

Growth and Funding Guarantee - Appendix A

Worked example

Should be read in conjunction with the 'Growth and Funding Guarantee' document

This worked example is purely intended to demonstrate how the growth calculations are undertaken. Some values used in the example may be fictitious.

Step 1 - Identify base year Commonwealth contribution funding amounts and activity estimates

Base year = 2013-14 (figures as at June 2014)

Growth year = 2014-15

2013-14 Funding amounts:

	CW Public Health funding	Total CW Block funding	Total NEC (CW + S/T)	CW ABF (incl. cross-border)
NSW	\$ 103,723,000	\$ 1,011,454,072	\$ 2,834,113,490	\$ 3,504,180,117
VIC	\$ 80,970,000	\$ 639,452,556	\$ 1,602,011,132	\$ 2,893,989,806
QLD	\$ 65,992,000	\$ 269,937,140	\$ 746,954,089	\$ 2,271,601,288
WA	\$ 35,544,000	\$ 292,236,575	\$ 820,528,205	\$ 1,168,451,531
SA	\$ 23,471,000	\$ 149,153,858	\$ 450,884,131	\$ 807,722,347
TAS	\$ 7,244,000	\$ 49,493,173	\$ 122,173,659	\$ 254,809,222
ACT	\$ 5,403,000	\$ 16,051,452	\$ 43,195,146	\$ 228,460,948
NT	\$ 3,308,000	\$ 20,936,144	\$ 88,500,889	\$ 110,707,771
National	\$ 325,655,000	\$ 2,448,714,969	\$ 6,708,360,742	\$ 11,239,923,031

CW 2013-14 Block funding: (A)

2013-14 total NEC: (B)

CW 2013-14 ABF: (C)

2013-14 NEP = \$ 4,993

2013-14 NWAU estimates:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
NSW	1,075,318	207,025	323,800	92,297	107,075	1,805,515
VIC	953,091	137,098	123,926	148,521	42,505	1,405,141
QLD	865,989	179,413	189,243	76,203	73,664	1,384,512
WA	438,957	78,018	99,187	47,981	31,341	695,484
SA	322,885	52,615	69,294	37,459	19,289	501,542
TAS	92,526	16,570	30,530	5,392	0	145,018
ACT	76,818	11,698	32,906	9,472	4,589	135,484
NT	65,301	14,342	12,244	2,632	0	94,518
National	3,890,885	696,780	881,129	419,956	278,463	6,167,214

2013-14 Acute and total NWAU: (D)

Step 2 - Informed of SPP growth factor

Commonwealth Treasury advise the SPP growth factors for each state and territory for the growth year calculation (2014-15).

SPP growth factors for future years are included below for completeness of the example, however will not be known until each growth year.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	5.03%	5.99%	5.99%	5.99%	5.99%	5.99%
VIC	5.81%	5.05%	5.05%	5.05%	5.05%	5.05%
QLD	6.14%	4.73%	4.73%	4.73%	4.73%	4.73%
WA	7.08%	6.15%	6.15%	6.15%	6.15%	6.15%
SA	4.87%	4.90%	4.90%	4.90%	4.90%	4.90%
TAS	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
ACT	5.98%	5.82%	5.82%	5.82%	5.82%	5.82%
NT	4.72%	7.07%	7.07%	7.07%	7.07%	7.07%

Step 3 - Calculate Public Health funding

NSW calculation example for 2014-15:

Public Health funding for NSW in 2013-14 =	\$ 103,723,000
SPP growth factor for NSW in 2014-15 =	5.03%
Therefore, Public Health funding for NSW in 2014-15 =	\$103,723,000 x (1 + 5.03%)
	\$ 108,940,267

Applying the same logic to all states and territories and all years, the Public Health funding will be as below:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	\$ 108,940,267	\$ 115,465,789	\$ 122,382,190	\$ 129,712,883	\$ 137,482,684	\$ 145,717,897
VIC	\$ 85,674,357	\$ 90,000,912	\$ 94,545,958	\$ 99,320,529	\$ 104,336,216	\$ 109,605,195
QLD	\$ 70,043,909	\$ 73,356,986	\$ 76,826,771	\$ 80,460,677	\$ 84,266,467	\$ 88,252,271
WA	\$ 38,060,515	\$ 40,401,237	\$ 42,885,913	\$ 45,523,397	\$ 48,323,085	\$ 51,294,955
SA	\$ 24,614,038	\$ 25,820,126	\$ 27,085,312	\$ 28,412,492	\$ 29,804,704	\$ 31,265,135
TAS	\$ 7,566,358	\$ 7,903,061	\$ 8,254,747	\$ 8,622,083	\$ 9,005,766	\$ 9,406,523
ACT	\$ 5,726,099	\$ 6,059,358	\$ 6,412,013	\$ 6,785,192	\$ 7,180,090	\$ 7,597,972
NT	\$ 3,464,138	\$ 3,709,052	\$ 3,971,282	\$ 4,252,052	\$ 4,552,672	\$ 4,874,546
National	\$ 344,089,681	\$ 362,716,520	\$ 382,364,186	\$ 403,089,305	\$ 424,951,685	\$ 448,014,493

