, Mandatory	N/A
Financial Statements	Annual financial statements	Mandatory	Pages 68–71

Continued

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
OTHER MANDATORY INFORMATION			
	If the agency conducted advertising campaigns, a statement detailing the advertising campaign(s)	If applicable, Mandatory	N/A
	If the agency did not conduct advertising campaigns, a statement to that effect	If applicable, Mandatory	Page 40
	A statement regarding grants awarded to the agency	If applicable, Mandatory	Page 41
	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	Page 41
	Website reference to where the agency's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	Page 41
	Correction of material errors in previous annual report	If applicable, Mandatory	N/A
	Information required by other legislation	Mandatory	Pages 40–41

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