



**National Health
Funding Body**

**CORPORATE PLAN
2015–16**

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PAPER-BASED PUBLICATIONS

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INTRODUCTION

This Corporate Plan is prepared for the reporting period 2015–16 and covers the period 2015–16 to 2018–19. It is prepared in accordance with paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

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 PURPOSE

The purpose of the National Health Funding Body (NHFB) is to support the obligations and responsibilities of the Administrator of the National Health Funding Pool (Administrator) by providing transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system.

The NHFB is part of the Commonwealth health portfolio. Both the NHFB and the Administrator were created through the National Health Reform Agreement, the *National Health Reform Act 2011* and corresponding state and territory legislation. The NHFB is a Non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*.

The *National Health Reform Act 2011* mandates that the NHFB is independent of both Commonwealth and state/territory governments when assisting the Administrator in the exercise or performance of his/her functions. These legislative responsibilities include calculating the Commonwealth contribution to public hospital funding; administering the National Health

Funding Pool (Pool); authorising state and territory payment instructions; reconciling estimated and actual services volumes; and reporting publicly on Pool activity.

ENVIRONMENT

The NHFB is a product of the National Health Reform Arrangements (*National Health Reform Agreement and National Health Reform Act 2011*). As the manner in which the Australian health system is managed by the Commonwealth and states and territories continues to evolve, the environment within which we operate may be subject to change.

In assisting the Administrator in undertaking his/her functions, we rely on data and services provided by external parties. These include the Commonwealth Departments of Treasury, Health and Human Services; the Independent Hospital Pricing Authority; and state and territory health departments. Changes to any of these organisations may impact our performance. We work actively with these organisations to ensure business continuity and delivery.

A number of factors beyond our control may affect our capacity to deliver the desired outcomes over the period of this Corporate Plan. These factors include:

- + The outcome/s of meetings of the Council of Australian Governments.
- + Any changes to relevant Commonwealth legislation, such as the *National Health Reform Act 2011*, or state or territory equivalents.
- + Any changes to the National Health Reform Agreement.

We have adopted a Strategic Risk Model that considers these environmental risks. Please refer to the Risk Oversight and Management section of this Corporate Plan for more detail.

VALUES

The NHFB is committed to observing the following core values which represent our approach and practice when interacting and collaborating with colleagues, stakeholders and the wider community.

Accountability — to comply with national health reform legislative requirements and the Agreement 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 provide leadership, effective policy advice and follow best practice principles in management of major national health funding reform.

Privacy — to ensure the privacy of information is paramount in complying with secrecy and disclosure requirements of national health reform arrangements.

Transparency — to be transparent in the reporting and the transacting of funding activities within the National Health Funding Pool.

WE ALSO OBSERVE THE AUSTRALIAN PUBLIC SERVICE VALUES OF BEING

I - IMPARTIAL

C - COMMITTED TO SERVICE

A - ACCOUNTABLE

R - RESPECTFUL AND

E - ETHICAL

IN ALL OUR PRACTICES.

PERFORMANCE

The NHFB has developed a Strategic Plan which identifies strategic objectives that enable us to deliver on our purpose. These strategic objectives, together with the performance indicators identified in the Health Portfolio Budget Statement, provide a clear link to the operational activities we undertake in order to achieve our purpose.

The strategic objectives and key performance indicators are linked to clear deliverables and targets. The nature of these deliverables and targets means they can be assessed on an annual basis, with all targets relevant in each of the four financial years of the Corporate Plan period.

NHFB STRATEGIC PLAN

The NHFB has adopted five high level strategic objectives that capture the scope of our responsibilities and serve the vision and mission of the organisation to:

- + Achieve best practice and accountability.
- + Provide increased transparency and effective reporting.
- + Enable accurate Commonwealth contribution calculations.
- + Develop productive and effective partnerships.
- + Operate as a fully functional and compliant agency.