(E)

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Step 4 - Informed of the National Efficient Cost and back-casting multipliers

IHPA publish the NEC and back-casting multipliers for each state and territory by service category for the growth year (2014-15).

The NEC for future years are included in this example for completeness however will not be known until each growth year. In addition, Block funding amounts have been aggregated in this example for convenience, however in reality Block growth funding will be calculated for each service category.

The total NEC (inclusive of the Commonwealth and state/territory component) is as per below:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	\$ 3,044,007,935	\$ 3,269,447,163	\$ 3,511,582,420	\$ 3,771,650,214	\$ 4,013,690,257	\$ 4,271,679,503
VIC	\$ 1,661,309,102	\$ 1,723,811,739	\$ 1,789,732,644	\$ 1,859,300,758	\$ 1,971,975,139	\$ 2,091,667,837
QLD	\$ 790,218,149	\$ 836,445,238	\$ 885,849,977	\$ 938,662,782	\$ 1,003,096,643	\$ 1,072,033,051
WA	\$ 866,278,989	\$ 915,117,724	\$ 967,267,099	\$ 1,022,966,172	\$ 1,092,394,452	\$ 1,166,628,963
SA	\$ 478,414,502	\$ 507,866,529	\$ 539,380,186	\$ 573,105,766	\$ 613,078,045	\$ 655,879,658
TAS	\$ 131,134,969	\$ 140,753,755	\$ 151,078,268	\$ 162,160,300	\$ 173,279,663	\$ 185,175,344
ACT	\$ 46,542,684	\$ 50,149,908	\$ 54,036,982	\$ 58,225,637	\$ 61,717,517	\$ 65,424,530
NT	\$ 95,266,311	\$ 102,550,221	\$ 110,392,461	\$ 118,835,941	\$ 126,925,644	\$ 135,576,771
National	\$ 7,113,172,640	\$ 7,546,142,278	\$ 8,009,320,036	\$ 8,504,907,569	\$ 9,056,157,361	\$ 9,644,065,658

Step 5 - Apply the Block back-casting multipliers to update the base year National Efficient Cost

At an aggregate state and territory level and for each service category apply the back-casting multiplier to the base year NEC to determine the updated base year NEC.

Refer to pages 14-15 of the Policy document for further information on back-casting, including an example.

In this example back-casting multipliers are assumed as '1'.

Step 6 - Calculate Block funding

NSW calculation example for 2014-15:

Commonwealth Block funding (incl. TTR) for NSW in 2013-14 =	\$ 1,011,454,072	Refer to Component A (page 1)
Block growth percentage for 2014-15 =	45%	
Total NEC of Block (incl. TTR) in 2013-14 =	\$ 2,834,113,490	Refer to Component B (page 1)
Total NEC of Block (incl. TTR) in 2014-15 =	\$ 3,044,007,935	
Therefore, Block Commonwealth contribution for NSW (incl. TTR) in 2014-15 =		
= \$ 1,011,454,072 + 45% x (\$ 3,044,007,935 less \$ 2,834,113,490)		
= \$ 1,105,906,573		

