



Administrator
National Health
Funding Pool

Improving the
transparency of
public hospital
funding in Australia

ANNUAL REPORT 2023-24

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Acknowledgement of Country

The National Health Funding Body acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, water and community. We pay our respects to them and their cultures and to elders both past and present.

Artwork credit

Kayannie Denigan, 2024

Artist biography

Kayannie Denigan is an Australian Aboriginal artist. She is Luritja by birth – connected to Itjtjari and Unturu in Central Australia through her grandmother and great-grandmother respectively.

Kayannie is also connected to the Bagarmuguwarra, Guugu Yimithirr and Kuku Yalanji people of Cape York through her Nganjan (adopted father). She maintains strong connections to country at Buru, Starke and Yuku Budhuwigu and to the communities of Hope Vale and Wujal Wujal.

Kayannie works predominantly in acrylic on canvas and is inspired to combine the iconic dots and symbols of her grandmother's country in Central Australia with the colours and stories from the lands and culture of her childhood home in Cape York.

Her unique style represents her heritage and upbringing, resulting in earthy, rich and vibrant expressions of her connection to people and country.

Artist statement

This artwork is based on Kayannie's 'My Country' style and speaks to the enduring connections of Aboriginal and Torres Strait Islander peoples' to country.

The artwork was inspired by the NHFB's important role of providing transparency of public hospital funding to benefit all Australians and the places that these services occur across the country. It acknowledges the continuing connection to land, sea and community of Aboriginal and Torres Strait Islander peoples.

The artwork shows these connections by featuring representations of land and sea, waterways, bush flowers, gum leaves, plants, people and places and seaweed.



Administrator
National Health
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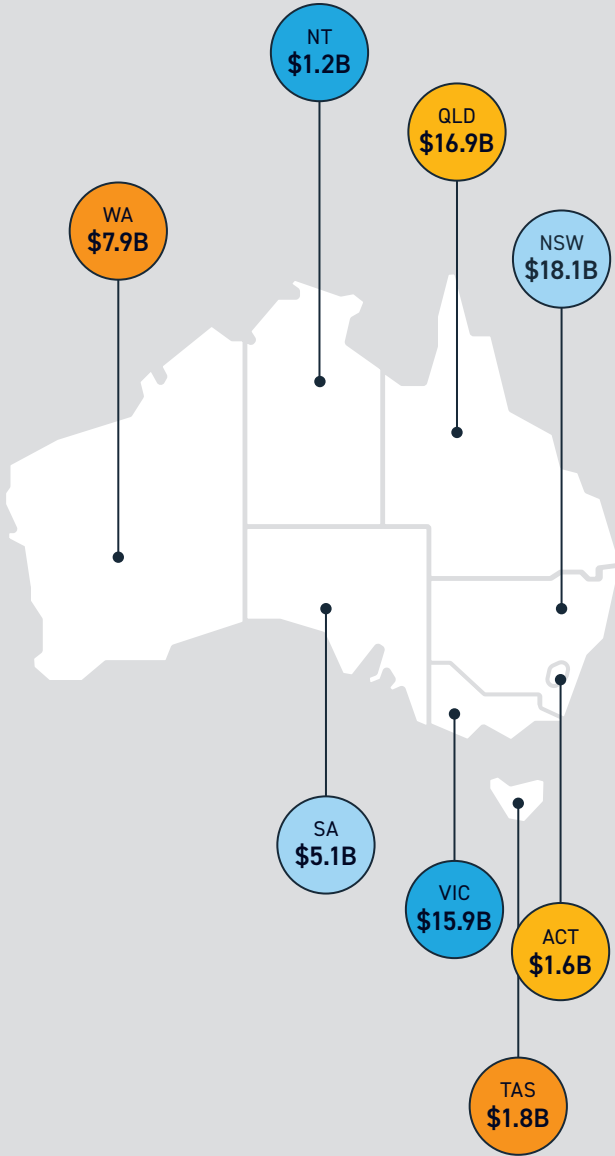
ANNUAL REPORT

2023-24

Improving the transparency of public
hospital funding in Australia

publichospitalfunding.gov.au

PUBLIC HOSPITAL FUNDING



We administered...

\$68.3 BILLION
in public hospital funding

SERVICES

\$67.8 BILLION PAID TO...



137

Local Hospital Networks

COMPRISING OF...



700

public hospitals

THAT DELIVERED...



43 MILLION

public hospital services

FUNDING BY SERVICE CATEGORY

 <p>EMERGENCY</p>	<p>Commonwealth:</p> <p>\$3.1 BILLION</p>	<p>States and Territories:</p> <p>\$4.3 BILLION</p>
 <p>ACUTE ADMITTED</p>	<p>Commonwealth:</p> <p>\$14.7 BILLION</p>	<p>States and Territories:</p> <p>\$21.2 BILLION</p>
 <p>MENTAL HEALTH</p>	<p>Commonwealth:</p> <p>\$1.2 BILLION</p>	<p>States and Territories:</p> <p>\$1.9 BILLION</p>
 <p>SUB-ACUTE</p>	<p>Commonwealth:</p> <p>\$1.7 BILLION</p>	<p>States and Territories:</p> <p>\$1.8 BILLION</p>
 <p>NON-ADMITTED</p>	<p>Commonwealth:</p> <p>\$3.6 BILLION</p>	<p>States and Territories:</p> <p>\$4.8 BILLION</p>

STAKEHOLDER ENGAGEMENT

Collaboration through quarterly multilateral meetings, informed by **32 bilateral discussions**, has led to...

 **IMPROVED SATISFACTION AND TRUST AMONG OUR STAKEHOLDERS**

Our stakeholders rated us...

4.8/5



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www.publichospitalfunding.gov.au/publications



Administrator
National Health
Funding Pool

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The Hon. Mark Butler MP
Minister for Health and Aged Care
Commonwealth of Australia

The Hon. Ryan Park MP
Minister for Health
New South Wales

The Hon. Mary-Anne Thomas MP
Minister for Health
Victoria

The Hon. Shannon Fentiman
Minister for Health, Mental Health and
Ambulance Services
Queensland

The Hon. Amber-Jade Sanderson BA MLA
Minister for Health; Mental Health
Western Australia

The Hon. Chris Picton MP
Minister for Health and Wellbeing
South Australia

The Hon. Guy Barnett LLM
Minister for Health, Mental Health
and Wellbeing
Tasmania

The Hon. Rachel Stephen-Smith MLA
Minister for Health
Australian Capital Territory

The Hon. Steven Edgington
Minister for Health
Northern Territory

Dear Ministers,

Administrator of the National Health Funding Pool Annual Report 2023-24

I am pleased to submit to you, for tabling in your respective Parliaments, my Annual Report for the year ended 30 June 2024.

This report has been prepared in accordance with the requirements of sections 241 to 243 of the Commonwealth *National Health Reform Act 2011* (the NHR Act) and corresponding State and Territory National Health Reform legislation.

The report includes a combined Financial Statement of the National Health Funding Pool accounts, and a Financial Statement for each State and Territory State Pool Account audited by the respective Auditor-General. The report also includes the reporting required under section 241(2) of the NHR Act on National Health Reform funding and payments, on a national level and for each State and Territory.

Yours sincerely,

Toni Cunningham

Administrator
National Health Funding Pool
20 September 2024

The Administrator of the National Health Funding Pool and the National Health Funding Body were established through the *National Health Reform Agreement of August 2011*.

The Administrator is an independent statutory office holder. All Commonwealth, State and Territory Governments have to agree to their appointment to the position. The functions of the Administrator are set out in the *National Health Reform Act 2011* (NHR Act) and common provisions in relevant State and Territory legislation.

The National Health Funding Body (NHFB) operates as a Commonwealth non-corporate entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and is funded as a small agency under the Commonwealth Department of Health and Aged Care Portfolio.

The NHFB is an independent agency with 35 staff that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the *National Health Reform Agreement* (NHR Agreement) and *National Partnership on COVID-19 Response* (NPCR).

This Annual Report provides an overview of the role and work of the Administrator during 2023-24 and provides both the combined and individual State and Territory Pool Accounts for 2023-24.



This report should be read in conjunction with the *National Health Funding Body Annual Report 2023-24* that can be found on the NHFB website: www.publichospitalfunding.gov.au/publications

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PART 1:

OVERVIEW

This section explains the Administrator and NHFB's role in Australia's health system.

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MESSAGE FROM THE ADMINISTRATOR



I am pleased to present the Administrator's National Health Funding Pool Annual Report for the financial year ending 30 June 2024, which is the twelfth report on the operation of the National Health Funding Pool (the Pool).

A handwritten signature in black ink, appearing to read 'T. Cunningham'.

Toni Cunningham
Administrator
National Health Funding Pool

In November 2023, I had the honor of assuming the role of Administrator. Since then, I have been supported by the NHFB to:

- calculate Commonwealth National Health Reform (NHR) Agreement funding
- calculate final National Partnership on COVID-19 Response (NPCR) and the Priority Groups COVID-19 Testing and Vaccination (PGTV) funding
- make payments through the Pool to Local Hospital Networks (LHNs)
- report on payments, activity and jurisdictional compliance with the Addendum and requirements specified in the Administrator's Three Year Data Plan.

In 2023-24, the main areas of focus beyond undertaking the core functions of calculate, pay, report were:

- working with States and Territories as well as the national bodies to improve the consistency and transparency of public hospital funding
- publishing the annual report on Maintenance of Effort (that is, whether the level of public hospital funding has been maintained compared to the 2018-19 base year)
- identifying services funded by the Commonwealth through both the Addendum and other Commonwealth programs
- bilateral and multilateral engagement with all key stakeholders as part of the six-month and annual reconciliation process
- providing advice on the funding arrangements under the Addendum.

National Health Reform Agreement Funding and Annual Reconciliation

In 2023-24, \$68.3 billion in NHR payments from Commonwealth, State and Territory funding contributions were made. Of the \$68.3 billion, the Commonwealth contributed \$28.3 billion with States and Territories contributing the balance.

The 2022-23 Annual Reconciliation was completed in December 2023, with my advice provided to the Commonwealth Treasurer (and all health ministers) on 1 December 2023. Due to actual activity being lower than estimated activity, the 2022-23 Annual Reconciliation involved a reduction in Commonwealth NHR funding (-\$0.002 billion) as well as reduction under the NPCR (-\$0.463 billion, which includes prior year amounts).

Funding under the PGTV agreement was paid in June 2024 to the value of \$0.044 billion.

Cash and entitlement

An important distinction is between what are termed cash payments made by the Commonwealth and what are termed Commonwealth funding entitlements. The cash payment reflects actual Commonwealth payments made in the financial year and are based on activity estimates provided by States. The Commonwealth funding entitlement is calculated after the end of each financial year and is based on the actual level of activity delivered in that year.

The table on page 51 shows the national comparison between Commonwealth cash and funding entitlement, with State information in each chapter.

COVID-19 financial assistance

Since March 2020, over the life of the program the Commonwealth has paid a total of \$14.264 billion through the *National Partnership on COVID-19 Response* (NPCR) to assist States to respond to the COVID-19 pandemic, this included:

- HSP \$3.985 billion - to support public hospitals in treating confirmed and suspected COVID-19 patients
- SPHP \$8.770 billion - to fund public health activities in responding to the pandemic and stopping the spread of the disease. This includes all COVID-19 testing and vaccinations, securing additional PPE supplies, expanding ICU and ventilation capacity, additional cleaning in schools, public transport and health facilities, boosting contact tracing and public health communication activities
- FVP \$1.508 billion - to secure additional staff, facilities and ICU beds within private hospitals to supplement the public hospital system
- The Commonwealth also provided a Minimum Funding Guarantee during this period to mitigate the volatility in public hospital services.

Existing arrangements under the NPCR expired on 31 December 2022. In the same month, the Commonwealth Government announced the National COVID-19 Health Management Plan 2023, that focused on testing and vaccinations for priority groups. A new *National Partnership for Priority Populations for Testing and Vaccination* was offered to the States and Territories for the 2023 calendar year.

Subsequently we implemented and reconciled funding entitlements under the Priority Groups COVID-19 Testing and Vaccination program. Under the PGTV program, \$43.7 million in Commonwealth funding delivered more than 35,000 vaccines to priority groups and funded approximately 1.3 million COVID-19 tests.

Annual Report on Maintenance of Effort and funding transparency

Under the *Addendum to National Health Reform Agreement 2020-21 to 2024-25* (the Addendum), all Parties agreed, at a minimum, to maintain levels of funding for public hospital services through the Pool for 2020-21 to 2024-25 at not less than the level of funding for 2018-19.

The assessment of Maintenance of Effort applies to both the Commonwealth and States. The assessment focuses on in-scope public hospital services under the NHR Agreement. Out-of-scope activity is defined as non-hospital services or those public hospital services with a funding source other than the NHR Agreement.

This work has revealed some inconsistencies across States, including:

- some States transact ABF contributions for out-of-scope activity through the Pool but are not identified as such
- some States make payments based on estimated activity, noting there is no reconciliation of State funding contributions.

Whilst the Commonwealth and States have maintained levels of funding for public hospital services in 2020-21, 2021-22 and 2022-23, at not less than the level of funding for 2018-19, there is further work to do to achieve funding transparency through:

- ensuring accuracy and completeness of Service Agreements, including clear identification of in-scope and out-of-scope activity (A92)
- ensuring the provision of State Prices published in Service Agreements (A95)
- ensuring all State ABF contributions for in-scope activity are being transacted through the Pool (A139)
- identifying funding for out-of-scope activity transacted through the Pool (A139)
- working with the Australian Institute of Health and Welfare (AIHW) and the Commonwealth and States to improve public hospital expenditure reporting for out-of-scope activity including third party revenue (A103).

Funding integrity

Data matching is undertaken to ensure public hospital funding integrity. Data matching identifies instances where the Commonwealth may have contributed funding for the same public hospital service under the NHR Agreement and another Commonwealth program.

To date, the focus has been on matching public hospital activity data against MBS data with potentially positive matches amounting to approximately \$400 million per year, with non-admitted activity accounting for about 63 per cent of the total, acute admitted about 19 per cent and emergency about 16 per cent.

Miscoded admitted private patients (i.e. patients coded as public patients that upon examination are likely to be private patients in public hospitals) are addressed through the reconciliation process. Details of potentially miscoded private patients are provided to jurisdictions during the six-month and annual reconciliation for investigation and feedback. Where potentially miscoded admitted private patients are identified, the Administrator and the NHFB will work with the relevant jurisdiction to correct the data and facilitate a resubmission to ensure that the annual reconciliation meets requirements of clause A76 of the Addendum.

Stakeholder engagement

There has been regular, helpful engagement with key stakeholders including quarterly meetings of the Administrator's Jurisdictional Advisory Committee (JAC), which includes representatives of all Australian Governments, Independent Health and Aged Care Pricing Authority (IHACPA) and AIHW, and attendance at the IHACPA Jurisdictional Advisory Committee.

In 2023-24 we continued to hold bilateral meetings with individual States in advance of the Administrator's JAC meetings. The purpose of these meetings is to identify and resolve any issues and obtain individual State perspectives ahead of the more formal JAC meeting.

Administrator's policies

There are a series of Administrator's policies which are subject to regular review and update. The following were updated in 2023-24:

- Administrator's Three Year Data Plan 2024-25 to 2026-27
- Data Compliance Policy 2023-24
- Administrator's Calculation Policy
- Data Matching Business Rules
- NPCR Cessation Guidance.

The year ahead

In 2024-25, the main areas of focus beyond undertaking the core functions of calculate, pay, report will be to:

- work with the Commonwealth, States and National Bodies on public hospital funding arrangements under the current and future Addendums
- work with IHACPA and ACSQHC on incorporating safety and quality measures into public hospital funding
- work with IHACPA to enhance the transparency of Block funding and transition in-scope Community Mental Health services to Activity Based Funding
- work with States, Commonwealth and National Bodies on data consistency and data quality
- work with our stakeholders to further improve reconciliation processes and funding integrity measures.

I thank the NHFB CEO, Shannon White, and his excellent team in supporting me to fulfil our mutual responsibilities and improve the transparency of public hospital funding in Australia.

Key milestones

2023

- JUL** | Published the Administrator's 2021-22 Annual Report on Maintenance of Effort
Michael Lambert completed his 5-year term as the Administrator
- SEP** | Appointment of interim Administrator
Publish the Administrator's National Health Funding Pool 2022-23 Annual Report
- OCT** | Undertake 2022-23 funding integrity data matching and miscoded private patient activities
- NOV** | Appointment of the new Administrator
Payments System annual software upgrade
- DEC** | Finalised the 2022-23 Annual Reconciliation
Provided Payment Advice to the Commonwealth Treasurer

2024

- FEB** | Published the Administrator's 2022-23 Maintenance of Effort
Provided Payment Advice to the Commonwealth Treasurer
- MAR** | Published the Administrator's 2020-21 Annual Report on Maintenance of Effort
Provided Payment Advice to the Commonwealth Treasurer
- MAY** | Commonwealth 2024-25 Budget
Payments System Authority to Operate issued
- JUN** | Published the Administrator's Three Year Data Plan and Data Compliance Policy
2024 Stakeholder Survey
- OCT** | Publish the Administrator's National Health Funding Pool 2023-24 Annual Report
- NOV** | Payments System Annual software upgrade

2025

- FEB** | Publish the Administrator's 2023-24 Annual Report on Maintenance of Effort
Publish final entitlement and activity for all years of the Addendum
- MAY** | Commonwealth 2025-26 Budget
- JUN** | Provide Payment Advice to the Commonwealth Treasurer

ABOUT THE ADMINISTRATOR AND NHFB

The Administrator

The Administrator of the National Health Funding Pool (the Pool) is a statutory office holder, independent from Commonwealth and State and Territory Governments and is appointed to the position under Commonwealth, State and Territory legislation.

The position was established by the NHR Act, and relevant legislation of each State and Territory. The Administrator is supported by the NHFB, which is also independent of all governments.

The key functions of the Administrator, with the support of the NHFB are to:

- calculate and advise the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory
- reconcile estimated and actual public hospital services, and adjust Commonwealth payments
- undertake funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- monitor payments of Commonwealth, State and Territory public hospital funding into the the Pool
- make payments from the Pool to each Local Hospital Network (LHN)
- report publicly on funding, payments and services
- develop and provide three year data plans to the Commonwealth, States and Territories
- maintain productive and effective relationships with stakeholders and industry partners, including all Australian Governments and National Bodies.