PORTFOLIO BUDGET STATEMENT

The Health Portfolio Budget Statement 2015-16 includes a section on Outcomes and Performance Information for the NHFB.

The outcome statement for the NHFB is as follows:

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.

Our Key Performance Indicators as outlined in the Health Portfolio Budget Statement are as follows:

- + Assist the Administrator to calculate the Commonwealth Contribution to the National Health Funding Pool. (Qualitative measure)
- + 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. (Qualitative and Quantitative measures)

MEASURING OUR PERFORMANCE — STRATEGIC PLAN OBJECTIVES

GOAL	DELIVERABLE
<p>1. To achieve best practice and accountability by assisting the Administrator in managing a nationally consistent public hospital funding arrangement through the National Health Funding Pool.</p>	<p>Process and oversee National Health Reform funding and payments through the National Health Funding Pool.</p> <p>Manage the integrity of the National Health Funding Administrator’s Payments System.</p>
<p>2. To provide increased transparency and effective reporting on what local hospital networks are funded for services delivered.</p>	<p>Develop and publish the National Health Funding Pool Annual Report and Financial Statements for each financial year.</p> <p>Ensure monthly reporting requirements under the <i>National Health Reform Act 2011</i> are satisfied.</p>
<p>3. To enable accurate Commonwealth contribution calculations by using nationally consistent pricing and costing standards.</p>	<p>Calculate the Commonwealth contribution accurately (assessed by acceptance of the calculation by the Commonwealth, states and territories).</p> <p>Reconcile estimated and actual volume of service delivery for calculation of Commonwealth contributions.</p>
<p>4. To develop productive and effective partnerships with relevant stakeholders to enable the objectives of the Agreement to be achieved.</p>	<p>Maintain and continually strengthen productive partnerships and collaboration with all stakeholders, based on trust and respect.</p> <p>Inform stakeholders of opportunities to improve sustainability of funding for public hospitals.</p>
<p>5. To operate as a fully functional and compliant agency, meeting statutory and legislative obligations.</p>	<p>Robust policies and procedures are in place, including ensuring all NHFB values are reflected and compliance with relevant statutory and legislative requirements.</p> <p>Adhere to good governance principles and practices while conducting business in an ethical manner.</p>

MEASURING OUR PERFORMANCE — PORTFOLIO BUDGET STATEMENT

ASSIST THE ADMINISTRATOR TO CALCULATE THE COMMONWEALTH CONTRIBUTION TO THE NATIONAL HEALTH FUNDING POOL.

<p>6. Calculate the Commonwealth contribution to the National Health Funding Pool.</p>	<p>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.</p>
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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.

<p>7. Oversee and authorise all payments for public hospital services through the National Health Funding Pool as required under the National Health Reform Agreement.</p>	<p>Improvements to the National Health Funding Administrator Payments System allow the NHFB, and states and territories, greater flexibility in managing payments.</p>
<p>8. Percentage of payments made in accordance with directions from the responsible state or territory Minister.</p>	<p>100%</p>

CAPABILITY

Central to our ability to deliver on our purpose is the capability of the resources employed to undertake our activities.

The staff of the NHFB play the greatest role in determining our success. The national focus of the NHFB also requires a significant reliance on Information and Communication Technology (technology).

The NHFB recognises the importance of these resources and actively manages these to ensure staff and technology work as effectively as possible in a dynamic environment.

STAFFING

The NHFB has a small and highly specialised workforce. There are a number of primary drivers of workforce change that are impacting on our current and future capacity to employ and retain the specialists required to meet our commitments. These include:

- + The Commonwealth's announcement to rationalise National Health Reform agencies.
- + Specialist roles that are critical to delivering our objectives.
- + Meeting APS employment requirements.
- + Fiscal and workforce constraints that drive a non bureaucratic culture.

The Australian labour force statistics suggest the current levels of high demand for accountants are forecast to continue until at least 2020. More than 50 per cent of our workforce are accountants. Workforce trends suggest that recruiting and retaining suitably qualified accountants will remain a challenge.