Applying the same logic to all states and territories and all years, the Block funding will be as below:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	\$ 1,105,906,573	\$ 1,207,354,225	\$ 1,316,315,091	\$ 1,446,348,988	\$ 1,567,369,009	\$ 1,696,363,632
VIC	\$ 666,136,642	\$ 694,262,829	\$ 723,927,236	\$ 758,711,293	\$ 815,048,484	\$ 874,894,832
QLD	\$ 289,405,967	\$ 310,208,157	\$ 332,440,289	\$ 358,846,692	\$ 391,063,623	\$ 425,531,826
WA	\$ 312,824,427	\$ 334,801,859	\$ 358,269,077	\$ 386,118,613	\$ 420,832,754	\$ 457,950,009
SA	\$ 161,542,524	\$ 174,795,937	\$ 188,977,082	\$ 205,839,872	\$ 225,826,012	\$ 247,226,818
TAS	\$ 53,525,763	\$ 57,854,216	\$ 62,500,247	\$ 68,041,263	\$ 73,600,945	\$ 79,548,785
ACT	\$ 17,557,844	\$ 19,181,095	\$ 20,930,278	\$ 23,024,606	\$ 24,770,546	\$ 26,624,052
NT	\$ 23,980,583	\$ 27,258,343	\$ 30,787,351	\$ 35,009,091	\$ 39,053,942	\$ 43,379,506
National	\$ 2,630,880,323	\$ 2,825,716,660	\$ 3,034,146,651	\$ 3,281,940,418	\$ 3,557,565,314	\$ 3,851,519,462
Contribution to Block Efficient Growth:	45%	45%	45%	50%	50%	50%

(F)

Step 7 - Informed of the National Efficient Price and back-casting multipliers

IHPA publish the NEP and back-casting multipliers for each state and territory by service category for the growth year (2014-15).

IHPA advises the 2014-15 NEP = \$ 5,228

Step 8 - Apply the activity based funding back-casting multipliers to update the base year NWAU

At an aggregate state and territory level and for each service category apply the back-casting multiplier to the base year NWAU to determine the updated base year NWAU.

Refer to pages 14-15 of the Policy document for further information on back-casting, including an example.

In this example back-casting multipliers are assumed as '1'.

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Step 9 - Calculate activity based funding based on estimates

As per clause B74 requirements, states and territories have advised the following aggregated LHN and service category estimates for 2014-15:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
NSW	1,145,468	210,547	322,554	90,454	114,577	1,883,600
VIC	958,440	137,841	123,545	135,571	44,878	1,400,275
QLD	854,781	180,448	189,441	77,615	70,545	1,372,830
WA	432,540	78,015	100,487	46,878	30,454	688,374
SA	321,020	53,021	70,158	40,545	20,145	504,889
TAS	93,547	16,874	30,147	5,457	154	146,179
ACT	77,884	11,678	33,474	10,577	4,875	138,488
NT	66,487	15,487	12,548	25,487	542	120,551
National	3,950,167	703,911	882,354	432,584	286,170	6,255,186

ABF growth is calculated for each state and territory and service category as:

$$\text{Base year CW ABF Service Category A funding} + \text{growth percentage} \times [(V1 \times P1) - (V0 \times P0)] = \text{Growth year CW ABF Service Category A funding}$$

where: "0" is the previous year (i.e. base year)
 "1" is the growth year
 "V" means NWAU volume
 "P" means National Efficient Price

NSW Acute calculation example for 2014-15:

Commonwealth ABF Acute for NSW in 2013-14 =	Acute ABF NWAU / Total ABF NWAU x Total Commonwealth ABF funding
	= 1,075,318 / 1,805,515 x \$3,504,180,117
	= \$ 2,086,998,753 Refer to components D and C (page 1) for NWAU and ABF
ABF growth percentage for 2014-15 =	45%
V1, 2014-15 Acute NWAU estimate =	1,145,468
P1, 2014-15 NEP =	\$ 5,228
V0, 2013-14 Acute NWAU estimate =	1,075,318 Refer to component D (page 1)
P0, 2013-14 NEP =	\$ 4,993
Therefore, Acute ABF Commonwealth contribution for NSW in 2014-15 =	\$2,086,998,753 + 45% x [(1,145,468 x \$5,228) - (1,075,318 x \$4,993)]
	\$ 2,365,579,193

Only calculations for 2014-15 are illustrated as an example.