The National Health Funding Body

The NHFB's primary purpose is to support the obligations and responsibilities of the Administrator through best practice administration of public hospital funding.

The NHFB, led by CEO Shannon White, operates as a Commonwealth non-corporate entity under the *Public Governance, Performance and Accountability Act 2013* and is funded as a small agency under the Commonwealth Department of Health and Aged Care Portfolio.

The NHFB is an independent agency with 35 staff that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the NHR Agreement. To assist the Administrator and achieve their vision of improving the transparency of public hospital funding in Australia, the NHFB works collaboratively across the four key functions outlined in Figure 1.



Figure 1: NHFB's key functions

CALCULATE



- Calculate funding and issue payment advice
- Data collection and analysis
- Reconcile actual activity
- Funding integrity

PAY



- Timely payments and bank reconciliations
- End of month processing
- National Health Funding Pool financial statements
- Payments System administration

REPORT



- Funding, payment and activity reporting
- Data plan and compliance reporting
- Trend analysis and reporting
- publichospitalfunding.gov.au

ORGANISATION



- Leadership and culture
 - Corporate planning
 - Organisational performance
 - Risk management, assurance and governance
-

STRATEGIC OVERVIEW

OUR VISION

To improve transparency of public hospital funding in Australia.

OUR PURPOSE

To support the obligations and responsibilities of the Administrator through best practice administration of public hospital funding.

OUR OBJECTIVES



Accurate and timely calculation of Commonwealth funding contributions.



Best practice financial administration of the National Health Funding Pool (the Pool).



Effective reporting of public hospital funding.



Productive relationships with stakeholders and partners.



Operate as a high performing organisation.

OUR APS VALUES

✓ IMPARTIAL

✓ COMMITTED

✓ ACCOUNTABLE

✓ RESPECTFUL

✓ ETHICAL

✓ STEWARDSHIP

OUR BEHAVIOURS

ONE NHFB

We contribute as a united team and encourage new ideas.

ENHANCE TRUST

We treat others as equals and collaborate openly across boundaries.

OPEN COMMUNICATION

We listen actively to the views of others and share information.

OWN IT

We own our performance by knowing, accepting and performing our roles to the best of our ability.

NHFB AND AUSTRALIA'S HEALTH SYSTEM



Prime Minister,
Premiers and
Chief Ministers



Commonwealth,
State and Territory
Health Ministers



Commonwealth
Treasurer

WHO WE SUPPORT

**ADMINISTRATOR OF THE
NATIONAL HEALTH FUNDING POOL**

The Administrator is an independent statutory office holder. All Commonwealth, State and Territory Governments have to agree on their appointment to the position.



Toni Cunningham
Administrator

THE NATIONAL HEALTH FUNDING BODY

Led by the CEO, the 35 staff in the NHFB support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the National Health Reform Agreement.



Shannon White
Chief Executive Officer

WHO WE WORK WITH



Commonwealth,
State and Territory
stakeholders



Portfolio agencies



Industry partners

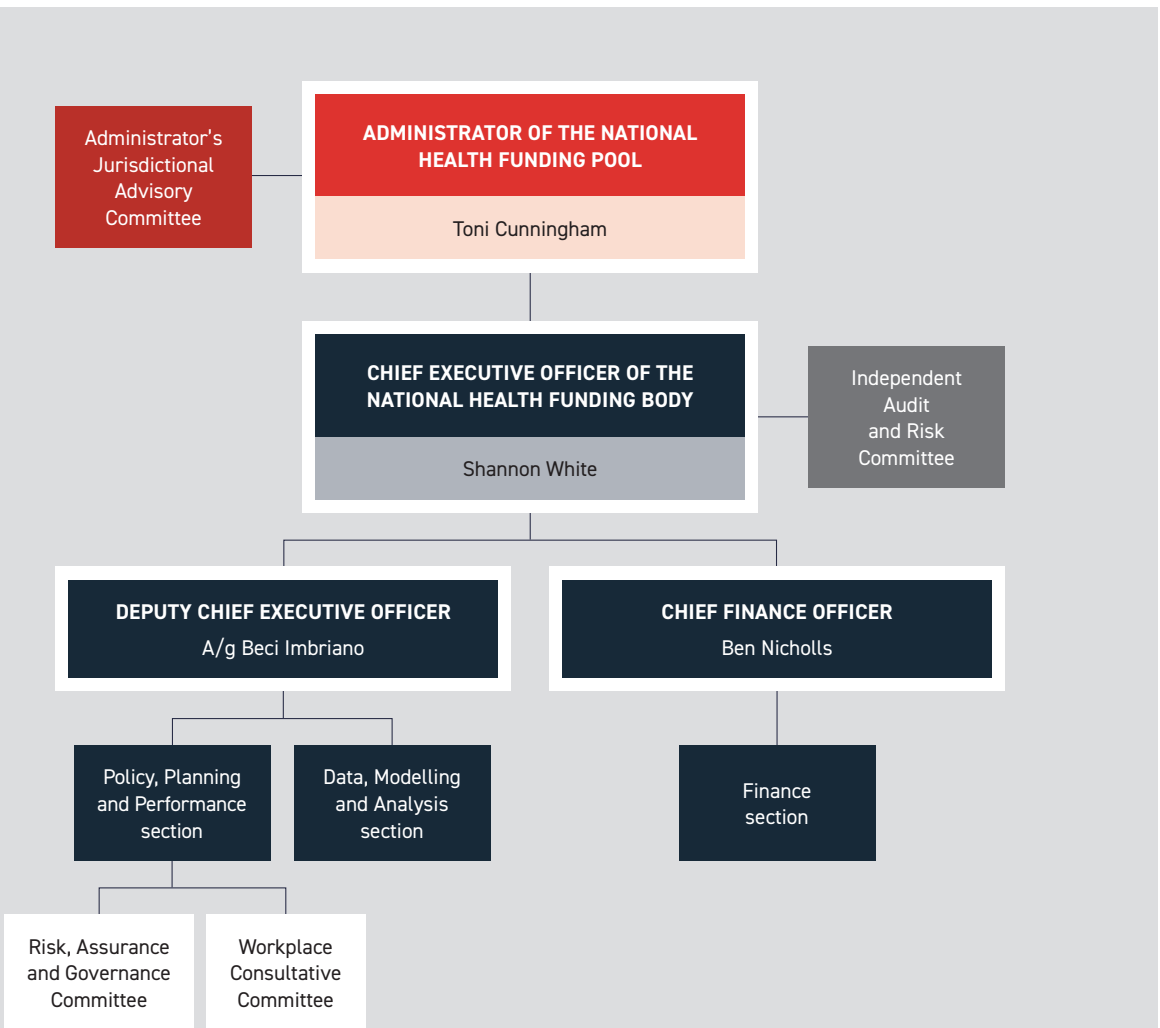
Organisational structure

Our structure has been designed to:

- support the delivery of Government objectives
- ensure our agency can deliver outcomes now and into the future
- align to our core functions, providing clear lines of responsibility.

Figure 2 shows the relationship between the Administrator and NHFB's organisational and governance elements.

Figure 2: Organisational structure as at 30 June 2024



NHFB teams

POLICY, PLANNING AND PERFORMANCE

The Policy, Planning and Performance section is responsible for developing the NHFB's Strategic Direction, Corporate Plan, Portfolio Budget Statements and Annual Reports.

The section works with colleagues, jurisdictions and portfolio agencies to maintain the full suite of the Administrator's policies, including the Administrator's Three Year Data Plan, Data Compliance Policy, Data Governance Policy, Calculation and Reconciliation Framework and Data Matching Business Rules.

The section works with stakeholders to improve funding transparency through the development of trend analysis, including the publication of monthly funding and activity data on publichospitalfunding.gov.au.

The section provides essential business support services to the NHFB, CEO and Administrator across risk management, assurance, governance, human resources, communications, security, management of Memorandums of Understanding (MoU) and Secretariat for the Administrator's JAC and NHFB's Independent Audit and Risk Committee (ARC).

DATA, MODELLING AND ANALYSIS

The Data, Modelling and Analysis (DMA) section develop and operate models that determine the Commonwealth funding contribution to LHNs for delivering public hospital services (over \$28 billion in 2023-24).

The section also reconciles estimated and actual service volumes through a range of data submissions (over 43 million records each year) related to public hospital funding. DMA are also responsible for linking hospital activity data with Medicare Benefits Schedule (MBS) claims data to identify if the Commonwealth has potentially paid for the same hospital service more than once (over 610 million MBS records per annum).

The team also engages with States and Territories on data quality and timeliness, sharing best-practice approaches across jurisdictions.

FINANCE

The Finance section provide financial support to the NHFB CEO and the Administrator, including maintaining the integrity of the National Health Funding Pool Payments System (Payments System). This includes working with colleagues, jurisdictions, industry partners and the RBA on further enhancements to the Payments System, improving user experience and providing training and support.

The section monitors payments of Commonwealth, State and Territory public hospital funding into the Pool and improves the transparency of payments and reporting through their engagement with stakeholders.

The section assists the Administrator in the preparation of the annual financial statements for each State and Territory Pool account which are audited by each State and Territory Auditor's-General as well as preparation of the NHFB's financial statements which are audited by the Commonwealth Auditor-General.

The section also manages the NHFB's financial resources through sound budgeting and appropriate financial management practices.

Our leadership



Toni Cunningham
Administrator
National Health Funding Pool

Toni was appointed as the Administrator on 6 November 2023 for a five-year term.

Toni is an expert in public hospital funding models and the systems that support health services to report on their performance in relation to health funding matters. Toni has occupied leadership roles in the public health sector, most recently in executive roles at Queensland Health. Toni's career, having spanned over forty years, has been predominantly in leadership roles that improved systems and processes for the development of transparency in public sector casemix data collection, including costing, funding and reporting.



Shannon White
Chief Executive Officer
National Health Funding Body

Shannon was appointed CEO of the National Health Funding Body in April 2018 and was subsequently reappointed on 1 July 2023 for a further five years.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has 30 years' experience in the APS across Health, Immigration and Border Protection, and Defence with his previous roles having a strong focus on financial management and strategic advice on budget related policy and operational matters.

In his previous senior executive role in Health System Financing at the Department of Health and Aged Care, Shannon worked extensively on national health reform issues and represented the Australian Government at a number of national and international committees. This included health system fiscal sustainability as well as the negotiations on public hospital funding under the two Addendums to the NHR Agreement.



Beci Imbriano

A/g Deputy Chief Executive Officer

Beci joined the NHFB in November 2018 initially as Director Policy, Planning and Performance and is currently acting Deputy Chief Executive Officer.

As the acting Deputy Chief Executive Officer, Beci oversees the functions of the agency's Policy Planning and Performance Team and Data, Modelling and Analysis Team.

She is proud of NHFB's culture, where 'how' we do things is just as important as 'what' we do and is passionate about building organisational capability.

Prior to joining the NHFB, Beci spent 10 years in the APS across the Health and Immigration and Border Protection Portfolios in stakeholder focused policy and operational roles, including reporting on system sustainability through modelling outcomes of policy settings and budget scenarios.



Ben Nicholls

Chief Finance Officer

Ben joined the NHFB in February 2024 as the NHFB's Chief Finance Officer.

As the Chief Finance Officer, Ben oversees the National Health Funding Pool Payments System, National Health Funding Pool daily operations and our departmental budget.

He is passionate about collaborating with stakeholders to achieve positive outcomes and is proud of the work the agency does to improve the transparency of funding.

Prior to joining the NHFB, Ben worked at the Australian National Audit Office for more than 10 years conducting the independent examination of the financial records, transactions and internal controls of Commonwealth entities. Ben is a Chartered Accountant and has a Bachelor of Business (Hons.) from Charles Sturt University.

“We are proud of our positive workplace culture where people feel valued and contribute new ideas.”

OPERATING ENVIRONMENT

Our role in Australia’s health system was the result of significant public hospital funding reforms agreed by the Commonwealth and all States and Territories in August 2011, forming the National Health Reform Agreement.

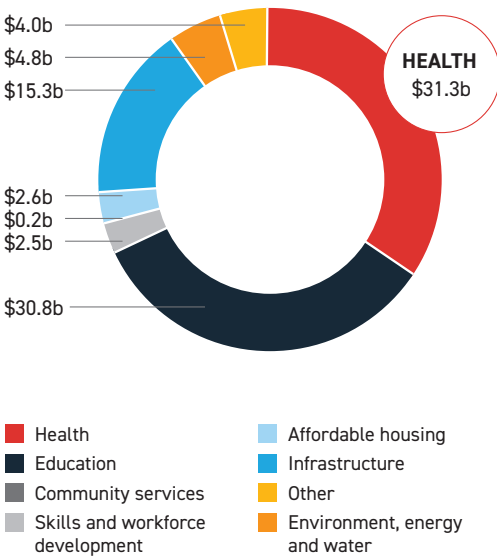
The NHR Agreement outlines the shared responsibility of the Commonwealth, State and Territory governments to work in partnership to improve health outcomes for all Australians and ensure the sustainability of the health system.

On 29 May 2020, the Commonwealth, States and Territories entered into a new agreement through the Addendum to the NHRA 2020–21 to 2024–25 (see page 18).

The Addendum maintains a commitment to ensuring equitable access to public hospitals for all Australians and reaffirms the role of the Administrator and the NHFB.

In 2024–25, the Federal Government will provide States and Territories with \$91.5 billion in payments for specific purposes (see Figure 3), with over a third of that money calculated by the NHFB and paid through our Payments System.

Figure 3: Payments for specific purposes 2024-25, by sector (Treasury Budget Paper 3)



Health System

To achieve our purpose and preserve our role in the health system into the future, we must provide best practice financial administration that is accurate, timely and independent. In 2024-25 we will deliver on our commitment to:

- prepare accurate payment advice, including preparation for the implementation of a new Addendum (2025-2030)
- enhance our funding integrity capabilities
- improve the quality and timeliness of data
- make payments without a delay or error
- maintain the integrity of the Payments System
- improve access to information through public reporting.

These activities will contribute to an efficient, sustainable and accessible public hospital system for all Australians.

KEY MOMENTS IN PUBLIC HOSPITAL FUNDING HISTORY

	1816	Australia's first public hospital, the Rum Hospital opened in Sydney. In 1894 it was renamed the Sydney Hospital.
	1945	The <i>Hospital Benefits Act 1945</i> provided for all people to have access to a public hospital free of charge.
	1981	Funding for public hospitals from the Commonwealth is based on per capita block grants.
	1984	Introduction of Australia's universal health care scheme Medicare.
	2008	The National Health and Hospitals Reform Commission was established to provide advice on progressing health reform.
	2011	The <i>National Health Reform Agreement</i> was signed, establishing the Administrator and NHFB. A new approach to health funding based on Activity Based Funding (ABF) was put into effect and Local Hospital Networks (LHNs) were established.
	2017	The <i>Addendum to the National Health Reform Agreement 2017-18 to 2019-20</i> , introduced safety and quality elements to funding.
	2020	The <i>National Partnership on COVID-19 Response</i> was agreed to and signed in March 2020, providing additional financial assistance to States and Territories. The <i>Addendum to the National Health Reform Agreement 2020-25</i> was signed by all Australian governments in May 2020.
	2022	A Mid-term Review of the Addendum to the National Health Reform Agreement was commissioned to provide advice on a future health reform agreement.
	2023	National Cabinet agrees the funding parameters and glide path for a future health reform agreement.

Images from top to bottom: 1. Interior of the women's surgical ward, Sydney Hospital, 1890s. (State Library of NSW 06472) 2. Medicare card. 3. Front cover of the NHR Agreement. 4. First ministers National Cabinet December 2023. (ABC News: Matt Roberts)

Overview of health care agreements

National Healthcare Specific Purpose Payment Pre-2012

Prior to the NHR Agreement, States and Territories were paid a contribution for public hospital services from the Commonwealth via 'block grants' under the National Healthcare Specific Purpose Payment arrangements. These grants were calculated based on historical costs, negotiation and government decisions, with little transparency of the actual services delivered for the funding provided.

National Health Reform Agreement 2012-13 to 2016-17

In August 2011, the Council of Australian Governments (COAG) agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory governments, including the move from block grants to an 'activity-based' funding system. These changes, detailed in the NHR Agreement, included establishing the Administrator and the NHFB to improve transparency of public hospital funding arrangements.

Addendum to the National Health Reform Agreement 2017-18 to 2019-20

In July 2017, amendments were introduced to the NHR Agreement through a time-limited Addendum. This reaffirmed universal health care for all Australians as a shared priority and committed parties to public hospital funding from 1 July 2017 to 30 June 2020. It also focused on reducing unnecessary hospitalisations and improving patient safety and service quality.

Addendum to the National Health Reform Agreement 2020-21 to 2024-25

In May 2020, through the signing of the new Addendum, Commonwealth, State and Territory governments agreed to four strategic priorities to further guide health system reform:

- improving efficiency and ensuring financial sustainability
- delivering safe, high-quality care in the right place at the right time, including long-term reforms in:
 - nationally cohesive health technology assessment
 - paying for value and outcomes
 - joint planning and funding at a local level.
- prioritising prevention and helping people manage their health across their lifetime, including long-term reforms in:
 - empowering people through health literacy
 - prevention and wellbeing.
- driving best practice and performance using data and research, including long-term reforms in enhanced health data.

The Addendum will see over \$131 billion in Commonwealth funding to public hospitals over the five years of the agreement.

In conjunction with the new Addendum, the Federal Government provided a funding guarantee (2019-20, 2020-21 and 2021-22) to all States and Territories to ensure no jurisdiction was left worse off as a result of the COVID-19 pandemic.

National Partnership on COVID-19 Response (NPCR)

The NPCR was initially agreed to and signed by COAG on Friday, 13 March 2020 and ceased on 31 December 2022. The NPCR provided financial assistance to States and Territories for the additional costs incurred in responding to COVID-19 and included key functions to be performed by the Administrator supported by the NHFB and other portfolio agencies.