Data modelling and analysis specialists are critical to our success and our ability to inform Health funding policy. Sourcing and retaining these specialist staff is a challenge, given there is significant demand for these skills. Labour force trends suggest that demand is significantly outstripping the number of new entrants to the workforce.

The highly competitive nature of the specialist skills required means that we are constantly required to engage workforce initiatives to drive retention and fast track the development of high potential employees into these roles.

There are a number of initiatives targeted to support and bolster our workforce. These initiatives will address the capacity and workforce capability requirements of the NHFB.

STRATEGIC RECRUITMENT AND SELECTION INITIATIVE

The NHFB has developed a sound understanding of our culture and workforce needs. As a result a new recruitment and selection strategy has been developed and is being implemented.

EMPLOYMENT RELATIONS

Since commencement, the NHFB has operated under an Authority Determination. This provides a limited Employment relations framework that is not fit-for-purpose. A new Enterprise Agreement, supported by appropriate Human Resources policy and procedures are included in this initiative.

WORKFORCE STRATEGY

The NHFB intends to commence workforce planning to develop initiatives to provide assurance for areas of identified workforce risks within 2015-16.

TRANSFORMATION INITIATIVE

In response to the Government's decision to rationalise Health Portfolio Agencies and close the NHFB in 2018, there is a need for a transformation plan to be developed. This decision requires significant planning to effectively manage the functions of the agency through to the closure date. This plan will assist in assuring an ongoing available labour pool to continue operations as necessary.

LEADERSHIP DEVELOPMENT

The forecast of requirements in our strategic plan identifies the need for capable and effective leadership to support our operations. A leadership development initiative is underway to support the leaders and high potential leaders of the future to grow and develop. This initiative will be implemented in 2015–16.

TECHNOLOGY

The NHFB operates on a national basis, assisting the Administrator to undertake his/her functions on behalf of the Commonwealth as well as each state and territory equally. The functions of the Administrator involve the use of data and information from multiple sources. The data used include banking details and instructions, financial data, patient level and aggregate hospital services data as well as technical information such as calculators and population data.

As some of the data used by the NHFB may be 'sensitive' or 'personal', specific treatments and/or security arrangements are required. The vastness of some of the datasets used by the NHFB requires the systems operated to process the data to be capable of managing significant records and/or calculations and analyses.

The NHFB has developed a Data Privacy, Secrecy and Security Policy that identifies the types of data, their treatment and protocols to ensure the integrity of the use of those data.

To enable effective and secure use of our data, the NHFB uses technology in many ways. The most significant technological resources used by the NHFB are:

- + National Health Funding Administrator Payments System.
- + Department of Health Enterprise Data Warehouse.
- + Commonwealth Contribution Model.

NATIONAL HEALTH FUNDING ADMINISTRATOR PAYMENTS SYSTEM

The National Health Funding Administrator Payments System is operated by the Commonwealth Department of Human Services. The Payments System is a secure system accessed by authorised users to process Pool deposits and payments.

The Payments System operates in a strictly controlled environment with access only via Public Key Infrastructure tokens and passwords. The control framework is reviewed at least annually by an independent third party.

The Payments System facilitates payments of National Health Reform funding to and from the Commonwealth, states and territories and to local hospital networks (LHNs). Each year approximately \$80 billion is transacted through the Payments System.

The NHFB continues to work closely with the Department of Human Services and all state and territory health departments to ensure the Payments System remains a secure, transparent and efficient mechanism for facilitating payments.

DEPARTMENT OF HEALTH ENTERPRISE DATA WAREHOUSE

In 2010 the Department of Health Enterprise Data Warehouse (EDW) was established to provide the information and communication technology capability to enable the NHFB (together with other key agencies) to perform our role under national health reform.