Applying the same logic to all states and territories and all service categories in 2014-15, the ABF amount for each service category will be as below:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
NSW	\$ 2,365,579,193	\$ 431,946,039	\$ 659,700,310	\$ 184,542,963	\$ 236,768,727	\$ 3,878,537,233
VIC	\$ 2,076,191,542	\$ 298,588,890	\$ 267,425,156	\$ 291,109,712	\$ 97,613,104	\$ 3,030,928,405
QLD	\$ 1,485,932,032	\$ 315,748,048	\$ 330,945,665	\$ 136,397,076	\$ 121,304,289	\$ 2,390,327,111
WA	\$ 768,730,947	\$ 139,306,484	\$ 180,172,290	\$ 83,082,857	\$ 53,877,486	\$ 1,225,170,064
SA	\$ 549,709,313	\$ 91,246,337	\$ 120,946,616	\$ 71,542,590	\$ 35,114,962	\$ 868,559,817
TAS	\$ 174,748,971	\$ 31,579,670	\$ 55,966,915	\$ 10,196,769	\$ 362,278	\$ 272,854,603
ACT	\$ 140,154,533	\$ 20,913,888	\$ 60,299,301	\$ 19,571,688	\$ 8,895,677	\$ 249,835,089
NT	\$ 86,172,640	\$ 21,007,016	\$ 16,349,536	\$ 57,126,217	\$ 1,275,029	\$ 181,930,437
National	\$ 7,647,219,172	\$ 1,350,336,373	\$ 1,691,805,790	\$ 853,569,872	\$ 555,211,552	\$ 12,098,142,758

Step 10 - Calculate the Commonwealth percentage rate of funding

Calculated for each state and territory and service category as:

$$\text{Growth year CW ABF Service Category A funding} / (V1 \times P1)$$

NSW Acute calculation example for 2014-15 =

$$\$2,365,579,193 / (1,145,468 \times \$5,228)$$

39.5%

Only calculations for 2014-15 are illustrated as an example.

Applying the same logic to all states and territories and all service categories in 2014-15, the ABF contribution percentage rate for each service category will be as below:

	Acute	ED	Outpatients	Sub-acute	Admitted MH
NSW	39.5%	39.2%	39.1%	39.0%	39.5%
VIC	41.4%	41.4%	41.4%	41.1%	41.6%
QLD	33.3%	33.5%	33.4%	33.6%	32.9%
WA	34.0%	34.2%	34.3%	33.9%	33.8%
SA	32.8%	32.9%	33.0%	33.8%	33.3%
TAS	35.7%	35.8%	35.5%	35.7%	45.0%
ACT	34.4%	34.3%	34.5%	35.4%	34.9%
NT	24.8%	25.9%	24.9%	42.9%	45.0%

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Step 11 - Calculate activity based funding for each LHN

Calculated for each service category and LHN within each state and territory as:

$$\text{LHN NWAU for ABF Service Category A} \times \text{Service Category A CW percentage rate} \times \text{P1}$$

Only calculations for NSW LHNs in 2014-15 are illustrated as an example.

As per clause B74 requirements, NSW have advised the following LHN and service category estimates for 2014-15:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
LHN Z 2014-15 NWAU estimate	147,992	28,492	44,564	12,703	14,736	248,487
LHN Y 2014-15 NWAU estimate	457,887	48,787	135,478	52,454	47,897	742,503
LHN X 2014-15 NWAU estimate	539,589	133,268	142,512	25,297	51,944	892,610
NSW Total 2014-15 NWAU estimate	1,145,468	210,547	322,554	90,454	114,577	1,883,600

Acute LHN Z calculation example =

$$= 147,992 \times 39.5\% \times \$5,228$$

$$= \$ 305,628,586$$

Refer to component G (page 3) for CW percentage rate

Applying the same logic to all LHNs and all service categories in 2014-15, the annual and monthly allocation for each LHN and service category will be as below:

Annual allocation	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
LHN Z 2014-15 ABF funding	\$ 305,628,586	\$ 58,452,734	\$ 91,143,121	\$ 25,915,608	\$ 30,452,146	\$ 511,592,195
LHN Y 2014-15 ABF funding	\$ 945,611,715	\$ 100,088,586	\$ 277,085,011	\$ 107,015,904	\$ 98,977,210	\$ 1,528,778,425
LHN X 2014-15 ABF funding	\$ 1,114,338,892	\$ 273,404,720	\$ 291,472,178	\$ 51,611,451	\$ 107,339,372	\$ 1,838,166,613
NSW Total 2014-15 ABF funding	\$ 2,365,579,193	\$ 431,946,039	\$ 659,700,310	\$ 184,542,963	\$ 236,768,727	\$ 3,878,537,233

Step 12 - Combine all growth calculation components

Only calculations for NSW in 2014-15 are illustrated as an example.

Annual allocation	2014-15 NSW
Public Health funding - step 3	\$ 108,940,267
Block funding - step 6	\$ 1,105,906,573
ABF funding - step 11	\$ 3,878,537,233
Total	\$ 5,093,384,072

Refer to component E (page 1)

Refer to component F (page 2)

Step 13 - Allocation of the Commonwealth contribution

Allocate the Commonwealth contributions via the National Health Funding Pool in monthly payments (clause B46) as per existing payments arrangements detailed in clause B52.