Over the life of the NPCR (2019-20 to 2022-23), the Commonwealth contributed a total of \$14.264 billion in COVID-19 funding to States and Territories:

- Hospital Service Payments for COVID-19 related hospital activities, with the Commonwealth funding 50%
- State Public Health Payments for public health activities associated with addressing the pandemic, with the Commonwealth funding 50%
- Private Hospital Financial Viability Payments to enable private hospitals to retain capacity, with the Commonwealth funding 100%
- Schedule C: COVID-19 vaccine payments including Vaccine Dose Delivery Payments and Vaccine Rollout Support Payments, with the Commonwealth funding 50%
- Schedule D: supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in residential aged care facilities, with the Commonwealth funding 100%
- Costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs), with the Commonwealth funding 50%.

Further details on COVID-19 funding is available from the 2019-20, 2020-21, 2021-22, 2022-23 Annual Reports and the latter sections of this report.

Future Addendum to the National Health Reform Agreement

As part of the NHR Agreement, signatories agreed that an external review of the Agreement would be completed by December 2023. Subsequently, an independent review team was tasked to examine whether the stated objectives of the Addendum – improving health outcomes, access and innovation – are being met; and in particular, whether the Addendum's health funding, planning and governance architecture is fit-for purpose.

Following the Review, negotiations commenced on a new Addendum (2025-2030). On 6 December 2023, National Cabinet endorsed:

1. Increasing NHRA contributions to 45% over a maximum of a 10-year glide path from 1 July 2025, with an achievement of 42.5% before 2030
2. The current 6.5% national funding cap being replaced by a more generous approach that applies a cumulative cap over the period 2025-2030 and includes a first year 'catch-up' growth premium
3. Commencing the renegotiation of the NHRA Addendum to embed long-term, system-wide structural health reforms, including considering the NHRA Mid-Term Review findings.

It is anticipated that outcomes of the negotiations on a new Addendum will be finalised in 2024.

ADMINISTRATOR POLICIES

The Administrator's policies make transparent the approach taken to performing the Administrator's functions.

This includes the provision of data, data quality and management, calculation of initial payments, reconciliation of final entitlements, funding integrity and guidance on the operation of the National Health Funding Pool.

Three Year Data Plan

The Administrator's Three Year Data Plan describes the minimum level of data required from the Commonwealth, States and Territories, to calculate the Commonwealth's NHR funding to public hospital services, conduct reconciliation activities and report publicly on NHR funding and payments.

Data Compliance Policy

The Data Compliance Policy comprises the Administrator's policy on jurisdictional compliance with data provision as required in the Administrator's Three Year Data Plan. The NHFB, on behalf of the Administrator, publishes a quarterly Data Compliance Report on jurisdictional compliance with the Data Plan and Data Compliance Policy.

Data Governance Policy

The Data Governance Policy covers both the Administrator and the NHFB. It details the information collected, the purpose for the collection, its use, storage, disclosure and disposal, by the Administrator.

Calculation of Commonwealth National Health Reform funding

This document sets out the approach and processes used by the Administrator to calculate Commonwealth NHR funding paid to States and Territories. The calculation policy includes funding for Activity Based Funding (ABF), Block and Public Health funding categories as well as the approach to reconciliation activities.

Business rules for data matching

The business rules outline the business and data matching rules in relation to clause A6 of the NHR Agreement where assessment is undertaken ensure the Commonwealth does not fund activities twice, through ABF and through MBS and/or PBS funding or another Commonwealth program.

National Health Funding Pool Payments System Policy

The policy covers the governance and management of the Payments System, and the obligations and responsibilities of users.

Administrator's Guidance on Financial Arrangements (NPCR)

Noting the program ceased in December 2023, the Guidance provided States and Territories with information to assist them with the funding arrangements and financial administration of the NPCR in their respective health systems.

CALCULATING THE COMMONWEALTH CONTRIBUTION IN 2023-24

The NHFB assist the Administrator in calculating and advising the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding.

The Commonwealth Contribution Model (CCM) calculations form the basis of the Administrator's payment advice to the Commonwealth Treasurer. This advice is also provided to State and Territory health ministers and State and Territory health departments.

There are two broad types of funding: ABF and Block (Figure 4). Under the NHR Agreement, the scope of public hospital services that are funded on an ABF or Block basis and are eligible for a Commonwealth funding contribution currently includes:

- all emergency department services provided by a recognised emergency department
- all admitted and non-admitted services
- other outpatient, mental health, sub-acute services and other services that could reasonably be considered a public hospital service.

Commonwealth funding for ABF, Block and Public Health is calculated using the CCM which is accurate, correct and independently reviewed each year. Public hospitals also receive funding from other sources, including the Commonwealth, States and Territories, and third parties for the provision of other specific functions and services outside the scope of the NHR Agreement (e.g. pharmaceuticals, primary care, home and community care, dental services, residential aged care and disability services)

Payment advice

The Administrator provides payment advice to the Commonwealth Treasurer for the following purposes:

- as input to the Commonwealth Budget, based on initial estimates of activity from States and Territories
- establishing Commonwealth contributions for the future financial year, based on confirmed estimates of activity from States and Territories
- updating Commonwealth contributions for the current financial year, based on revised activity estimates from States and Territories
- as input to the Mid-Year Economic and Fiscal Outlook (MYEFO)
- updating Commonwealth contributions following the Six-month Reconciliation and Annual Reconciliation.

The first payment advice for 2023-24 was provided to the Treasurer on 20 June 2023, with further updates to 2023-24 Payment Advice provided to the Commonwealth Treasurer on:

- 13 December 2023, which updated payments from 1 January 2024 to 30 June 2024
- 22 February 2024, which updated payments from 1 March 2024 to 30 June 2024
- 23 May 2024, which updated payments from 1 June 2024 to 30 June 2024.

Once the Payment Advice is provided to the Treasurer, the advice is also distributed to all health ministers and State and Territory health department CFOs. The final 2023-24 Payment Advice resulted in \$28.320 billion in Commonwealth NHR funding.

Figure 4: Types of public hospital funding

ACTIVITY BASED FUNDING



- Emergency department services
- Acute admitted services
- Admitted mental health services
- Sub-acute and non-acute services
- Non-admitted services

BLOCK FUNDING



- Teaching, training and research
- Small rural hospitals
- Non-admitted mental health
- Non-admitted home ventilation
- Other non-admitted services
- Highly Specialised Therapies

PUBLIC HOSPITAL FUNDING AND PAYMENTS

Commonwealth funding is calculated using the Commonwealth Contribution Model, a transparent, robust and independently reviewed methodology.

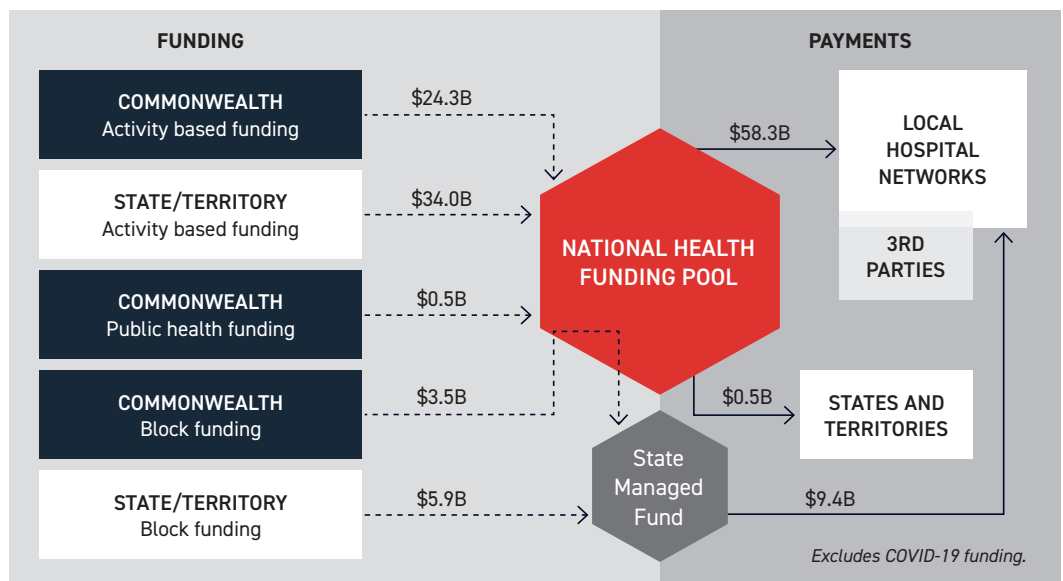
Payments

The Pool was established to receive all Commonwealth (ABF and Block) and State and Territory (ABF) public hospital funding. The Pool comprises of a Reserve Bank of Australia (RBA) account for each State and Territory, with each State and Territory also having established a State Managed Fund (SMF) to manage Block funding. The Pool and SMF provide a line-of-sight mechanism to trace each jurisdiction's contribution to LHNs and third parties. The balance is paid to States and Territories (including public health, cross border, interest and over deposits).

Figure 5 highlights the source, types and amount of funding and payments that flowed through the Pool and SMFs in 2023-24. The NHR Agreement also allows for additional streams of funding to be paid through the Pool if agreed by Government, as was done in response to COVID-19.

NHR funding occurs when the Commonwealth or States and Territories pay into a State Pool account or SMF. NHR payments occur when the funding is paid out of the State Pool account by the Administrator or is paid out of the SMF by the State or Territory.

Figure 5: 2023-24 Public hospital funding payment flows



Funding

Each funding type has specific criteria set for what services are appropriate, with the preference to use ABF wherever possible.

Activity Based Funding

ABF is a funding method for public hospital services based on the number of weighted services provided to patients, and the price to be paid for delivering those services.

The method uses national classifications for service types, price weights, the National Efficient Price (NEP) that is independently determined by the IHACPA, and the level of activity as represented by the National Weighted Activity Unit (NWAU) (i.e., the NEP is the price per NWAU).

A NWAU represents a measure of health service activity expressed as a common unit of resources. This provides a way of comparing and valuing each public hospital service (whether it is an emergency department presentation, admission or outpatient episode), by weighting it for clinical complexity.

States and Territories are required to outline their basis of payments to each LHN, including an explanation of the factors considered. This information is made publicly available (for all years) via our website and is published in the National Health Funding Pool Annual Report each year.

Block funding

Block funding supports teaching, training and research in public hospitals, and public health programs. It is also used for certain public hospital services where Block funding is more appropriate, particularly for smaller rural and regional hospitals.

Public Health funding

Public Health funding is paid by the Commonwealth as a contribution to funding population health activities within each State and Territory, directed at improving the overall health of the population and seeking to prevent the development of poor health. These activities include national public health, youth health services and essential vaccines (service delivery).

Out-of-scope

Public hospitals also receive funding from other sources, including the Commonwealth, States and Territories, and third parties for the provision of other specific functions and services outside the scope of the NHR Agreement (e.g., pharmaceuticals, primary care, dental services, other hospital services, home and community care, residential aged care and disability services).

Annual Reconciliation overview

Twice yearly, estimated activity provided by States and Territories is reconciled against the actual public hospital activities delivered. This occurs following the provision of six-month and annual data by States and Territories (due 31 March and 30 September respectively).

Adjustments to Commonwealth payments are only made after the reconciliations have been finalised. This means that the Commonwealth's funding contribution is linked to the growth in actual services delivered. Figure 6 shows the growth in Commonwealth funding contributions from 2012-13 to 2023-24.

As was done in 2020-21 and 2021-22, funding adjustments at the 2022-23 Six-month Reconciliation were deferred to the 2022-23 Annual Reconciliation due to the impact of COVID-19 on the delivery of public hospital services.

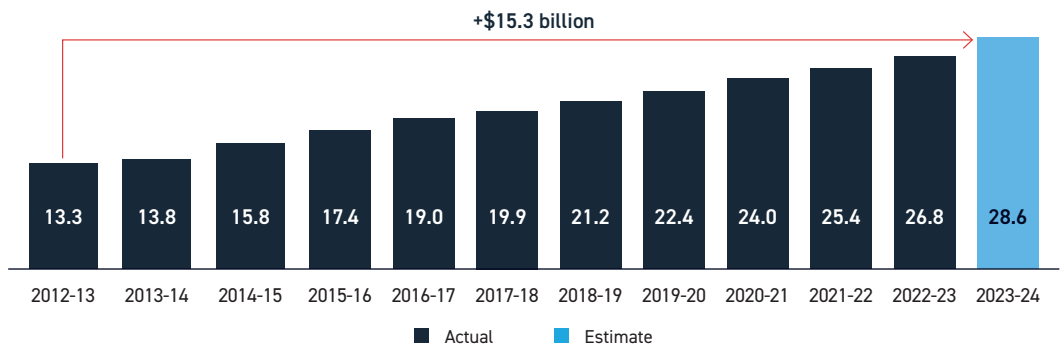
Preliminary 2022-23 Annual Reconciliation results were provided to the Commonwealth, States and Territories during a series of bilateral discussions in late October and early November 2023 ahead of the Administrator's Jurisdictional Advisory Committee (JAC) meeting on 23 November 2023.

Following a period of engagement and collaboration with stakeholders, the Administrator's advice on the 2022-23 Annual Reconciliation was provided to the Commonwealth Treasurer (and all health ministers) on 1 December 2023. This is the fastest the NHFB has completed an Annual Reconciliation, and the sixth year in a row it has been completed by March (as required under the Addendum).

In 2023-24, the Administrator provided advice to the Commonwealth Treasurer on funding adjustments related to the:

- Commonwealth NHR funding 2022-23 Annual Reconciliation
- Commonwealth NPCR funding 2022-23 Annual Reconciliation.

Figure 6: Commonwealth funding contributions from 2012-13 to 2023-24



Note: These amounts include NHR, HSP and Minimum Funding Guarantee amounts. SPHP and FVP are not included.

2022-23 Annual Reconciliation funding adjustments

The 2022-23 Annual Reconciliation for NHR funding (\$26.607 billion) and NPCR funding (\$1.153 billion) was finalised within nine weeks of receiving activity data – the earliest an annual reconciliation has ever been completed. The Treasurer’s Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023 was made on 6 December 2023.

The 2022-23 Annual Reconciliation resulted in a negative adjustment of -\$0.439 billion (-\$0.002 billion for NHR and -\$0.463 billion (which includes prior year amounts) in NPCR).

The 2022-23 Commonwealth NHR funding entitlement is \$26.607 billion. This result is less than the 2022-23 estimates provided by States and Territories of \$26.609 billion (-\$0.002 billion) but higher than the Commonwealth minimum guaranteed 2021-22 funding base of \$25.284 billion (+\$1.323 billion).

In summary, the 2022-23 funding entitlement under the NPCR is \$1.153 billion and includes:

- Hospital Services Payments (HSP) – \$0.211 billion
- State Public Health Payments (SPHP) – \$0.704 billion
- Private Hospital Financial Viability Payments (FVP) – \$0.238 billion.

NPCR whole of life program overview

The NPCR was signed by the Council of Australian Governments (COAG) in March 2020. The objective of the NPCR was to provide financial assistance to States and Territories for the additional costs incurred in responding to COVID-19. Under the NPCR, there were a range of responsibilities and functions to be performed by the Administrator supported by the NHFB and other portfolio agencies.

In March 2020, the NHFB established a new funding account in the Payments System to facilitate payments to all States and Territories. The NPCR provided a framework for the Commonwealth to deliver a total of \$14.264 billion in financial assistance to jurisdictions over its lifespan (2019-20 to 2022-23), split across HSP (\$3.985 billion), SPHP (\$8.770 billion) and FVP (\$1.508 billion).

The actual entitlement per financial year:

- \$2.462 billion: 2019-20
- \$3.990 billion: 2020-21
- \$6.658 billion: 2021-22
- \$1.153 billion: 2022-23

Table 1 highlights each state and territory’s reconciled entitlement across the year per program under the NPCR.

Table 1: Commonwealth NPCR funding entitlement by financial year

	2019-20 RECONCILED ENTITLEMENTS \$	2020-21 RECONCILED ENTITLEMENTS \$	2021-22 RECONCILED ENTITLEMENTS \$	2022-23 RECONCILED ENTITLEMENTS \$	TOTAL ENTITLEMENTS \$
NSW	1,014,809,403	1,083,257,915	2,372,216,513	413,193,843	4,883,477,675
Hospital Service Payment	194,180,263	217,160,494	874,938,592	100,455,802	1,386,735,151
State Public Health Payment	695,069,454	838,446,297	1,346,209,059	289,793,910	3,169,518,720
Private Hospital Viability Payment	125,559,686	27,651,125	151,068,862	22,944,130	327,223,803
VIC	823,654,019	1,981,443,724	2,307,416,032	306,055,435	5,418,569,210
Hospital Service Payment	204,856,778	915,504,081	604,183,899	30,316,269	1,754,861,027
State Public Health Payment	423,565,748	758,105,378	1,439,181,958	218,059,560	2,838,912,644
Private Hospital Viability Payment	195,231,493	307,834,265	264,050,175	57,679,605	824,795,538
QLD	315,912,228	372,083,765	702,363,938	232,963,306	1,623,323,238
Hospital Service Payment	89,029,362	43,726,900	116,405,562	20,832,667	269,994,491
State Public Health Payment	150,865,895	318,374,149	585,958,376	59,242,256	1,114,440,676
Private Hospital Viability Payment	76,016,972	9,982,716	-	152,888,384	238,888,072
WA	133,054,633	261,062,101	634,508,603	107,640,435	1,136,265,772
Hospital Service Payment	40,659,378	108,838,713	136,477,618	33,750,770	319,726,479
State Public Health Payment	60,289,730	150,455,348	487,253,681	73,097,178	771,095,937
Private Hospital Viability Payment	32,105,525	1,768,040	10,777,304	792,487	45,443,356
SA	80,430,127	156,107,833	314,104,562	33,548,313	584,190,834
Hospital Service Payment	15,960,519	27,623,093	92,709,673	14,904,165	151,197,450
State Public Health Payment	40,331,056	125,408,740	209,944,673	18,644,148	394,328,617
Private Hospital Viability Payment	24,138,551	3,076,000	11,450,216	-	38,664,767
TAS	51,236,016	58,834,374	145,687,816	29,143,142	284,901,348
Hospital Service Payment	6,490,165	3,455,608	18,568,478	1,289,755	29,804,006
State Public Health Payment	35,255,680	55,378,766	127,119,337	27,853,387	245,607,170
Private Hospital Viability Payment	9,490,172	-	-	-	9,490,172
ACT	21,147,959	43,157,764	95,977,171	23,339,539	183,622,432
Hospital Service Payment	7,896,726	119,128	16,800,801	7,563,988	32,380,643
State Public Health Payment	7,794,928	37,130,136	72,455,472	12,206,718	129,587,254
Private Hospital Viability Payment	5,456,305	5,908,499	6,720,898	3,568,833	21,654,535
NT	22,175,772	34,449,443	85,412,407	7,265,649	149,303,271
Hospital Service Payment	13,205,691	8,700,043	16,911,538	1,775,697	40,592,969
State Public Health Payment	7,139,946	25,594,004	68,494,004	5,481,860	106,709,814
Private Hospital Viability Payment	1,830,135	155,396	6,865	8,092	2,000,488
TOTAL	2,462,420,157	3,990,396,919	6,657,687,043	1,153,149,661	14,263,653,780
Hospital Service Payment	572,278,881	1,325,128,059	1,876,996,162	210,889,114	3,985,292,216
State Public Health Payment	1,420,312,437	2,308,892,819	4,336,616,561	704,379,016	8,770,200,833
Private Hospital Viability Payment	469,828,839	356,376,041	444,074,320	237,881,532	1,508,160,732

PUBLISHING REPORTS

To improve the transparency and integrity of public hospital funding, we report publicly on the payments made to Local Hospital Networks and their activity.