The EDW is a high quality, secure, reliable, easy-to-use, shared data storage, analysis and reporting system that supports some of the NHFB's key information management requirements.

It includes the following features:

- + A secure online system for jurisdictions to submit data.
- + Secure access control management for the sharing of data between organisations.
- + A facility that allows jurisdictions to securely access approved data products.
- + A physically secure location with disaster recovery capabilities.
- + Compliance with relevant Australian Government security policies.

The NHFB actively works with the EDW Board to identify opportunities to maximise the efficiency and effectiveness of the EDW in assisting the NHFB to deliver on our objectives.

To date, the NHFB has piloted a number of projects within the EDW to test the suitability of the environment. The NHFB works in collaboration with the Department of Health and other states and territories to undertake these pilot projects.

The NHFB plans to expand our use of the EDW in an effort to streamline processes, improve processing times and to move closer to the National Health Reform Agreement concept of 'single provision, multiple use'.

COMMONWEALTH CONTRIBUTION MODEL

One of the primary objectives of the NHFB is to enable accurate Commonwealth contribution calculations. The NHFB has developed a Commonwealth Contribution Model that incorporates inputs from multiple sources across multiple financial years and produces calculations of funding contributions at a state, LHN and service category level.

The Commonwealth Contribution Model has the capacity to deal with multiple changes to inputs and outputs whilst maintaining integrity and transparency.

As the complex nature of the calculations continues and is, in some respects, compounding over time, the NHFB is working with independent experts to develop a more flexible technical solution for the model. The new model will have improved ability to conduct scenario modelling for states and territories, an enhanced user interface, greater automation and more efficient processing times.

RISK OVERSIGHT AND MANAGEMENT

The NHFB has a culture of strong risk oversight and management. The NHFB uses a Strategic Risk Model in the identification and management of our risk environment.

The model operates on the key risks identified and aligned to our strategic objectives. Controls are aligned to four lines of defence (People, Processes and/or Technology; Management Oversight; Internal Audit; External Audit), and drawn from the Audit Strategy and the existing treatment/control register, along with discussions and interviews with key staff. Ongoing risk analysis and monitoring occurs to provide us and our stakeholders with a level of comfort that our practices are sound and our goals achievable.

Development is planned in 2015-16 to further enhance the level of risk management maturity at the NHFB. Treatments for out-of-tolerance risks will be developed or drawn the existing risk registers. A treatment schedule has been developed for this purpose, which also incorporates implementation tracking functionality. A change register has also been designed to track the evolution of the risk framework over time.

The NHFB risk framework demonstrates a strong level of maturity, with key strategic risks now identified and assessed. Tools are in place to manage controls, and to develop further treatments which, when implemented, will further enhance the control environment. Good reporting tools are also available to give the executive an accurate perspective of the risk environment at any point in time.

REQUIREMENTS AS SET OUT IN THE *PUBLIC GOVERNANCE, PERFORMANCE AND ACCOUNTABILITY ACT 2013*

PGPA REQUIREMENT	CORPORATE PLAN LOCATION
<p>Introduction:</p> <ul style="list-style-type: none"> a. A statement that the plan is prepared for paragraph 35(1)(b) of the Act; a. The reporting period for which the plan is prepared; a. The reporting periods covered by the plan. 	<p>PG 2</p>
<p>Purpose/s</p>	<p>PG 2</p>
<p>Environment</p>	<p>PG 2</p>
<p>Performance:</p> <ul style="list-style-type: none"> a. How the entity will achieve the entity’s purpose/s a. How any subsidiary of the entity will contribute to achieving the entity’s purposes a. How the entity’s performance will be measured and assessed in achieving the entity’s purposes, including any measures, targets and assessments that will be used to measure and assess the entity’s performance for the purposes of preparing the entity’s annual performance statements for the reporting period. 	<p>PG 4-6</p>
<p>Capability</p>	<p>PG 7-9</p>
<p>Risk oversight and management</p>	<p>PG 10</p>