Step 14 - Recalculate and allocate impact of any adjustments

Recalculate steps 2 to 13 if any adjustments occur during the course of the year.

Step 15 - Recalculate activity based funding based on annual actuals

Actual annual activity in relation to the base year (in this example, 2013-14) has now been finalised.

Only calculations for NSW are illustrated as an example.

As per reconciliation activities the following are LHN and service category actual annual NWAU for 2013-14:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
LHN Z 2013-14 actual annual NWAU	245,771	34,567	50,254	11,458	12,456	354,506
LHN Y 2013-14 actual annual NWAU	450,154	45,478	132,544	50,456	45,123	723,755
LHN X 2013-14 actual annual NWAU	458,622	124,796	147,356	20,240	5,032	756,046
NSW Total 2013-14 actual annual NWAU	1,154,547	204,841	330,154	82,154	62,611	1,834,307

The components that have altered from the estimate activity to actual annual activity are highlighted red below. The calculation approach is as per step 9 on page 3.

NSW Acute calculation example for 2014-15:

CW ABF Acute for NSW in 2013-14 (based on actuals) =		\$ 2,057,321,256	Calculated as part of reconciliation process
ABF growth percentage for 2014-15 =	45%		
V1, 2014-15 Acute NWAU estimate =	1,145,468		
P1, 2014-15 NEP =	\$ 5,228		
V0, 2013-14 Acute NWAU actual =	1,154,547		
P0, 2013-14 NEP =	\$ 4,993		
Therefore, Acute ABF Commonwealth contribution for NSW in 2014-15 =		\$2,057,321,256 + 45% x [(1,145,468 x \$5,228) - (1,154,547 x \$4,993)]	
		\$ 2,157,885,759	

Applying the same logic to all service categories in 2014-15, the activity based funding for each service category will be as below:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
NSW 2014-15 Commonwealth ABF (based on actuals)	\$ 2,157,885,759	\$ 400,066,902	\$ 605,297,394	\$ 174,593,603	\$ 240,427,610	\$ 3,578,271,268

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Step 16 - Recalculate the Commonwealth percentage rate of funding for ABF based on annual actuals

The Commonwealth percentage funding rate for each service category is now recalculated based on annual actuals. The component that has altered from estimate activity is highlighted in red. The calculation approach is as per step 10 on page 3.

Only calculations for NSW are illustrated as an example.

NSW Acute calculation example for 2014-15 =

$$\frac{\$2,157,885,759}{(1,145,468 \times \$5,228)} = 36.0\%$$

Refer to component H (page 4) for ABF amount

Applying the same logic to all service categories (as required by the NHRA) in 2014-15, the ABF contribution percentage rate for each service category will be as below:

	Acute	ED	Outpatients	Sub-acute	Admitted MH
NSW	36.0%	36.3%	35.9%	36.9%	40.1%

Step 17 - Recalculate activity based funding to each LHN based on annual actuals

The 2014-15 allocation of Commonwealth ABF is now recalculated based on annual actuals. The component that has altered is highlighted in red. The calculation approach is as per step 11 on page 4.

Only calculations for NSW LHNs are illustrated as an example.

Acute LHN Z example for 2014-15 =

$$147,992 \times 36.0\% \times \$5,228 = \$ 278,794,967$$

Applying the same logic, the 2014-15 LHN and service category actual annual NWAU will be as below:

	Acute	ED	Outpatients	Sub-acute	Admitted MH	Total
LHN Z recalculated 2014-15 ABF funding	\$ 278,794,967	\$ 54,138,716	\$ 83,626,903	\$ 24,518,406	\$ 30,922,735	\$ 472,001,728
LHN Y recalculated 2014-15 ABF funding	\$ 862,588,773	\$ 92,701,696	\$ 254,234,889	\$ 101,246,300	\$ 100,506,744	\$ 1,411,278,402
LHN X recalculated 2014-15 ABF funding	\$ 1,016,502,019	\$ 253,226,490	\$ 267,435,602	\$ 48,828,896	\$ 108,998,130	\$ 1,694,991,138
NSW Total recalculated 2014-15 ABF funding	\$ 2,157,885,759	\$ 400,066,902	\$ 605,297,394	\$ 174,593,603	\$ 240,427,610	\$ 3,578,271,268

Step 18 - Recombine all growth calculation components based on annual actuals

Only calculations for NSW are illustrated as an example.