Funding and payments

To improve the transparency of public hospital funding, we produce and publish monthly reports that detail funding and payments into and out of the Pool and State Managed Funds. The reports are provided at a national, State and Territory and LHN level, and details both the Commonwealth and State and Territory contributions. These reports are prepared on a cash basis and align to the reporting of funding and payments in the National Health Funding Pool Annual Report. Full year 2023-24 funding and payment information was published to the website on 16 July 2024, within three weeks after the end of the financial year.

Compliance

The Administrator's rolling Three Year Data Plan sets out the minimum level of data that States, Territories and the Commonwealth must provide to the Administrator, and the timeframes it must be provided within. Each quarter, a compliance report is published that details whether States, Territories and the Commonwealth have met their obligations under the Data Plan. Figure 7 shows a summary of the Administrator's June 2024 quarterly compliance report, including jurisdictional compliance with service agreement requirements.

Maintenance of Effort

Parties to the Addendum agreed, at a minimum, to maintain levels of funding for public hospital services through the Pool for 2020-21 to 2024-25 at not less than the level of funding for 2018-19. The assessment of Maintenance of Effort focuses on in-scope public hospital services under the NHR Agreement. Out-of-scope activity is defined as non-hospital services or those public hospital services with a funding source other than the NHR Agreement. This work has identified some inconsistencies in the level of in-scope and out-of-scope funding transacted through the Pool as well as pricing and activity information published in LHN Service Agreements. With the Administrator, we will continue to work with all Parties to the Addendum towards achieving consistency and transparency in the reporting of public hospital funding (A103).

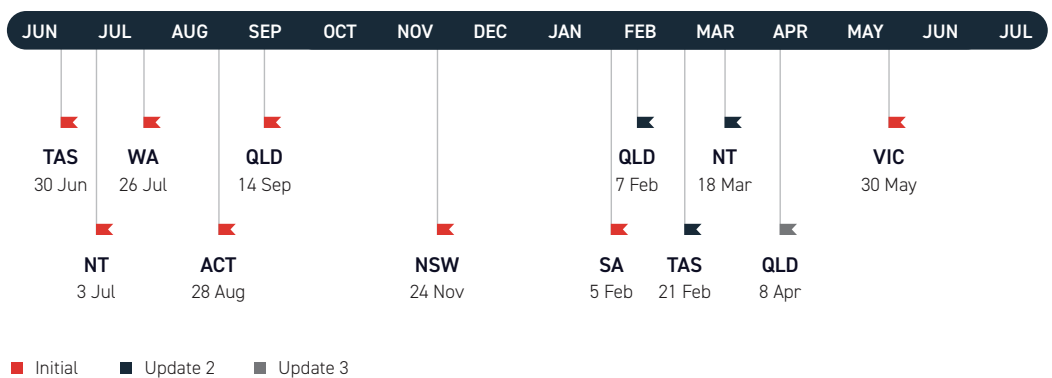
Service agreements

Service Agreements between the States and LHNs support transparency of public hospital funding and services and are provided to the Administrator (once agreed). Figure 8 shows a summary of when 2023-24 Service Agreements were provided to the Administrator. Service Agreements are to include, at a minimum:

- the number and broad mix of services to be provided by the LHN, to inform the community of the expected outputs from the LHN and allow the Administrator to calculate the Commonwealth's funding contribution
- the quality and service standards that apply to services delivered by the LHN, including the Performance and Accountability Framework and the level of funding to be provided to the LHN under the Service Agreement, through ABF and Block funding
- the teaching, training and research functions to be undertaken at the LHN level.

In addition, the funding paid on an activity basis to LHNs will be based on the price set by that State as reported in Service Agreements, the State Price (A92). The Administrator and NHFB have been working with States and Territories to highlight inconsistencies in Service Agreements and identify where improvements can be made including on accuracy of State Prices and identification of in-scope and out-of-scope activity.

Figure 7: 2023-24 Service Agreements provided to the Administrator



PART 1: OVERVIEW

Figure 8: Service Agreement compliance with the Administrator's Three-Year Data Plan

DATA REQUIREMENT	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2023-24 LHN Service Agreements provided to the Administrator	17/19 ¹ 24 Nov 23	39/40 ¹ 30 May 24	15/16 ¹ 14 Sep 23	6/6 26 Jul 23	11/11 3 Oct 23	1/1 30 Jun 23	1/1 28 Aug 23	1/1 3 Jul 23
LHN Service Agreements include the number of in-scope services to be provided by the LHN	✓	✓	✓	✓	✓	✓	✓	✓
LHN Service Agreements include the number of out-of-scope services to be provided by the LHN	✓	✗	✓	✓	✓	✗	✗	✓
LHN Service Agreements (ABF LHNs only) and estimated LHN NWAU aligned	17/17	0/39	15/15	0/6	11/11	1/1	1/1	1/1
LHN Service Agreements include the price set by the State (i.e. State Price)	✓	✓	✓	✓	✓	✓	✗	✓
LHN Service Agreements include the level of Block Funding to be provided to the LHN	✓	✓	✓	✓	✓	✓	✓	✓
LHN Service Agreement ABF aligns to the Commonwealth Payment Advice (in-year activity) ²	Partial	✗	Partial	✗	✗	✗	✗	Partial
LHN Service Agreement Block Funding aligns to the National Efficient Cost (NEC) ³	Partial	✗	Partial	Partial	✓	Partial	✓	Partial ⁴

1 Whilst most Service Agreements were provided from NSW, Vic and Qld, at the time of drafting this report Service Agreements remain outstanding for:

- NSW: Albury LHD and NSW Contracted Services
- Qld: Queensland Virtual
- Vic: Contracted Services

2 Partial refers to some service categories aligning to Payment Advice, but not all.

3 Partial refers to some service categories aligning to the National Efficient Cost Determination, but not all.

4 Figures align with the Supplementary Block Funding Advice to the Administrator 2023-24.





OUR STAKEHOLDERS AND PARTNERS

Productive relationships and regular communication with our stakeholders and partners supports us to improve the transparency of funding for public hospital services.

In 2023-24 we continued our focus on simple and proactive communication and engagement with our wide range of stakeholders.

In doing this, we aimed to consider the environment each stakeholder operates in, as well as their resources, needs, and preferences.

Figure 9: NHFB stakeholders and partners

STAKEHOLDER	WHY WE ENGAGE
<p>Our people</p> 	<p>Maintaining and further developing a diverse, inclusive and positive workplace culture underpinned by our United Leadership behaviours is key to our success. We regularly engage in whole-of-agency forums that strengthen our leadership and culture and look for ways to invest in our people through learning and development to strengthen our capability.</p>
<p>Commonwealth</p> 	<p>Our monthly Commonwealth roundtable is a key channel for us to share information on draft funding and policy outcomes. The roundtable is comprised of representatives from the Department of Prime Minister and Cabinet, Commonwealth Treasury, the Department of Health and Aged Care and the Department of Finance.</p>
<p>States and Territories</p> 	<p>Early and impartial engagement with all stakeholders, especially States and Territories, allows time to discuss and resolve issues in a collaborative manner. Our quarterly bilateral discussions followed by the more formal Administrator Jurisdictional Advisory Committee (JAC) meetings are the key mechanisms for this engagement and is comprised of senior representatives of all States and Territories.</p> <p>We also use our two Communities of Practice to engage with States and Territories on both operational activities as well as opportunities to improve our processes and technology.</p>
<p>Portfolio agencies</p> 	<p>We work closely with our portfolio agency partners to support the Administrator to provide trusted and impartial advice to all stakeholders and deliver best practice administration of public hospital funding. These agencies include the Independent Health and Aged Care Pricing Authority (IHACPA), the Australian Commission on Safety and Quality in Health Care (ACSQHC) and the Australian Institute of Health and Welfare (AIHW).</p> <p>This also gives us the opportunity to add value to the broader health sector and policy environment through sharing our analysis and insights as well as improving understanding of how our agency operates.</p>

■ CASE STUDY

STAKEHOLDER ENGAGEMENT

In July, we undertook our annual stakeholder satisfaction survey to benchmark our progress on implementing improvements across the five key themes we identified in 2019-20:

- organisational culture
- customer service and value adding
- collaboration
- transparency
- high performing team.

We interviewed stakeholders from all State and Territory Health Departments, Commonwealth Treasury, Commonwealth Department of Health and Aged Care, the Independent Health and Aged Care Pricing Authority and the Australian Institute of Health and Welfare.

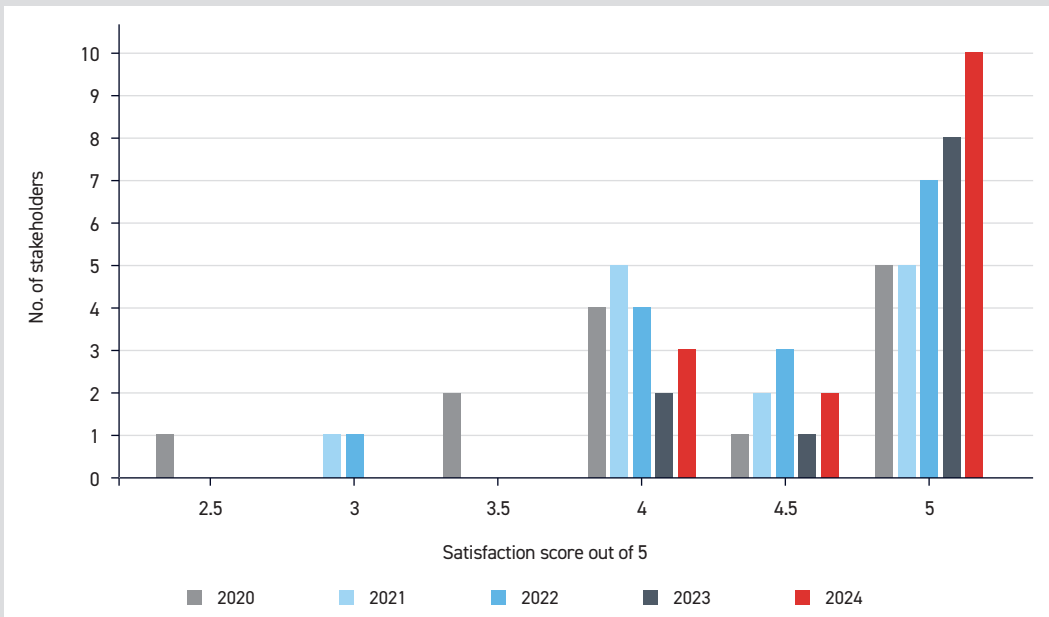
In order to establish a baseline for measuring improvements over time, we asked our stakeholders to rate their overall satisfaction with the NHFB's communication and engagement on a scale from 1-5. As shown in Figure 10, our stakeholder satisfaction scores have improved year on year since 2020.

Overall, stakeholders expressed their appreciation for the NHFB's timely responses and noted this has improved over time. They also acknowledged their gratitude towards NHFB's CEO for being available and proactive.

The responses provided by all stakeholders indicate a significant improvement to the NHFB's overall communications over the last five years.

The survey also provided insights into focus areas for 2023-24 including sharing worked examples of the new aspects of the funding model and the potential impacts.

Figure 10: Survey results 2020 – 2024



States and Territories

Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, allows time to discuss and resolve issues in a collaborative manner. The Administrator's JAC is a key channel for this engagement and is comprised of senior representatives of all States and Territories and relevant Commonwealth departments and portfolio agencies. The objectives of the Administrator's JAC are to:

- consider and provide advice to the Administrator on strategic issues related to the Administrator's functions under the NHR Agreement and NHR Act
- enable collaboration between the Administrator, NHFB, Commonwealth, State and Territory health departments and IHACPA on the relevant operational arrangements and priorities under the NHR Agreement and NHR Act.

The JAC met four times in 2023-24:

- 19 September 2023
- 23 November 2023
- 7 March 2024
- 20 June 2024.

Key discussion topics at the Administrator's JAC in 2023-24 included:

- Administrator's policies such as the Three Year Data Plan
- Commonwealth NHR funding
- NPCR funding
- 2022-23 Annual Reconciliation of public hospital funding and services
- funding integrity, including data matching
- Service Agreements
- consistency and transparency of public hospital funding, including Maintenance of Effort.

Commonwealth

In 2023-24, we continued to be supported by, and work with our Commonwealth stakeholders through a range of formal and informal arrangements, including:

- Enterprise Data Warehouse (EDW) technical support from the Department of Health and Aged Care
- the provision of public hospital activity data from Services Australia
- monthly roundtables with the Department of the Prime Minister and Cabinet, The Treasury, the Department of Finance, and the Department of Health and Aged Care on NHR Agreement funding and activities
- website hosting on Australia's whole of government platform, GovCMS from Department of Finance.

Portfolio agencies

We worked with our fellow portfolio agency partners to provide trusted and impartial advice to all stakeholders and deliver best practice administration of public hospital funding. These agencies include the IHACPA, the AIHW and the ACSQHC.

Independent Health and Aged Care Pricing Authority

IHACPA's vision is for Australians to have fair access to transparent, sustainable, and high quality health and aged care.

The IHACPA are an independent government agency that promotes efficiency and increases transparency in the delivery and funding of public health and aged care services across Australia.

The main functions of the IHACPA are to determine the National Efficient Price (NEP) for Activity Based Funding and National Efficient Cost (NEC) for Block funding for public hospital services each year.

We are a member of IHACPA's Jurisdictional Advisory Committee and Technical Advisory Committee. In 2023-24, we worked closely with the IHACPA to align many of our core activities including:

- implementation of the Addendum, including exploring transitional arrangements for Community Mental Health and reconciliation of Highly Specialised Therapies
- Six-month and Annual NWAU Reconciliation
- Three Year Data Plans, including alignment of new data requirements under a 'single provision, multiple use' approach.

www.ihacpa.gov.au

Australian Institute of Health and Welfare

AIHW's purpose is to produce high quality data sets and analysis to support improvements in health and welfare. The AIHW is an independent statutory Australian Government agency with more than 30 years of experience working with health and welfare data.

We collaborate with the AIHW on public hospital funding related matters. In 2023-24, we worked closely with the AIHW to improve public reporting of funding, payments and services. This included improving our understanding of broader health and hospital funding through conducting information sessions on Health Expenditure, different funding mechanisms such as bundled payments and pathways for maternity care with both AIHW and IHACPA.

Work will continue in 2024-25 with the AIHW, Commonwealth and States and Territories to improve consistency and transparency of public reporting in preparation for the Administrator's annual Maintenance of Effort Report, as required by the Addendum.

www.aihw.gov.au

Australian Commission on Safety and Quality in Healthcare

ACSQHC's purpose is to contribute to better health outcomes and experiences for all patients and consumers, and improved value and sustainability in the health system by leading and coordinating national improvements in the safety and quality of health care.

The Commission was established in 2006 to lead and coordinate national improvements in the safety and quality of health care. The ACSQHC leads and coordinates key improvements in safety and quality in health care. The Commission works in four key priority areas:

- Safe delivery of health care
- Partnering with consumers
- Partnering with healthcare professionals
- Quality, value and outcomes.

With IHACPA, we work with ACSQHC on the integration of safety and quality measures into public hospital funding.

www.safetyandquality.gov.au

“We collaborate with our stakeholder and provide trusted and impartial advice.”

Overview of the relationship between the IHACPA and the NHFB

In August 2011, COAG agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory governments, including the move from Block grants to a system that is predominantly funded on an 'activity-based' approach, supplemented by Block funding in certain circumstances.

These changes included establishing the:

- Administrator and the NHFB to improve transparency of public hospital funding arrangements
- IHACPA to set the National Efficient Price (NEP) for ABF activity and the National Efficient Cost (NEC) for Block funded services.

The NEP and NEC are a major determinant of the level of Commonwealth Government funding for public hospital services and provide a price signal or benchmark for the efficient cost of providing public hospital services.

INDEPENDENT HEALTH AND AGED CARE PRICING AUTHORITY (IHACPA)



Data collection

The IHACPA collects quarterly public hospital activity data submissions from States and Territories about various kinds of patient services provided by Australian hospitals. They use this data as inputs into the classification, costing and pricing process. The NHFB use this same data for reconciliation of actual services delivered.



Classification

Classifications provide a nationally consistent method of classifying all types of patients, their treatment and associated costs. IHACPA undertakes reviews and updates of existing classifications and is also responsible for introducing new classifications.



Costing

Hospital costing focuses on the cost and mix of resources used to deliver patient care. Costing plays a vital role in Activity Based Funding, providing valuable information for pricing purposes.



Pricing

The IHACPA determines the National Efficient Price. This pricing model determines how much is paid for an average patient. It also recognises factors that increase the cost of care, for example, the additional cost of providing health services in remote areas, or to children. The NHFB use this when calculating the Commonwealth's contribution to public hospital funding.

NATIONAL HEALTH FUNDING BODY (NHFB)



Calculate

Commonwealth funding is calculated using the Commonwealth Contribution Model. The IHACPA's National Efficient Price and public hospital activity estimates from States and Territories are key inputs into this model.



Pay

The Payments System is used to facilitate Commonwealth and State and Territory public hospital funding payments to Local Hospital Networks.



Report

Reports on funding, payments and services are published to publichospitalfunding.gov.au on a monthly basis to provide transparency of public hospital funding.

“Together, we are responsible for implementing Australia’s public hospital funding arrangements.”



PART 2:

FINANCIAL STATEMENTS

National Health Reform
Disclosures and Special Purpose
Financial Statements.

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NATIONAL

FUNDING AND PAYMENTS



\$68.3B

TOTAL FUNDING WITH \$67.8B PAID TO



137

LOCAL HOSPITAL NETWORKS (LHN)



\$58.3B

IN ACTIVITY BASED FUNDING THAT DELIVERED



42.1 MILLION

PUBLIC HOSPITAL SERVICES



9,932,357

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011*.

GUIDE TO TABLES

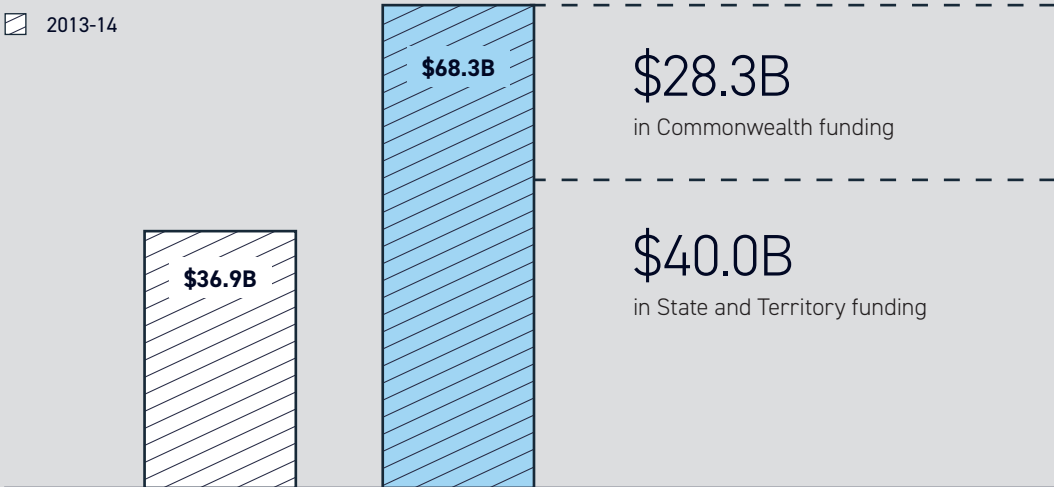
■ 2023-24

■ 2022-23

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

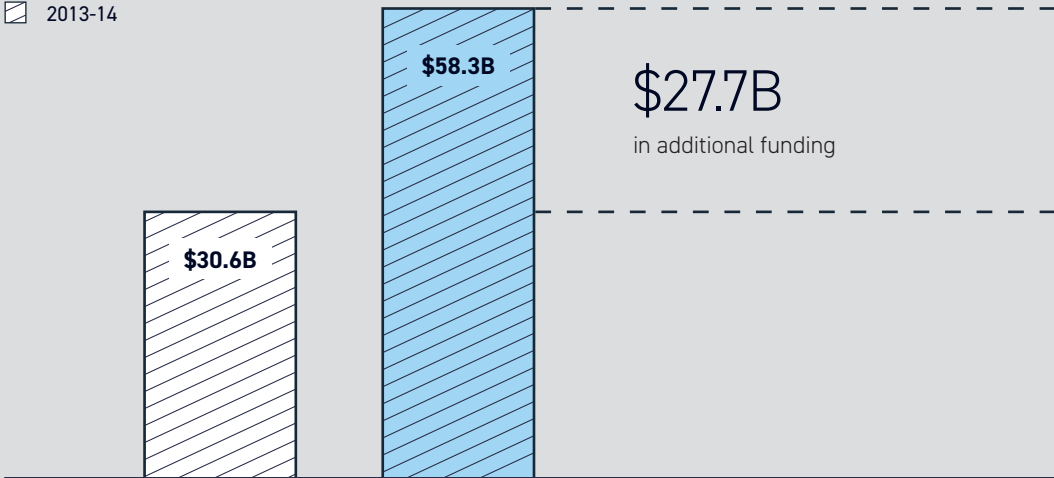
- 2023-24
- 2013-14



GROWTH IN ACTIVITY BASED FUNDING

SINCE 2013-14

- 2023-24
- 2013-14





National Health
Funding Body

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

CERTIFICATION LETTER TO THE ADMINISTRATOR

Toni Cunningham
Administrator of the National Health Funding Pool
GPO Box 1252
Canberra ACT 2601

Dear Ms Cunningham,

NATIONAL HEALTH FUNDING POOL ANNUAL REPORT 2023-24

This letter outlines the assurance arrangements in place for the preparation of the 2023-24 Financial Statements for the State Pool Accounts, and the Funding and Payment disclosures as per the Commonwealth *National Health Reform Act 2011* (the Act) and expresses opinion on their inclusion in the National Health Funding Pool Annual Report 2023-24.

Financial Statements

The National Health Funding Body (NHFB) has prepared a financial statement for the year ended 30 June 2024 for each of the State Pool Accounts as required by section 241(3) of the Act. The financial statements have been prepared as Special Purpose Financial statements on a cash accounting basis in accordance with Australian Accounting Standards and other mandatory professional and statutory reporting requirements. This is consistent with the financial statements prepared in previous financial years.

The financial statements for each of the States and Territories have been audited by their respective Auditor-General. To assist with this process, the NHFB has provided all financial records and related data, explanations, and assistance necessary to conduct the audit in accordance with the Act and relevant State and Territory legislation.

The NHFB maintains strong governance processes over the preparation of the financial statements including monthly reconciliations of transactions recorded through the Pool Accounts with transactions recorded through the National Health Funding Pool (NHFP) Payments System.

The NHFB has internal controls and policies in place to prevent and detect errors, misstatements, or instances of fraud. These include:

- The NHFP Payments System Internal Control Framework that ensures the integrity of systems and processes
- an Information Security Registered Assessor Program (IRAP) security documentation review (conducted by a third party) to ensure compliance against the Information Security Manual (ISM) and no material issues were identified
- a Reasonable Assurance Review of the NHFP Payments System (conducted by a third party) and no material issues were identified.

In addition, the NHFB's processes and approach relating to risk management and oversight of the preparation of the financial statements are monitored through its external Audit and Risk Committee.

No errors, misstatements or instances of fraud have been identified in relation to the operation of the State Pool Accounts through the NHFP Payments System or the Reserve Bank of Australia processes. In addition, we are not aware of any breaches, or possible breaches, of relevant legislation, contracts, agreements or licensing conditions, that could affect the financial statements.

Funding and Payments

The NHFB has also prepared funding and payment information for the 2023-24 financial year as required by section 241(2) of the Act. This information includes detail on funding and payments into and out of the State Pool Accounts and State Managed Funds by the Commonwealth, States and Territories, as well as amounts paid to Local Hospital Networks, including the number of public hospital services funded.

The NHFB works with each State and Territory to prepare and publish reports containing this data on a monthly basis. This process includes strong governance arrangements, including a monthly verification by the State and Territory, to ensure the accuracy of the data. These reports form the basis of the information used to prepare the funding and payments section of the Annual Report.

To enhance the presentation of the funding and payments section, we have excluded over deposits by States and Territories which are subsequently withdrawn, interest and cross-border transactions.

NHFB Opinion

It is the NHFB's opinion that the Special Purpose Financial Statements and the funding and payments information, prepared for the year ended 30 June 2024, give a true and fair view of the matters required by the Act and the National Health Reform Agreement.

Yours sincerely,



Shannon White
Chief Executive Officer
National Health Funding Body
28 August 2024



Ben Nicholls
Chief Finance Officer
National Health Funding Body
28 August 2024

Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by States and Territories and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of NHR funding, refer to the 'Introduction' chapter of this Annual Report.

The information contained in this chapter is on a national basis; detailed information for each State or Territory appears in the chapters following.

Basis of National Health Reform funding - Commonwealth 2020-21 to 2024-25

The basis of Commonwealth NHR funding for 2020-21 to 2024-25 as specified in the Addendum is as follows:

Activity Based Funding (A33-A35)

The Commonwealth will fund 45 per cent of the efficient growth of ABF Service delivery, subject to the operation of the National Funding Cap. The Commonwealth's funding for all ABF Service Categories will be calculated individually for each State and Territory by summing:

- previous year amount — the Commonwealth's contribution rate for the relevant State or Territory in the previous year, multiplied by the volume of weighted ABF Services provided in the previous year, multiplied by the National Efficient Price in the previous year
- price adjustment — the volume of weighted services provided in the previous year, multiplied by the change in the National Efficient Price relative to the previous year, multiplied by 45 per cent
- volume adjustment — the net change in volume of weighted services provided in the relevant State or Territory (relative to the volume of weighted ABF Services provided in the previous year), multiplied by the National Efficient Price, multiplied by 45 per cent.

Commonwealth funding will be distributed across all ABF Service Categories in each State and Territory at a single Commonwealth Contribution Rate.

Block funding (A49)

The Commonwealth will continue to provide funding to States and Territories for public hospital services or functions that are more appropriately funded through Block funding and will fund 45 per cent of the growth in the efficient cost of providing these services or performing these functions. Payments will consist of the previous year's payment plus 45 per cent of the growth in the efficient cost of providing the services, adjusted for the addition or removal of Block services as provided in clauses A52 to A55 (calculated in accordance with clause A7). Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

Public Health (A14)

Payments for Public Health activities will continue to grow by the former National Healthcare Specific Purpose Payment (SPP) growth factor. That is, payments for public health activities will be equal to the previous year's payment indexed by the former National Healthcare SPP growth factor.

Funding Cap (A56)

Overall growth in Commonwealth funding will be capped at 6.5 per cent a year (the National Funding Cap).

States and Territories may be entitled to additional funding over the Soft Cap if there is funding available under the National Funding Cap (a Redistribution Amount) upon completion of the annual reconciliation.

The Redistribution Amount will be determined as the total of any funding remaining under the National Funding Cap, resulting from a State or Territory with growth less than 6.5 per cent.

Safety and Quality adjustment (A163, A165, A175)

Services that are considered to put patient safety and quality at risk will be subject to a Safety and Quality adjustment, calculated as part of a State or Territory's actual National Weighted Activity Unit (NWAU) during the reconciliation process. Adjustments will be included for Sentinel events, Hospital Acquired Complications (HACs), and avoidable hospital readmissions.

Data Conditional Payment (A155)

A temporary deferral of an agreed percentage of Commonwealth NHR funding will apply in the event a State or Territory has not provided the required data for annual reconciliation to the Administrator by 30 September of the relevant financial year. If the required data is not provided by 31 October of the relevant financial year, a deferral of further funds will occur.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

STATE OR TERRITORY	AMOUNT PAID BY COMMONWEALTH (\$'000)							
	2023-24				2022-23			
	Activity Based Funding	Block funding	Public Health funding	TOTAL	Activity Based Funding	Block funding	Public Health funding	TOTAL
New South Wales	7,031,374	1,086,624	163,127	8,281,125	6,734,012	1,020,413	155,326	7,909,751
Victoria	5,619,025	887,209	133,825	6,640,059	4,910,191	966,517	124,026	6,000,734
Queensland	5,963,335	699,099	106,644	6,769,079	5,290,326	644,015	103,029	6,037,370
Western Australia	2,588,373	423,501	56,303	3,068,178	2,285,208	411,743	55,428	2,752,379
South Australia	1,767,507	225,242	35,896	2,028,645	1,424,374	213,947	35,800	1,674,121
Tasmania	529,799	99,863	10,928	640,590	467,716	93,845	11,547	573,107
Australian Capital Territory	458,270	36,344	9,035	503,649	437,940	34,669	9,212	481,822
Northern Territory	358,658	23,253	4,787	386,698	354,625	22,310	5,095	382,029
TOTAL	24,316,341	3,481,136	520,546	28,318,023	21,904,391	3,407,459	499,463	25,811,313

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments made in the following financial year.

The previous table does not include amounts paid into the State Pool Accounts by the Commonwealth under the NPCR, including Commonwealth recoveries of Hospital Services Payments of \$98,761,832 in 2023-24 (payments of \$1,413,366,829 in 2022-23) and Commonwealth recoveries of State Public Health and Private Hospital Financial Viability Payments of \$364,520,523 in 2023-24 (payments of \$1,729,739,335 in 2022-23). Details of this funding is provided in the Special Purpose Financial Statement of each State or Territory.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State or Territory – Section 241(2)(A)

STATE OR TERRITORY	AMOUNT PAID BY STATE/TERRITORY (\$'000)					
	2023-24			2022-23		
	State Pool Account - ABF	State Managed Fund - Block	TOTAL	State Pool Account - ABF	State Managed Fund - Block	TOTAL
New South Wales	8,427,270	1,419,870	9,847,140	8,107,218	1,418,463	9,525,681
Victoria	7,956,855	1,259,748	9,216,603	8,186,729	1,100,488	9,287,217
Queensland	8,339,078	1,753,560	10,092,638	7,292,503	1,604,469	8,896,972
Western Australia	3,978,012	813,869	4,791,882	3,945,599	746,436	4,692,035
South Australia	2,655,714	383,017	3,038,732	2,412,601	200,464	2,613,065
Tasmania	973,490	160,434	1,133,924	804,865	198,385	1,003,250
Australian Capital Territory	950,713	98,041	1,048,754	915,322	94,546	1,009,869
Northern Territory	745,405	61,133	806,539	736,526	52,089	788,614
TOTAL	34,026,538	5,949,673	39,976,212	32,401,364	5,415,339	37,816,703

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department, or cross-border contributions for transfer to other States or Territories.

Transactions relating to COVID-19 are also excluded where separately reported by the State or Territory. Details of this funding is provided in the Special Purpose Financial Statement of each State or Territory.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account; this will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

**The amounts paid from each State Pool Account to Local Hospital Networks, a State Managed Fund or other organisations or funds
— Section 24(1)(C)**

STATE OR TERRITORY	AMOUNT PAID FROM STATE POOL ACCOUNT (INCLUDING CW & S/T) (\$'000)									
	2023-24					2022-23				
	Local Hospital Networks	State Managed Fund	Other Organisations or Funds	TOTAL	Local Hospital Networks	State Managed Fund	Other Organisations or Funds	TOTAL		
New South Wales	15,458,644	1,086,624	163,127	16,708,395	14,841,230	1,020,413	155,326	16,016,969		
Victoria	13,575,879	887,209	133,825	14,596,913	13,096,920	966,517	124,026	14,187,463		
Queensland	14,302,413	699,099	106,644	15,108,157	12,582,829	644,015	103,029	13,329,874		
Western Australia	6,566,386	423,501	56,303	7,046,190	6,230,807	411,743	55,428	6,697,978		
South Australia	4,428,331	225,242	35,896	4,689,469	3,837,731	213,947	35,800	4,087,478		
Tasmania	1,503,289	99,863	10,928	1,614,080	1,272,581	93,845	11,547	1,377,972		
Australian Capital Territory	1,408,983	36,344	9,035	1,454,363	1,353,263	34,669	9,212	1,397,144		
Northern Territory	1,104,064	23,253	4,787	1,132,104	1,091,150	22,310	5,095	1,118,555		
TOTAL	58,347,989	3,481,136	520,546	62,349,671	54,306,511	3,407,459	499,463	58,213,433		

The previous table does not include out-of-scope funding (ABF), any interest paid from the Pool Account, over deposit of state contributions paid back to the respective State Health Department, or cross-border funding transferred to other States or Territories or paid back to the respective State or Territory Health Departments.

Transactions relating to COVID-19 are also excluded. Details of this funding is provided in the Special Purpose Financial Statement of each State or Territory.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account; this will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The amounts paid from each State Managed Fund to Local Hospital Networks or other organisations or funds — Section 241(2)(D)

STATE OR TERRITORY	AMOUNT PAID FROM STATE MANAGED FUND (INCLUDING CW & S/T) (\$'000)					
	2023-24			2022-23		
	Local Hospital Networks	Other Organisations or Funds	TOTAL	Local Hospital Networks	Other Organisations or Funds	TOTAL
New South Wales	2,506,494	-	2,506,494	2,438,876	-	2,438,876
Victoria	2,106,772	40,185	2,146,957	2,030,079	36,926	2,067,005
Queensland	2,452,659	-	2,452,659	2,248,484	-	2,248,484
Western Australia	1,237,371	-	1,237,371	1,158,179	-	1,158,179
South Australia	608,259	-	608,259	414,411	-	414,411
Tasmania	260,297	-	260,297	292,230	-	292,230
Australian Capital Territory	134,385	-	134,385	129,215	-	129,215
Northern Territory	84,386	-	84,386	74,399	-	74,399
TOTAL	9,390,623	40,185	9,430,809	8,785,872	36,926	8,822,798

The previous table does not include out-of-scope funding (Block) or transactions relating to COVID-19 where separately reported by the State or Territory. Details of this funding is provided in the Special Purpose Financial Statement of each State or Territory.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account; this will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

STATE OR TERRITORY	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
New South Wales	2,935,343	2,862,760	2,895,843
Victoria	2,421,036	2,269,511	2,468,820
Queensland	2,298,712	2,201,488	2,202,842
Western Australia	1,008,130	991,428	980,130
South Australia	698,007	686,937	662,020
Tasmania	198,781	195,713	190,100
Australian Capital Territory	187,173	180,158	182,832
Northern Territory	185,175	183,882	189,460
TOTAL	9,932,357	9,571,875	9,772,046

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The number of Other Public Hospital Services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

\$'000	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	CASH PAID
2019-20 Cash Paid	22,328,058	-	-	-	-	22,560,859 ⁵
2020-21 Cash Paid	(492,493)	22,931,025	-	-	-	22,438,532
2021-22 Cash Paid	-	(260,146)	24,315,259	-	-	24,055,113
2022-23 Cash Paid	-	-	(797,317)	26,608,630	-	25,811,313
2023-24 Cash Paid	-	-	-	(1,894)	28,319,917	28,318,023
FINAL ENTITLEMENT	21,835,565	22,670,879	23,517,942	26,606,736	28,319,917	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$572,278,881 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$1,325,128,059 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$1,876,996,162 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$210,889,114 in HSP under the NPCR.