	2014-15 NSW
Public Health funding - step 3	\$ 108,940,267
Block funding - step 6	\$ 1,105,906,573
ABF funding - step 17	\$ 3,578,271,268
Total	\$ 4,793,118,108

Refer to component E (page 1)

Refer to component F (page 2)

Applying the same logic to all states and territories, the total calculated national health reform funding based on annual actuals each year is as per below (prior to any funding guarantees). Noting, that annual actuals relating to the base year is only finalised part way through the growth year and the growth year is only finalised in the subsequent year, however is included here for completeness.

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total (I)
NSW	4,793.1	5,192.8	5,454.2	5,811.6	6,611.6	7,168.0	35,031.3
VIC	3,713.4	3,929.6	4,157.6	4,258.6	4,725.7	5,044.0	25,828.9
QLD	3,054.5	3,268.9	3,495.9	3,564.8	4,048.5	4,351.4	21,783.8
WA	1,642.5	1,762.6	1,890.0	1,982.2	2,204.1	2,378.4	11,859.8
SA	1,092.6	1,170.3	1,252.3	1,312.4	1,451.6	1,560.7	7,839.9
TAS	337.7	365.7	395.7	422.1	469.7	510.8	2,501.8
ACT	299.2	323.0	348.3	378.3	409.8	443.3	2,201.9
NT	152.1	170.4	190.0	213.2	237.6	263.5	1,226.8
National	15,085.1	16,183.2	17,184.0	17,943.2	20,158.6	21,720.0	108,274.2

Step 19 - Informed of the former SPP amount

Commonwealth Treasury advise the former SPP amount for the growth year calculation (2014-15).

Former SPP amounts for future years are included for completeness of the example, however will not be known until each relevant growth year.

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total (J)
NSW	4,455.8	4,680.9	4,917.2	5,165.6	5,426.4	5,700.5	30,346.4
VIC	3,402.5	3,600.5	3,810.1	4,031.8	4,266.4	4,514.8	23,626.0
QLD	2,781.4	2,952.5	3,134.1	3,326.8	3,531.4	3,748.6	19,474.9
WA	1,493.6	1,599.2	1,712.3	1,833.4	1,963.0	2,101.8	10,703.3
SA	1,094.9	1,097.3	1,151.1	1,207.5	1,266.6	1,328.7	7,146.0
TAS	305.3	318.9	333.0	347.9	363.3	379.5	2,047.9
ACT	213.7	226.5	240.1	254.5	269.7	285.9	1,490.5
NT	156.9	164.3	172.0	180.2	188.7	197.6	1,059.7
National	13,747.3	14,475.8	15,297.9	16,167.4	17,087.0	18,059.7	94,835.2

Growth and Funding Guarantee - Appendix A

Step 20 - Calculate if SPP guarantee is triggered

The calculated national health reform funding in step 18 is compared to the former SPP amount in step 19 to identify if a SPP top-up is necessary and the SPP top-up amount if so.

Calculated as:

= Zero, if the former SPP is less than calculated total national health reform funding
OR
= if the former SPP is more than calculated amount, the difference is identified as a 'SPP top-up'

2014-15 NT calculation example =

Calculated national health reform funding (step 18) =	152.1 \$million	Refer to component I (page 5)
Former SPP (step 19) =	156.9 \$million	Refer to component J (page 5)
SPP top-up (former SPP less calculated amount)	4.8 \$million	

Applying the same logic to all states and territories and all years, the SPP top-ups are as per below:

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total (K)
NSW							
VIC							
QLD							
WA							
SA	2.3						2.3
TAS							
ACT							
NT	4.8						4.8
National	7.1						7.1

The resultant national health reform funding for all states and territories and years, based on calculated growth or topped up to the former SPP if a former SPP top-up is required (highlighted in red), is shown below.