5 The total cash paid for 2019-20 includes payments of \$232,801,531 related to entitlements for the 2018-19 financial year.

The previous table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by States and Territories. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
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publichospitalfunding.gov.au

Statement by the Administrator
of the National Health Funding Pool
Combined State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a Statement of Receipts and Payments and accompanying notes provides a true and fair presentation in accordance with the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
20 September 2024

**National Health Funding Pool
Combined State Pool Account
Special Purpose Financial
Statement for the year ended
30 June 2024**

Issued by the Administrator of
the National Health Funding
Pool under section 242 of
the Commonwealth *National
Health Reform Act 2011*.

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Combined State Pool Account

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Combined State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Activity Based Funding	7,031,374	5,619,025	5,963,335	2,588,373	1,767,507
Block funding	1,086,624	887,209	699,099	423,501	225,242
Public Health funding	163,127	133,825	106,644	56,303	35,896
COVID-19 funding	31,565	-	-	252	10,398
COVID-19 funding - final adjustment	93,316	(476,875)	30,311	(43,171)	(46,838)
From State/Territory					
Activity Based Funding (in-scope)	8,427,270	8,495,469	8,339,078	3,978,012	2,655,714
Withdrawal of ABF in excess of funding obligations	-	(538,614)	-	-	-
Activity Based Funding (out-of-scope)	-	-	683,113	-	-
Cross-border contribution	313,856	18,180	55,258	11,188	16,757
COVID-19 funding	-	-	-	-	-
COVID-19 funding - final adjustment	-	476,875	-	43,171	46,838
From other States or Territories					
Cross-border receipts	112,058	63,010	90,202	6,086	34,243
From Reserve Bank of Australia					
Interest receipts	6,406	4,648	1,868	-	3,642
TOTAL RECEIPTS	17,265,596	14,682,751	15,968,907	7,063,717	4,749,400
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To Local Hospital Networks					
Activity Based Funding (in-scope)	15,458,644	13,575,879	14,302,413	6,566,386	4,428,331
Activity Based Funding (out-of-scope)	-	-	683,113	-	-
COVID-19 funding	-	-	-	-	-
To State Managed Funds					
Block funding	1,086,624	887,209	699,099	423,501	225,242
To State/Territory Health Department					
Public Health funding	163,127	133,825	106,644	56,303	35,896
COVID-19 funding	31,565	-	-	252	10,398
COVID-19 funding - final adjustment	93,316	-	30,311	-	-
Interest payments	6,406	4,648	1,868	-	3,642
Cross-border transfer	112,058	63,010	90,202	6,086	34,243
To other States or Territories					
Cross-border payments	313,856	18,180	55,258	11,188	16,757
TOTAL PAYMENTS	17,265,596	14,682,751	15,968,907	7,063,717	4,754,510
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	-	(5,109)
OPENING CASH BALANCE	-	-	-	-	5,109
CLOSING CASH BALANCE	-	-	-	-	-

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Activity Based Funding	529,799	458,270	358,658	24,316,341
Block funding	99,863	36,344	23,253	3,481,136
Public Health funding	10,928	9,035	4,787	520,546
COVID-19 funding	260	16	1,241	43,731
COVID-19 funding - final adjustment	(15,675)	(6,883)	2,533	(463,282)
From State/Territory				
Activity Based Funding (in-scope)	973,490	950,713	745,405	34,565,152
Withdrawal of ABF in excess of funding obligations	-	-	-	(538,614)
Activity Based Funding (out-of-scope)	-	75,991	-	759,104
Cross-border contribution	3,513	30,628	28,118	477,498
COVID-19 funding	-	-	-	-
COVID-19 funding - final adjustment	15,675	6,883	-	589,442
From other States or Territories				
Cross-border receipts	2,576	150,175	19,149	477,498
From Reserve Bank of Australia				
Interest receipts	1	-	-	16,565
TOTAL RECEIPTS	1,620,430	1,711,172	1,183,144	64,245,117
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To Local Hospital Networks				
Activity Based Funding (in-scope)	1,503,289	1,408,983	1,104,064	58,347,989
Activity Based Funding (out-of-scope)	-	75,991	-	759,104
COVID-19 funding	-	-	-	-
To State Managed Funds				
Block funding	99,863	36,344	23,253	3,481,136
To State/Territory Health Department				
Public Health funding	10,928	9,035	4,787	520,546
COVID-19 funding	260	16	1,241	43,731
COVID-19 funding - final adjustment	-	-	2,533	126,160
Interest payments	1	-	-	16,565
Cross-border transfer	2,576	150,175	19,149	477,498
To other States or Territories				
Cross-border payments	3,513	30,628	28,118	477,498
TOTAL PAYMENTS	1,620,430	1,711,172	1,183,144	64,250,226
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	(5,109)
OPENING CASH BALANCE	-	-	-	5,109
CLOSING CASH BALANCE	-	-	-	-

Combined State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2023

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Activity Based Funding	6,734,012	4,910,191	5,290,326	2,285,208	1,424,374
Block funding	1,020,413	966,517	644,015	411,743	213,947
Public Health funding	155,326	124,026	103,029	55,428	35,800
COVID-19 funding	707,791	1,829,334	188,707	116,899	196,635
From State/Territory					
Activity Based Funding (in-scope)	8,107,218	8,585,669	7,292,503	3,945,599	2,412,601
Withdrawal of ABF in excess of funding obligations	-	(398,940)	-	-	-
Activity Based Funding (out-of-scope)	-	-	383,362	-	-
Cross-border contribution	432,529	24,967	107,811	11,018	35,874
COVID-19 funding	-	-	78,254	99,957	194,718
From other States or Territories					
Cross-border receipts	164,277	71,478	195,800	5,614	68,497
From Reserve Bank of Australia					
Interest receipts	3,386	2,645	2,646	-	2,255
TOTAL RECEIPTS	17,324,952	16,115,886	14,286,454	6,931,465	4,584,701
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To Local Hospital Networks					
Activity Based Funding (in-scope)	14,841,230	13,096,920	12,582,829	6,230,807	3,837,731
Activity Based Funding (out-of-scope)	-	-	383,362	-	-
COVID-19 funding	-	-	155,769	23,346	185,275
To State Managed Funds					
Block funding	1,020,413	966,517	644,015	411,743	213,947
To State/Territory Health Department					
Public Health funding	155,326	124,026	103,029	55,428	35,800
COVID-19 funding	707,791	1,829,334	135,430	193,510	206,078
Interest payments	3,386	2,645	2,646	-	2,255
Cross-border transfer	164,277	71,478	195,800	5,614	68,497
To other States or Territories					
Cross-border payments	432,529	24,967	107,811	11,018	35,874
TOTAL PAYMENTS	17,324,952	16,115,886	14,310,693	6,931,465	4,585,457
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	(24,239)	-	(756)
OPENING CASH BALANCE	-	-	24,239	-	5,866
CLOSING CASH BALANCE	-	-	-	-	5,109

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Activity Based Funding	467,716	437,940	354,625	21,904,391
Block funding	93,845	34,669	22,310	3,407,459
Public Health funding	11,547	9,212	5,095	499,463
COVID-19 funding	38,740	40,446	24,553	3,143,106
From State/Territory				
Activity Based Funding (in-scope)	804,865	915,322	736,526	32,800,304
Withdrawal of ABF in excess of funding obligations	-	-	-	(398,940)
Activity Based Funding (out-of-scope)	-	-	-	383,362
Cross-border contribution	4,162	48,389	86,988	751,739
COVID-19 funding	-	-	-	372,929
From other States or Territories				
Cross-border receipts	2,148	191,026	52,899	751,739
From Reserve Bank of Australia				
Interest receipts	5	-	-	10,937
TOTAL RECEIPTS	1,423,029	1,677,006	1,282,995	63,626,487
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To Local Hospital Networks				
Activity Based Funding (in-scope)	1,272,581	1,353,263	1,091,150	54,306,511
Activity Based Funding (out-of-scope)	-	-	-	383,362
COVID-19 funding	-	28,508	-	392,898
To State Managed Funds				
Block funding	93,845	34,669	22,310	3,407,459
To State/Territory Health Department				
Public Health funding	11,547	9,212	5,095	499,463
COVID-19 funding	38,740	11,938	24,553	3,147,375
Interest payments	5	-	-	10,937
Cross-border transfer	2,148	191,026	52,899	751,739
To other States or Territories				
Cross-border payments	4,162	48,389	86,988	751,739
TOTAL PAYMENTS	1,423,029	1,677,006	1,282,995	63,651,482
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	(24,995)
OPENING CASH BALANCE	-	-	-	30,104
CLOSING CASH BALANCE	-	-	-	5,109

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement has been prepared in accordance with section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 20 September 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices

developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using the State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category are calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided. This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align estimated funding with actual funding.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken

in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Department of the Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory.

Notes to and forming part of the Special Purpose Financial Statement for the year ended 30 June 2024

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include the Private Hospital Financial Viability Payment. In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023. The Victorian Government did not enter into the agreement with the Commonwealth, and the Queensland Department of Health did not submit any claims under the agreement.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Amount paid by the Commonwealth into each State Pool Account

The Administrator calculates the Commonwealth's contribution to public hospital funding including Activity Based Funding, Block funding and Public Health funding. The activity based component is initially calculated using an estimate of the activity that is expected to be delivered. Each six months, the Administrator undertakes a reconciliation process whereby the actual services delivered in the period are reconciled to the estimate and an adjustment is made when there is a difference.

Note 2A (2023-24) and Note 2B (2022-23) summarise the calculated Commonwealth contribution by National Health Reform type and service category. These include amounts paid by the Commonwealth into each State Pool Account for funding related to services provided in the current year as well as adjustments due to reconciliation of actual services delivered in the prior year. The six-monthly reconciliation adjustments may be deferred until the annual reconciliation if the relevant parties agree.

Note: Totals may not equal the sum of components due to rounding. Figures are added then rounded as per accepted accounting practice.

PART 2: FINANCIAL STATEMENTS – NATIONAL

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2A: Amounts paid by the Commonwealth into each State Pool Account in 2023-24

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
ACTIVITY BASED FUNDING BY SERVICE TYPE					
Emergency department	926,940	626,621	816,803	349,400	196,037
Acute admitted	4,081,436	3,894,658	3,464,695	1,560,392	986,294
Admitted mental health	397,129	262,310	289,891	186,089	125,882
Sub-acute	420,189	445,561	366,473	111,245	137,942
Non-admitted	1,291,981	620,611	902,768	351,777	212,465
2022-23 Commonwealth funding guarantee	-	-	-	-	-
Payments in respect of 2022-23 Services	(86,302)	(230,736)	122,704	29,470	108,888
TOTAL ACTIVITY BASED FUNDING	7,031,374	5,619,025	5,963,335	2,588,373	1,767,507
BLOCK FUNDING BY SERVICE TYPE					
Small rural hospitals	511,507	111,507	304,977	129,511	97,875
Teaching, training and research	282,116	163,138	96,883	128,329	41,850
Non-admitted mental health	244,116	495,788	236,772	140,213	53,521
Non-admitted CAMHS	-	63,577	24,480	16,363	2,707
Non-admitted home ventilation	10,285	9,691	8,236	6,611	1,231
Other non-admitted services	-	10	3,698	-	19,439
Highly Specialised Therapies	16,901	18,408	12,692	4,400	-
Other public hospital programs	-	-	3,318	-	8,798
Payments in respect of 2022-23 Services	21,698	25,088	8,043	(1,925)	(178)
TOTAL BLOCK FUNDING	1,086,624	887,209	699,099	423,501	225,242
PUBLIC HEALTH FUNDING					
Public Health funding	163,458	133,972	106,955	56,409	36,229
Payments in respect of 2022-23 Services	(331)	(147)	(311)	(106)	(332)
TOTAL PUBLIC HEALTH FUNDING	163,127	133,825	106,644	56,303	35,896
COVID-19 FUNDING BY SERVICE TYPE					
Hospital Services Payments	-	-	-	-	-
State Public Health Payments	-	-	-	-	-
Private Hospital Financial Viability Payment	-	-	-	-	-
Priority groups testing and vaccination	31,565	-	-	252	10,398
Payments in respect of 2022-23 Services	93,316	(476,875)	30,311	(43,171)	(46,838)
TOTAL COVID-19 FUNDING	124,881	(476,875)	30,311	(42,919)	(36,440)
AMOUNT PAID IN 2023-24	8,406,006	6,163,183	6,799,389	3,025,259	1,992,206

Further detail on the total amount paid by the Commonwealth into each State Pool Account may be found in the financial statements and 'Funding and Payments' chapters.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
ACTIVITY BASED FUNDING BY SERVICE TYPE				
Emergency department	60,506	49,489	56,903	3,082,700
Acute admitted	337,149	279,058	234,215	14,837,897
Admitted mental health	17,815	27,402	12,150	1,318,667
Sub-acute	29,546	37,431	16,394	1,564,781
Non-admitted	61,812	71,865	51,908	3,565,188
2022-23 Commonwealth funding guarantee	-	-	-	-
Payments in respect of 2022-23 Services	22,971	(6,976)	(12,912)	(52,893)
TOTAL ACTIVITY BASED FUNDING	529,799	458,270	358,658	24,316,341
BLOCK FUNDING BY SERVICE TYPE				
Small rural hospitals	50,014	1,517	-	1,206,909
Teaching, training and research	18,943	10,509	13,290	755,057
Non-admitted mental health	24,592	22,928	8,099	1,226,029
Non-admitted CAMHS	4,962	699	1,823	114,611
Non-admitted home ventilation	1,325	691	42	38,112
Other non-admitted services	-	-	-	23,147
Highly Specialised Therapies	-	-	-	52,401
Other public hospital programs	-	-	-	12,117
Payments in respect of 2022-23 Services	27	-	-	52,753
TOTAL BLOCK FUNDING	99,863	36,344	23,253	3,481,136
PUBLIC HEALTH FUNDING				
Public Health funding	11,187	9,156	4,935	522,302
Payments in respect of 2022-23 Services	(259)	(121)	(148)	(1,755)
TOTAL PUBLIC HEALTH FUNDING	10,928	9,035	4,787	520,546
COVID-19 FUNDING BY SERVICE TYPE				
Hospital Services Payments	-	-	-	-
State Public Health Payments	-	-	-	-
Private Hospital Financial Viability Payment	-	-	-	-
Priority groups testing and vaccination	260	16	1,241	43,731
Payments in respect of 2022-23 Services	(15,675)	(6,883)	2,533	(463,282)
TOTAL COVID-19 FUNDING	(15,415)	(6,867)	3,774	(419,551)
AMOUNT PAID IN 2023-24	625,175	496,782	390,472	27,898,472

PART 2: FINANCIAL STATEMENTS – NATIONAL

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2B: Amounts paid by the Commonwealth into each State Pool Account in 2022-23

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
ACTIVITY BASED FUNDING BY SERVICE TYPE					
Emergency department	874,983	619,243	753,583	326,239	178,519
Acute admitted	3,819,844	3,738,125	3,215,620	1,440,172	849,100
Admitted mental health	358,983	255,848	265,280	183,500	106,091
Sub-acute	386,555	425,640	324,668	94,190	113,484
Non-admitted	1,280,800	634,404	788,823	330,569	192,606
2021-22 Commonwealth funding guarantee	146,077	187,257	86,617	4,885	-
Payments in respect of 2021-22 Services	(133,231)	(950,327)	(144,265)	(94,348)	(15,426)
TOTAL ACTIVITY BASED FUNDING	6,734,012	4,910,191	5,290,326	2,285,208	1,424,374
BLOCK FUNDING BY SERVICE TYPE					
Small rural hospitals	498,876	105,087	285,047	126,770	95,256
Teaching, training and research	272,043	158,049	91,461	124,202	40,955
Non-admitted mental health	235,920	482,928	228,512	135,171	52,300
Non-admitted CAMHS	-	61,442	21,854	15,279	2,584
Non-admitted home ventilation	9,995	9,417	8,004	6,425	1,201
Other non-admitted services	-	10	3,594	-	19,343
Highly Specialised Therapies	9,022	17,861	12,334	4,400	-
Other public hospital programs	-	-	3,225	-	8,584
Payments in respect of 2021-22 Services	(5,444)	131,722	(10,016)	(505)	(6,276)
TOTAL BLOCK FUNDING	1,020,413	966,517	644,015	411,743	213,947
PUBLIC HEALTH FUNDING					
Public Health funding	154,588	125,770	101,026	53,057	34,668
Payments in respect of 2021-22 Services	738	(1,744)	2,003	2,372	1,132
TOTAL PUBLIC HEALTH FUNDING	155,326	124,026	103,029	55,428	35,800
COVID-19 FUNDING BY SERVICE TYPE					
Hospital Services Payments	128,298	119,348	16,242	28,233	14,641
State Public Health Payments	176,580	527,349	186,143	100,625	84,660
Private Hospital Financial Viability Payment	15,000	136,234	267	-	-
Payments in respect of 2021-22 Services	387,913	1,046,403	(13,945)	(11,959)	97,334
TOTAL COVID-19 FUNDING	707,791	1,829,334	188,707	116,899	196,635
AMOUNT PAID IN 2022-23	8,617,542	7,830,067	6,226,078	2,869,278	1,870,756

Further detail on the total amount paid by the Commonwealth into each State Pool Account may be found in the financial statements and 'Funding and Payments' chapters.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
ACTIVITY BASED FUNDING BY SERVICE TYPE				
Emergency department	55,778	47,336	53,615	2,909,296
Acute admitted	308,813	264,870	228,692	13,865,235
Admitted mental health	16,159	26,212	10,046	1,222,119
Sub-acute	22,263	35,675	13,036	1,415,512
Non-admitted	52,067	69,160	56,386	3,404,816
2021-22 Commonwealth funding guarantee	-	22,137	26,063	473,036
Payments in respect of 2021-22 Services	12,636	(27,449)	(33,213)	(1,385,623)
TOTAL ACTIVITY BASED FUNDING	467,716	437,940	354,625	21,904,391
BLOCK FUNDING BY SERVICE TYPE				
Small rural hospitals	45,854	1,460	-	1,158,350
Teaching, training and research	18,304	9,724	12,755	727,493
Non-admitted mental health	23,753	22,259	7,715	1,188,558
Non-admitted CAMHS	4,690	555	1,772	108,176
Non-admitted home ventilation	1,288	671	41	37,042
Other non-admitted services	-	-	-	22,947
Highly Specialised Therapies	-	-	-	43,617
Other public hospital programs	-	-	-	11,809
Payments in respect of 2021-22 Services	(44)	-	28	109,465
TOTAL BLOCK FUNDING	93,845	34,669	22,310	3,407,459
PUBLIC HEALTH FUNDING				
Public Health funding	10,965	8,748	4,836	493,658
Payments in respect of 2021-22 Services	582	464	258	5,805
TOTAL PUBLIC HEALTH FUNDING	11,547	9,212	5,095	499,463
COVID-19 FUNDING BY SERVICE TYPE				
Hospital Services Payments	9,679	1,902	450	318,793
State Public Health Payments	31,081	22,712	4,282	1,133,432
Private Hospital Financial Viability Payment	-	5,609	-	157,111
Payments in respect of 2021-22 Services	(2,019)	10,223	19,821	1,533,771
TOTAL COVID-19 FUNDING	38,740	40,446	24,553	3,143,106
AMOUNT PAID IN 2022-23	611,847	522,268	406,582	28,954,419

Note 3: COVID-19 funding

The NPCR was agreed to and signed by COAG on Friday, 13 March 2020 and ceased on 31 December 2022.

For the duration of the agreement, each State provided the Administrator a forecast of their expected expenditure for in-scope COVID-19 related activity each month as well as actual activity and expenditure data to support reconciliation process. This included:

- i. activity data for the Hospital Services Payment
- ii. expenditure data for COVID-19 testing
- iii. expenditure data for the State Public Health Payment
- iv. audit reports for the Private Hospital Financial Viability Payment
- v. activity data for vaccination dose delivery.

The Administrator conducted a reconciliation every quarter based on the data submitted quarterly by States and Territories. Consistent with NHRA reconciliation practices, these NPCR quarterly reconciliations remained subject to an annual reconciliation at the end of each financial year. This is to ensure alignment between Commonwealth NHR and NPCR funding.

The Administrator's reconciliation of the NPCR was issued to the Commonwealth Treasurer (and all Health Ministers) on 1 December 2023.

The total Commonwealth funding paid to the States under the NPCR was \$14.2 billion comprising of:

- \$3.9 billion in Hospital Services Payments for COVID-19 related hospital activities
- \$8.8 billion in State Public Health Payments for public health activities associated with addressing the pandemic and controlling the spread of COVID-19
- \$1.5 billion in Private Hospital Financial Viability Payments to enable private hospitals to retain capacity and support States in responding to COVID-19.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment was been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity are included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

PART 2: FINANCIAL STATEMENTS – NATIONAL

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 3A: COVID-19 funding amounts through each State Pool Account in 2023-24

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Hospital Services Payments	-	-	-	-	-
Hospital Services Payments - final adjustment	(27,842)	(89,032)	4,590	27,184	263
State Public Health Payments	-	-	-	-	-
State Public Health Payments - final adjustment	113,214	(309,289)	(126,901)	(52,851)	(47,100)
Private Hospital Financial Viability Payment	-	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	7,944	(78,554)	152,621	(17,505)	-
Priority groups testing and vaccination	31,565	-	-	252	10,398
TOTAL COMMONWEALTH RECEIPTS	124,881	(476,875)	30,311	(42,919)	(36,440)
From State/Territory					
Hospital Services Payments	-	-	-	-	-
Hospital Services Payments - final adjustment	-	89,032	-	(27,184)	(263)
State Public Health Payments	-	-	-	-	-
State Public Health Payments - final adjustment	-	309,289	-	52,851	47,100
Private Hospital Financial Viability Payment	-	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	-	78,554	-	17,505	-
Priority groups testing and vaccination	-	-	-	-	-
TOTAL STATE/TERRITORY RECEIPTS	-	476,875	-	43,171	46,838
TOTAL RECEIPTS	124,881	-	30,311	252	10,398
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To State/Territory (including Local Hospital Networks)					
Hospital Services Payments	-	-	-	-	-
Hospital Services Payments - final adjustment	(27,842)	-	4,590	-	-
State Public Health Payments	-	-	-	-	-
State Public Health Payments - final adjustment	113,214	-	(126,901)	-	-
Private Hospital Financial Viability Payment	-	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	7,944	-	152,621	-	-
Priority groups testing and vaccination	31,565	-	-	252	10,398
TOTAL PAYMENTS	124,881	-	30,311	252	10,398
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	-	-
OPENING CASH BALANCE	-	-	-	-	-
CLOSING CASH BALANCE	-	-	-	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Hospital Services Payments	-	-	-	-
Hospital Services Payments - final adjustment	(20,914)	5,662	1,326	(98,762)
State Public Health Payments	-	-	-	-
State Public Health Payments - final adjustment	5,239	(10,505)	1,199	(426,994)
Private Hospital Financial Viability Payment	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	-	(2,041)	8	62,473
Priority groups testing and vaccination	260	16	1,241	43,731
TOTAL COMMONWEALTH RECEIPTS	(15,415)	(6,867)	3,774	(419,551)
From State/Territory				
Hospital Services Payments	-	-	-	-
Hospital Services Payments - final adjustment	20,914	(5,662)	-	76,836
State Public Health Payments	-	-	-	-
State Public Health Payments - final adjustment	(5,239)	10,505	-	414,506
Private Hospital Financial Viability Payment	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	-	2,041	-	98,100
Priority groups testing and vaccination	-	-	-	-
TOTAL STATE/TERRITORY RECEIPTS	15,675	6,883	-	589,442
TOTAL RECEIPTS	260	16	3,774	169,891
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To State/Territory (including Local Hospital Networks)				
Hospital Services Payments	-	-	-	-
Hospital Services Payments - final adjustment	-	-	1,326	(21,926)
State Public Health Payments	-	-	-	-
State Public Health Payments - final adjustment	-	-	1,199	(12,488)
Private Hospital Financial Viability Payment	-	-	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-	8	160,573
Priority groups testing and vaccination	260	16	1,241	43,731
TOTAL PAYMENTS	260	16	3,774	169,891
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	-
OPENING CASH BALANCE	-	-	-	-
CLOSING CASH BALANCE	-	-	-	-

PART 2: FINANCIAL STATEMENTS – NATIONAL

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 3B: COVID-19 funding amounts through each State Pool Account in 2022-23

	NSW \$'000	VIC \$'000	QLD \$'000	WA \$'000	SA \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT					
From Commonwealth					
Hospital Services Payments	536,708	639,708	82,743	28,233	89,567
State Public Health Payments	135,015	941,162	222,099	88,666	95,753
Private Hospital Financial Viability Payment	36,069	248,464	(116,135)	-	11,315
TOTAL COMMONWEALTH RECEIPTS	707,791	1,829,334	188,707	116,899	196,635
From State/Territory					
Hospital Services Payments	-	-	78,254	93,962	98,965
State Public Health Payments	-	-	-	5,995	95,753
Private Hospital Financial Viability Payment	-	-	-	-	-
TOTAL STATE/TERRITORY RECEIPTS	-	-	78,254	99,957	194,718
TOTAL RECEIPTS	707,791	1,829,334	266,961	216,856	391,354
PAYMENTS OUT OF THE STATE POOL ACCOUNT					
To State/Territory (including Local Hospital Networks)					
Hospital Services Payments	536,708	639,708	155,769	122,195	188,532
State Public Health Payments	135,015	941,162	115,107	94,661	191,507
Private Hospital Financial Viability Payment	36,069	248,464	20,324	-	11,315
TOTAL PAYMENTS	707,791	1,829,334	291,200	216,856	391,354
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	(24,239)	-	-
OPENING CASH BALANCE	-	-	24,239	-	-
CLOSING CASH BALANCE	-	-	-	-	-

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

	TAS \$'000	ACT \$'000	NT \$'000	TOTAL \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT				
From Commonwealth				
Hospital Services Payments	9,679	18,702	8,027	1,413,367
State Public Health Payments	29,062	14,053	16,526	1,542,334
Private Hospital Financial Viability Payment	-	7,691	-	187,405
TOTAL COMMONWEALTH RECEIPTS	38,740	40,446	24,553	3,143,106
From State/Territory				
Hospital Services Payments	-	-	-	271,180
State Public Health Payments	-	-	-	101,748
Private Hospital Financial Viability Payment	-	-	-	-
TOTAL STATE/TERRITORY RECEIPTS	-	-	-	372,929
TOTAL RECEIPTS	38,740	40,446	24,553	3,516,035
PAYMENTS OUT OF THE STATE POOL ACCOUNT				
To State/Territory (including Local Hospital Networks)				
Hospital Services Payments	9,679	18,702	8,027	1,679,320
State Public Health Payments	29,062	14,053	16,526	1,537,090
Private Hospital Financial Viability Payment	-	7,691	-	323,863
TOTAL PAYMENTS	38,740	40,446	24,553	3,540,273
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-	-	(24,239)
OPENING CASH BALANCE	-	-	-	24,239
CLOSING CASH BALANCE	-	-	-	-

NEW SOUTH WALES

FUNDING AND PAYMENTS



\$18.1B

TOTAL FUNDING THAT WAS PAID TO



20

LOCAL HOSPITAL NETWORKS (LHNs)



\$15.5B

IN ACTIVITY BASED FUNDING THAT DELIVERED



2,935,343

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

National Health Reform disclosures for the year ended 30 June 2024

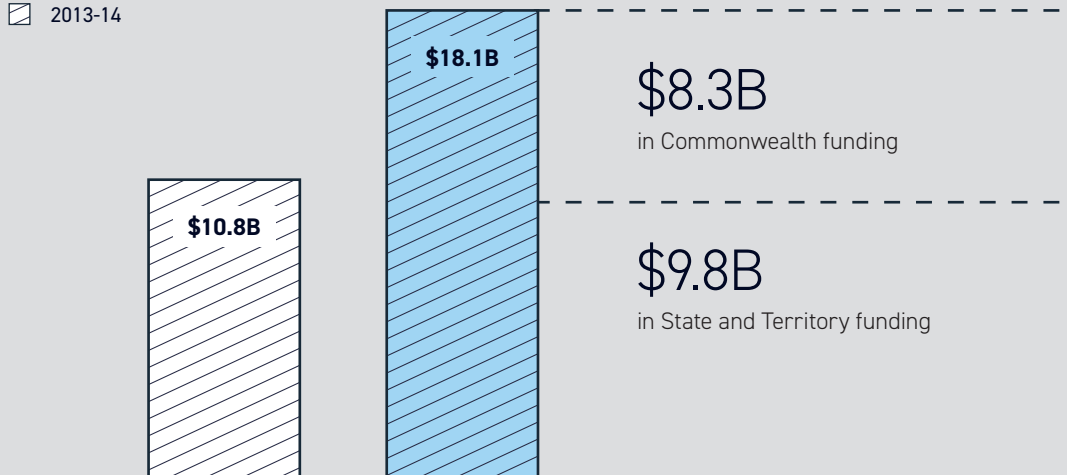
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and the New South Wales *Health Services Act 1997*.

These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

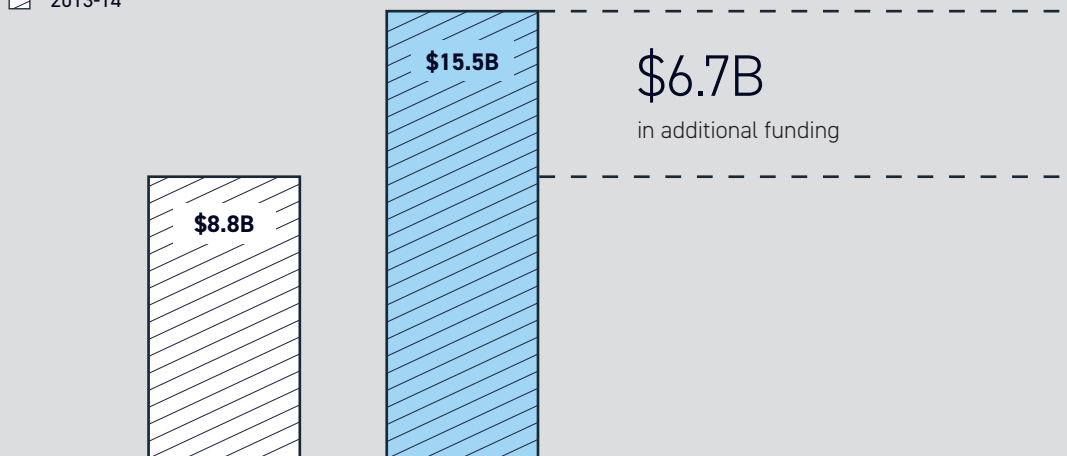
SINCE 2013-14

 2023-24

 2013-14
**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14

 2023-24

 2013-14


Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by New South Wales (NSW) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by New South Wales. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO NEW SOUTH WALES (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	6,883,803	-	-	-	-	6,953,763 ⁵
Cash Paid 2020-21	(194,180)	6,623,273	-	-	-	6,429,093
Cash Paid 2021-22	-	458,458	6,799,450	-	-	7,257,908
Cash Paid 2022-23	-	-	8,140	7,901,611	-	7,909,751
Cash Paid 2023-24	-	-	-	(64,935)	8,346,060	8,281,125
FINAL ENTITLEMENT	6,689,623	7,081,731	6,807,590	7,836,676	8,346,060	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$194,180,263 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$217,160,494 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$874,938,592 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$100,455,802 in HSP under the NPCR.

5 The total cash paid for 2019-20 includes payments of \$69,959,587 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO NEW SOUTH WALES STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	7,031,374	6,734,012
Block funding	1,086,624	1,020,413
Public Health funding	163,127	155,326
TOTAL	8,281,125	7,909,751

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Commonwealth recoveries of Hospital Services Payments of \$27,841,765 in 2023-24 (payments of \$536,707,616 in 2022-23) and payments of State Public Health and Private Hospital Financial Viability Payments of \$121,157,810 in 2023-24 (payments of \$171,083,615 in 2022-23). Details of this funding is provided in the Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY NEW SOUTH WALES (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	8,427,270	8,107,218
State Managed Fund - Block funding	1,419,870	1,418,463
TOTAL	9,847,140	9,525,681

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Albury NSW Local Health District	22,802	22,841	22,379
Central Coast Local Health District	141,944	140,791	141,142
Contracted Services	3,899	11,643	3,899
Far West Local Health District	11,552	11,375	11,304
Hunter New England Local Health District	343,170	342,364	336,459
Illawarra Shoalhaven Local Health District	162,580	159,643	155,622
Mid North Coast Local Health District	110,130	102,540	107,223
Murrumbidgee Local Health District	74,234	75,899	72,345
Nepean Blue Mountains Local Health District	159,754	140,732	157,633
Northern NSW Local Health District	138,657	138,793	136,967
Northern Sydney Local Health District	229,818	228,050	228,832
South Eastern Sydney Local Health District	275,282	260,576	270,929
South Western Sydney Local Health District	346,963	340,387	345,861
Southern NSW Local Health District	59,577	55,738	58,140
St Vincent's Health Network	70,346	73,414	72,153
Sydney Children's Hospitals Network	113,269	113,932	109,420
Sydney Local Health District	275,997	261,122	273,361
Western NSW Local Health District	112,402	103,594	111,597
Western Sydney Local Health District	282,967	279,325	280,578
TOTAL	2,935,343	2,862,760	2,895,843

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022–23 and 2023–24 New South Wales did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury NSW Local Health District	112,110	13,038	125,148
Central Coast Local Health District	738,860	59,870	798,729
Contracted Services	27,390	-	27,390
Far West Local Health District	76,875	27,257	104,131
Hunter New England Local Health District	1,765,307	359,213	2,124,520
Illawarra Shoalhaven Local Health District	860,508	69,887	930,395
Justice Health and Forensic Mental Health Network	-	87,022	87,022
Mid North Coast Local Health District	591,813	77,207	669,020
Murrumbidgee Local Health District	381,293	228,850	610,143
Nepean Blue Mountains Local Health District	822,144	71,016	893,160
Northern NSW Local Health District	763,036	84,498	847,534
Northern Sydney Local Health District	1,304,163	209,386	1,513,549
South Eastern Sydney Local Health District	1,398,035	129,526	1,527,561
South Western Sydney Local Health District	1,799,864	153,599	1,953,464
Southern NSW Local Health District	351,770	75,070	426,840
St Vincent's Health Network	360,029	32,095	392,124
Sydney Children's Hospitals Network	593,812	67,845	661,658
Sydney Local Health District	1,426,045	208,923	1,634,968
Western NSW Local Health District	583,134	325,067	908,201
Western Sydney Local Health District	1,502,457	227,124	1,729,580
TOTAL	15,458,644	2,506,494	17,965,138

The 2023-24 amounts paid into the State Pool Account excludes recoveries of Commonwealth Hospital Services Payments under the NPCR of \$27,841,765 and \$31,564,705 related to the Priority groups for COVID-19 Vaccination Program.

For additional information please see the New South Wales basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury NSW Local Health District	94,714	13,038	107,752
Central Coast Local Health District	732,500	62,814	795,314
Contracted Services	26,062	-	26,062
Far West Local Health District	71,404	28,861	100,265
Hunter New England Local Health District	1,720,718	353,294	2,074,012
Illawarra Shoalhaven Local Health District	823,349	84,256	907,605
Justice Health and Forensic Mental Health Network	-	73,089	73,089
Mid North Coast Local Health District	568,658	73,478	642,136
Murrumbidgee Local Health District	356,682	223,574	580,255
Nepean Blue Mountains Local Health District	797,003	69,572	866,575
Northern NSW Local Health District	719,518	87,288	806,806
Northern Sydney Local Health District	1,228,776	197,785	1,426,561
South Eastern Sydney Local Health District	1,360,851	125,630	1,486,482
South Western Sydney Local Health District	1,750,429	140,066	1,890,495
Southern NSW Local Health District	339,327	83,140	422,467
St Vincent's Health Network	365,179	33,668	398,847
Sydney Children's Hospitals Network	558,711	62,789	621,500
Sydney Local Health District	1,366,706	198,566	1,565,272
Western NSW Local Health District	572,304	303,795	876,099
Western Sydney Local Health District	1,388,338	224,173	1,612,511
TOTAL	14,841,230	2,438,876	17,280,106

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments under the NPCR of \$536,707,616.