Calculated as: = calculated NHR total amount + former SPP top-up (if required)

2014-15 NT calculation example =

152.1 + 4.8
\$ 156,850,194

Refer to component I (page 5) for calculated NHR growth amount

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
NSW	4,793.1	5,192.8	5,454.2	5,811.6	6,611.6	7,168.0	35,031.3
VIC	3,713.4	3,929.6	4,157.6	4,258.6	4,725.7	5,044.0	25,828.9
QLD	3,054.5	3,268.9	3,495.9	3,564.8	4,048.5	4,351.4	21,783.8
WA	1,642.5	1,762.6	1,890.0	1,982.2	2,204.1	2,378.4	11,859.8
SA	1,094.9	1,170.3	1,252.3	1,312.4	1,451.6	1,560.7	7,842.2
TAS	337.7	365.7	395.7	422.1	469.7	510.8	2,501.8
ACT	299.2	323.0	348.3	378.3	409.8	443.3	2,201.9
NT	156.9	170.4	190.0	213.2	237.6	263.5	1,231.6
National	15,092.2	16,183.2	17,184.0	17,943.2	20,158.6	21,720.0	108,281.3

'Increased contribution to efficient growth funding' is outlined below, which is the amount paid in excess of what states and territories would have received under the former SPP. Note: the SPP top-up is highlighted in red.

Calculated as: = calculated national health reform funding - former SPP

2014-15 NSW calculation example =

4,793.1 - 4,455.8
\$ 337,275,090

Refer to component J (page 5) for former SPP amount

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total (L)
NSW	337.3	512.0	536.9	646.0	1,185.1	1,467.5	4,684.9
VIC	311.0	329.1	347.6	226.8	459.3	529.2	2,202.9
QLD	273.0	316.4	361.8	237.9	517.0	602.8	2,308.9
WA	148.9	163.4	177.7	148.8	241.1	276.6	1,156.5
SA	0.0	73.0	101.3	104.9	185.0	232.0	696.2
TAS	32.4	46.8	62.7	74.3	106.4	131.3	453.8
ACT	85.5	96.4	108.2	123.8	140.0	157.4	711.3
NT	0.0	6.1	18.0	33.1	48.9	65.9	171.9
National	1,188.0	1,543.1	1,714.1	1,595.6	2,882.9	3,462.6	12,386.4

Growth and Funding Guarantee - Appendix A

Step 21 - Informed of the equal per capita basis for State-specific and national funding guarantees

The equal per capita basis for the growth year calculation (2014-15) will be determined by Commonwealth Treasury. The basis outlined in this example is purely for demonstration. Equal per capita amounts for future years are included for completeness of the example, however will not be known until each growth year.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
State specific guarantee (\$m) - clause A72	575	1,225	1,500	2,000	2,000	2,200
National population	24,014,556	24,420,142	24,831,270	25,247,761	25,669,351	26,095,716
Guarantee per capita (State-guarantee divided by population)	\$23.94	\$50.16	\$60.41	\$79.21	\$77.91	\$84.31

For the purposes of this example the state and territory population by year and state and territory is outlined below:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	7,577,634	7,671,673	7,767,230	7,864,235	7,962,618	8,062,315
VIC	5,871,674	5,960,168	6,049,879	6,140,781	6,232,821	6,325,901
QLD	5,105,054	5,230,432	5,357,292	5,485,604	5,615,307	5,746,322
WA	2,551,870	2,612,326	2,673,560	2,735,549	2,798,258	2,861,638
SA	1,724,262	1,743,055	1,762,141	1,781,499	1,801,106	1,820,944
TAS	537,679	543,630	549,659	555,757	561,910	568,108
ACT	387,203	393,738	400,352	407,044	413,808	420,639
NT	259,180	265,120	271,157	277,292	283,523	289,849
National	24,014,556	24,420,142	24,831,270	25,247,761	25,669,351	26,095,716

(M)

Step 22 - Calculate if State-specific guarantee is triggered

ACT calculation example for 2014-15:

Guarantee per capita in 2014-15 =	\$23.94
ACT population in 2014-15 =	387,203
ACT State-specific guarantee in 2014-15 = \$23.94 x 387,203 =	9.3 m

Applying the same calculation to all states and territories and years, the State-specific guarantee would be:

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	181.4	384.8	469.2	623.0	620.4	679.7
VIC	140.6	299.0	365.5	486.4	485.6	533.3
QLD	122.2	262.4	323.6	434.5	437.5	484.4
WA	61.1	131.0	161.5	216.7	218.0	241.3
SA	41.3	87.4	106.4	141.1	140.3	153.5
TAS	12.9	27.3	33.2	44.0	43.8	47.9
ACT	9.3	19.8	24.2	32.2	32.2	35.5
NT	6.2	13.3	16.4	22.0	22.1	24.4
National	575.0	1,225.0	1,500.0	2,000.0	2,000.0	2,200.0

Now compare the 'increased contribution to efficient growth funding', to the State-specific guarantees.

NT calculation example for 2014-15:

	\$millions
State-specific guarantee for 2014-15 =	6.2
'Increased contribution to efficient growth funding' for 2014-15 =	0.0 Refer to component L (page 6)
The State-specific guarantee top-up = 6.2 less 0.0 =	6.2

NSW calculation example for 2014-15:

	\$millions
State-specific guarantee for 2014-15 =	181.4
'Increased contribution to efficient growth funding' for 2014-15 =	337.3 Refer to component L (page 6)
There is no State-specific guarantee top-up required because increase in efficient growth funding in 2014-15 for NSW was higher than the State-specific guarantee.	

Applying these calculations to all states and territories for each year, the top-up against the State-specific guarantee is as below:

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
NSW							
VIC			17.9	259.7	26.4	4.1	308.0
QLD				196.6			196.6
WA				67.9			67.9
SA	41.3	14.4	5.2	36.2			97.1
TAS							
ACT							
NT	6.2	7.2					13.4
National	47.5	21.6	23.1	560.3	26.4	4.1	682.9

(N)

Growth and Funding Guarantee - Appendix A

Step 23 - Calculate if national funding guarantee is triggered

A comparison of the National guarantee, 'increased contribution to efficient growth funding' and State-specific top-ups at a national level is shown below to evaluate if a national guarantee top-up is required.

(\$m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
National guarantee (subject to HoTs review)	0.0	0.0	0.0	0.0	0.0	0.0	16,394.0
'Increased contribution to efficient growth funding' (Refer to component L (page 6))	1,188.0	1,543.1	1,714.1	1,595.6	2,882.9	3,462.6	12,386.4
State-specific guarantee top-ups	47.5	21.6	23.1	560.3	26.4	4.1	682.9

The national guarantee top-up is calculated as:

$$= \text{Total national guarantee less Total 'increased contribution to efficient growth funding' less Total State-specific guarantee top-ups}$$

	\$millions
National guarantee	16,394.0
less 'Increased contribution to efficient growth funding'	12,386.4
less State-specific guarantee top-ups	682.9
National guarantee top-up required	3,324.6

The National guarantee top-up is then applied to each state and territory based on the equal per capita basis, outlined below:

	2019-20
National guarantee top-up (\$m)	3,324.6
Population	26,095,716
Per-capita value of the National guarantee top-up (national guarantee divided by population)	\$127.40

This amount is then applied to the population of each state and territory to calculate the distribution of the national guarantee, as per below.

NSW example = $= \$127.40 \times 8,062,315$ Refer to component M for S/T population (page 7)
1,027.2

(\$m)	2019-20
NSW	1,027.2
VIC	805.9
QLD	732.1
WA	364.6
SA	232.0
TAS	72.4
ACT	53.6
NT	36.9
National	3,324.6

(0)

Growth and Funding Guarantee - Appendix A

Step 24 - Allocation of top-up funding

Allocate the relevant top-up funding for each state and territory via the National Health Funding Pool in monthly payments (clause B46) as per existing payments arrangements detailed in clause B52. A summary of which is provided below:

(\$m)	Guarantee top-ups	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
NSW	Former SPP						
	State specific						
	National						1,027.2
NSW Total							1,027.2
VIC	Former SPP						
	State specific			17.9	259.7	26.4	4.1
	National						805.9
VIC Total			17.9	259.7	26.4		810.0
QLD	Former SPP						
	State specific				196.6		
	National						732.1
QLD Total				196.6			732.1
WA	Former SPP						
	State specific				67.9		
	National						364.6
WA Total				67.9			364.6
SA	Former SPP	2.3					
	State specific	41.3	14.4	5.2	36.2		
	National						232.0
SA Total	43.6	14.4	5.2	36.2			232.0
TAS	Former SPP						
	State specific						
	National						72.4
TAS Total							72.4
ACT	Former SPP						
	State specific						
	National						53.6
ACT Total							53.6
NT	Former SPP	4.8					
	State specific	6.2	7.2				
	National						36.9
NT Total	11.0	7.2					36.9
Total	Former SPP	7.1					
	State specific	47.5	21.6	23.1	560.3	26.4	4.1
	National						3,324.6
National Total		54.6	21.6	23.1	560.3	26.4	3,328.7

Refer to K (page 6)
Refer to N (page 7)
Refer to O (page 8)

Step 25 - Recalculate and allocate impact of any adjustments

Recalculate all relevant steps if any adjustments occur during the course of the year.

Step 26 - Reporting each month

Growth and top-up funding will be included as part of the Administrator's monthly reporting.