For additional information please see the New South Wales basis for payments.

New South Wales basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

State funding paid on an activity basis to Local Hospital Networks is based on the price set by the State (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

To provide consistency in methodology and with the Addendum to National Health Reform Agreement 2020-25, the 2023-24 New South Wales Funding Model has implemented the State Efficient Price and National Weighted Activity Unit (NWAU23) as the currency for Activity Based Funding (ABF) facilities.

The National Efficient Cost (NEC23) for small rural public hospitals model is used for small regional and remote hospitals. New South Wales has retained an alternative methodology to better account locally for the significant challenges faced by small hospitals in rural settings and better integrate care between small regional and remote hospitals and ABF hospitals.

The ABF component of NHR payments in New South Wales are based on activity outlined in the Service Agreement between local health districts/specialty health networks (districts/networks) and the Secretary, New South Wales Health.

In determining activity targets consideration is given to the size and health needs of a district/network's population and provision of services to residents outside the local area. Accordingly, targets are adjusted considering factors appropriate to each district/network and service type. Activity targets are developed by the Ministry and districts/networks based on analysis of activity level drivers. Provisional activity estimates are created at district/network level to provide the basis for discussion and negotiation with individual health services to determine their agreed activity targets.

Service Agreements set the performance and accountability requirements for health services measured against key performance indicators for 2023-24. The agreements clearly document New South Wales Health Strategic Priorities, service delivery and performance expectations, activity volumes and funding provided to each organisation.

The Service Agreement outlines:

- the schedule of services to be delivered by or on behalf of the district/network and funding to be provided in relation to the provision of those services
- block funding to be provided for:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services
 - districts/networks for:
 - Non-admitted home ventilation
 - Teaching, training and research
 - Highly Specialised Therapies
- operational and Block funding to districts/networks covering services provided and activities undertaken that are not within scope for ABF
- standards of patient care and service delivery to ensure the provision of equitable, safe, high quality and human centred healthcare services
- performance standards, performance targets and performance measures for districts/networks that are monitored in line with the NSW Health Performance Framework
- requirements for districts/networks to report on performance, as required or otherwise
- a performance management process that is in continuous operation for each district/network.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator
of the National Health Funding Pool
New South Wales State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the New South Wales *Health Services Act 1997*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the New South Wales *Health Services Act 1997*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
New South Wales State Pool
Account Special Purpose
Financial Statement
for the year ended 30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and clause 17 of Schedule 6A of the New South Wales *Health Services Act 1997*.

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New South Wales State Pool Account

Notes to and forming part of the Special Purpose Financial Statement for the year ended 30 June 2024

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INDEPENDENT AUDITOR'S REPORT

National Health Funding Pool - New South Wales State Pool Account

To the Minister for Health

Opinion

As required by the *Health Services Act 1997* (NSW) and section 242 of the *National Health Reform Act 2011* (Cth), I have audited the accompanying special purpose financial statement of the New South Wales State Pool Account of the National Health Funding Pool (the financial statement) for the year ended 30 June 2024. The financial statement comprises a Statement of Receipts and Payments for the year ended 30 June 2024, a Summary of material accounting policies and other explanatory information.

In my opinion, the financial statement presents fairly the financial transactions of the New South Wales State Pool Account for the year ended 30 June 2024 in accordance with the financial reporting provisions of the *Health Services Act 1997* (NSW), the *National Health Reform Act 2011* (Cth) and the National Health Reform Agreement 2011.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statement' section of my report.

I am independent of the National Health Funding Pool in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 of the financial statement, which describes the purpose of the financial statement and the basis of accounting. The financial statement has been prepared solely for the purpose of fulfilling the Administrator's financial reporting obligations under the financial reporting provisions of the *Health Services Act 1997 (NSW)*, *National Health Reform Act 2011 (Cth)* and the National Health Reform Agreement 2011. As a result, the financial statement may not be suitable for another purpose.

Other Information

The National Health Funding Pool New South Wales State Pool Account's annual report issued by the Administrator for the year ended 30 June 2024 includes other information in addition to the financial statement and my Independent Auditor's Report thereon. The Administrator is responsible for the other information.

At the date of this Independent Auditor's Report, the other information I have received comprise the summary narratives, charts and tables presented on pages 38 to 47 of the annual report, as well as the Statement by the Administrator of the National Health Funding Pool.

My opinion on the financial statement does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Administrator's Responsibilities for the Financial Statement

The Administrator is responsible for the preparation and fair presentation of the financial statement and has determined that the basis of presentation described in Note 1, which is a special purpose framework using the cash basis of accounting, is appropriate to meet the financial reporting provisions of the *Health Services Act 1997 (NSW)*, the *National Health Reform Act 2011 (Cth)* and the National Health Reform Agreement 2011. The Administrator's responsibility also includes such internal controls as the Administrator determines is necessary to enable the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to:

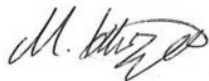
- obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statement.

A description of my responsibilities for the audit of the financial statement is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the New South Wales State Pool Account of the National Health Funding Pool carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statement on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial statement.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

30 August 2024
SYDNEY

New South Wales State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	7,031,374	6,734,012
Block funding		1,086,624	1,020,413
Public Health funding		163,127	155,326
COVID-19 funding	8	31,565	707,791
COVID-19 funding - final adjustment	8	93,316	-
From New South Wales			
Activity Based Funding (in-scope)	2, 6	8,427,270	8,107,218
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	313,856	432,529
COVID-19 funding	8	-	-
COVID-19 funding - final adjustment	8	-	-
From other States or Territories			
Cross-border receipts	3	112,058	164,277
From Reserve Bank of Australia			
Interest receipts		6,406	3,386
TOTAL RECEIPTS		17,265,596	17,324,952
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	15,458,644	14,841,230
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	-
To New South Wales State Managed Fund			
Block funding		1,086,624	1,020,413
To New South Wales Health			
Public Health funding		163,127	155,326
COVID-19 funding	8	31,565	707,791
COVID-19 funding - final adjustment	8	93,316	-
Interest payments		6,406	3,386
Cross-border transfer		112,058	164,277
To other States or Territories			
Cross-border payments	5	313,856	432,529
TOTAL PAYMENTS		17,265,596	17,324,952
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- clause 17(a) of Schedule 6A of the New South Wales *Health Services Act 1997*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The New South Wales State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with clause 9 of Schedule 6A of the New South Wales *Health Services Act 1997*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak.

The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals. In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the New South Wales State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	7,031,374	6,734,012
New South Wales	8,427,270	8,107,218
TOTAL	15,458,644	14,841,230

The amounts paid into the New South Wales State Pool Account excludes Commonwealth recoveries of Hospital Services Payments under the NPCR of \$27,841,765 in 2023-24 (payments of \$536,707,616 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the New South Wales State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
Victoria	18,180	17,520
Queensland	50,040	95,795
Western Australia	2,254	2,662
South Australia	7,175	-
Tasmania	1,108	1,646
Australian Capital Territory	28,652	46,655
Northern Territory	4,649	-
TOTAL	112,058	164,277

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the New South Wales State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Albury NSW Local Health District ¹	112,110	94,714
Central Coast Local Health District	738,860	732,500
Contracted Services	27,390	26,062
Far West Local Health District	76,875	71,404
Hunter New England Local Health District	1,765,307	1,720,718
Illawarra Shoalhaven Local Health District	860,508	823,349
Mid North Coast Local Health District	591,813	568,658
Murrumbidgee Local Health District	381,293	356,682
Nepean Blue Mountains Local Health District	822,144	797,003
Northern NSW Local Health District	763,036	719,518
Northern Sydney Local Health District	1,304,163	1,228,776
South Eastern Sydney Local Health District	1,398,035	1,360,851
South Western Sydney Local Health District	1,799,864	1,750,429
Southern NSW Local Health District	351,770	339,327
St Vincent's Health Network	360,029	365,179
Sydney Children's Hospitals Network	593,812	558,711
Sydney Local Health District	1,426,045	1,366,706
Western NSW Local Health District	583,134	572,304
Western Sydney Local Health District	1,502,457	1,388,338
TOTAL	15,458,644	14,841,230

1 The Wodonga Campus is a Victorian Campus and Activity Based Funding is therefore recognised in the Victorian State Pool Account Special Purpose Financial Statement. The amount recognised in this Financial Statement is for the Albury Campus only.

The Administrator makes payments from the New South Wales State Pool Account in accordance with the directions of the New South Wales Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 5: Cross-border payments

Total cross-border payments made out of the New South Wales State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
Victoria	63,010	60,720
Queensland	84,480	179,846
Western Australia	2,121	1,485
South Australia	11,555	-
Tasmania	917	949
Australian Capital Territory	148,059	189,528
Northern Territory	3,715	-
TOTAL	313,856	432,529

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and New South Wales Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	7,031,374	6,734,012
Total receipts from New South Wales	8,427,270	8,107,218
Total payments to Local Hospital Networks	(15,458,644)	(14,841,230)
NET RECEIPTS/(PAYMENTS)	-	-

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from New South Wales	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	536,708
Hospital Services Payments - final adjustment	(27,842)	-
State Public Health Payments	-	135,015
State Public Health Payments - final adjustment	113,214	-
Private Hospital Financial Viability Payment	-	36,069
Private Hospital Financial Viability Payment - final adjustment	7,944	-
Priority groups testing and vaccination	31,565	-
TOTAL COMMONWEALTH RECEIPTS	124,881	707,791
From New South Wales		
Hospital Services Payments	-	-
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	-	-
TOTAL NEW SOUTH WALES RECEIPTS	-	-
TOTAL RECEIPTS	124,881	707,791
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To New South Wales (including Local Hospital Networks)		
Hospital Services Payments	-	536,708
Hospital Services Payments - final adjustment	(27,842)	-
State Public Health Payments	-	135,015
State Public Health Payments - final adjustment	113,214	-
Private Hospital Financial Viability Payment	-	36,069
Private Hospital Financial Viability Payment - final adjustment	7,944	-
Priority groups testing and vaccination	31,565	-
TOTAL PAYMENTS	124,881	707,791
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

VICTORIA

FUNDING AND PAYMENTS



\$15.9B

TOTAL FUNDING THAT WAS PAID TO



78

LOCAL HOSPITAL NETWORKS (LHNs)



\$13.6B

IN ACTIVITY BASED FUNDING THAT DELIVERED



2,421,036

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

National Health Reform disclosures for the year ended 30 June 2024

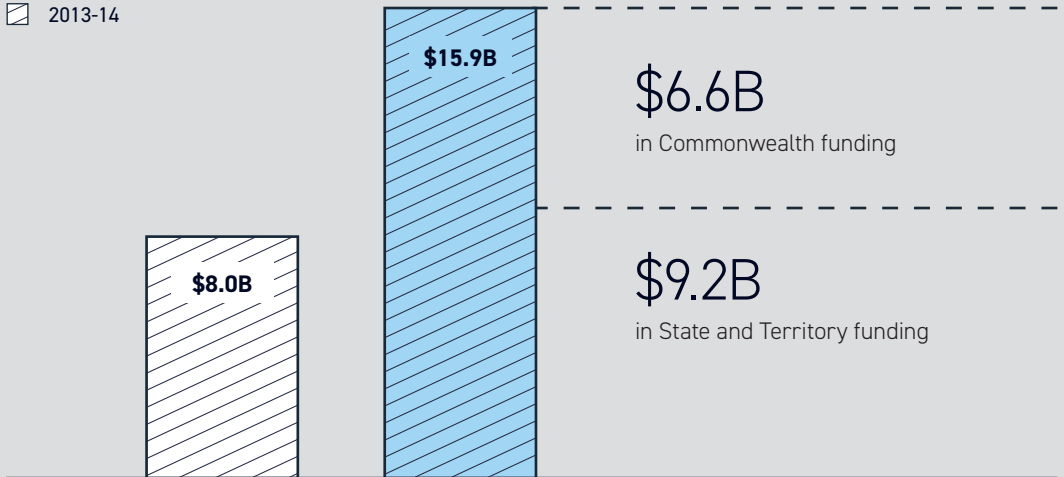
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 17(2) of the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*.

These amounts do not include transactions related to the NPCR. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

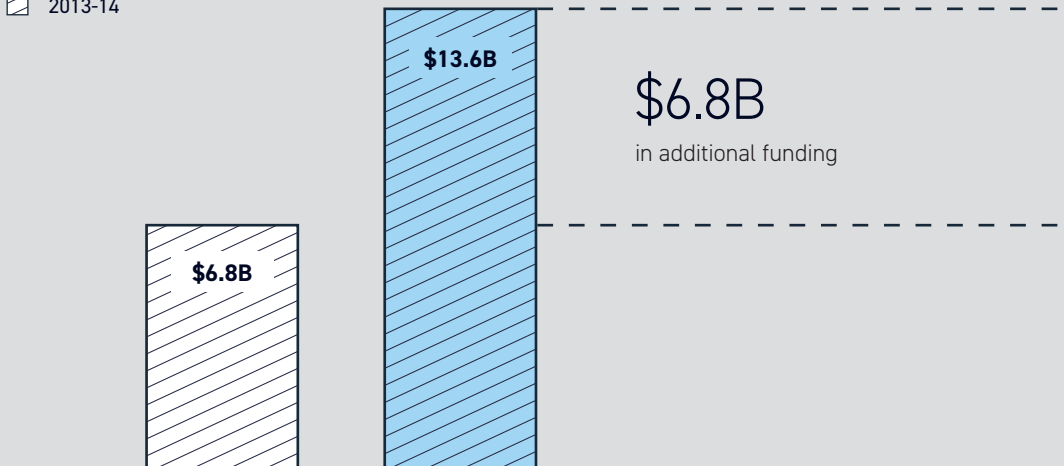
- 2023-24
- 2013-14



GROWTH IN ACTIVITY BASED FUNDING

SINCE 2013-14

- 2023-24
- 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Victoria (VIC) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Victoria. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO VICTORIA (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	5,529,409	-	-	-	-	5,525,535 ⁵
Cash Paid 2020-21	(180,911)	5,830,361	-	-	-	5,649,450
Cash Paid 2021-22	-	(869,948)	6,257,852	-	-	5,387,904
Cash Paid 2022-23	-	-	(633,092)	6,633,825	-	6,000,734
Cash Paid 2023-24	-	-	-	(205,794)	6,845,853	6,640,059
FINAL ENTITLEMENT	5,348,498	4,960,413	5,624,760	6,428,031	6,845,853	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$204,856,778 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$915,504,081 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$604,183,899 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$30,316,269 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes recoveries of \$3,874,362 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO VICTORIA STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	5,619,025	4,910,191
Block funding	887,209	966,517
Public Health funding	133,825	124,026
TOTAL	6,640,059	6,000,734

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including recoveries of Hospital Services Payments of \$89,031,845 in 2023-24 (payments of \$639,707,569 in 2022-23) and recoveries of State Public Health and Private Hospital Financial Viability Payments of \$387,843,195 in 2023-24 (payments of \$1,189,626,070 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY VICTORIA (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	7,956,855	8,186,729
State Managed Fund - Block funding	1,259,748	1,100,488
TOTAL	9,216,603	9,287,217

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The amounts paid into the Victoria State Pool Account in 2022-23 from the State included Commonwealth payments related to Hospital Services Payments made under the NPCR of \$639,707,569 in 2022-23.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Albury Wodonga Health	30,250	20,614	29,109
Alfred Health	183,821	166,551	181,831
Austin Health	151,926	138,219	149,098
Bairnsdale Regional Health Service	15,552	15,552	16,687
Barwon Health	114,961	115,061	121,734
Bass Coast Health	14,380	13,819	14,805
Benalla Health	4,242	3,796	4,411
Bendigo Health	68,850	74,090	74,119
Calvary Health Care Bethlehem Limited	4,593	3,722	3,292
Central Gippsland Health Service	12,892	11,756	12,832
Colac Area Health	6,422	6,080	6,066
Contracted Services LHN Victoria	11,371	9,083	11,371
Dhelkaya Health	5,886	5,487	5,660
East Grampians Health Service	4,753	4,535	4,426
Eastern Health	177,179	166,280	194,777
Echuca Regional Health	14,159	15,472	14,812
Gippsland Southern Health Service	4,343	3,296	3,936
Goulburn Valley Health	47,275	37,539	48,899
Grampians Health	80,185	72,912	79,574
Kyabram District Health Service	3,243	2,877	3,100
Latrobe Regional Health	42,918	43,443	44,815
Maryborough District Health Service	4,439	3,725	4,302
Melbourne Health	169,044	145,895	157,887
Mercy Hospitals Victoria Limited	77,846	74,753	79,578
Mildura Base Public Hospital	23,190	24,730	23,975
Monash Health	337,158	311,469	332,948
Northeast Health Wangaratta	27,338	24,178	27,529
Northern Health	119,653	136,169	135,870
Peninsula Health	112,653	106,416	120,667
Peter MacCallum Cancer Institute	32,556	34,871	33,822
Portland District Health	5,654	5,786	5,752
South West Healthcare	29,354	25,728	30,026

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E) (continued)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
St Vincent's Hospital (Melbourne) Limited	104,092	87,258	102,335
Swan Hill District Hospital	9,188	7,623	8,880
The Royal Children's Hospital	100,125	90,401	92,235
The Royal Victorian Eye and Ear Hospital	20,395	16,517	23,345
The Royal Women's Hospital	44,578	41,886	48,848
West Gippsland Healthcare Group	16,777	16,686	18,506
Western District Health Service	9,112	8,572	8,501
Western Health	178,683	176,664	188,456
TOTAL	2,421,036	2,269,511	2,468,820

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 Victoria did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury Wodonga Health	175,405	39,498	214,903
Alexandra District Hospital	-	8,070	8,070
Alfred Health	985,636	109,806	1,095,442
Alpine Health	-	13,927	13,927
Austin Health	813,430	84,222	897,652
Bairnsdale Regional Health Service	83,333	3,270	86,603
Barwon Health	673,781	76,800	750,581
Bass Coast Health	89,218	2,113	91,331
Beaufort and Skipton Health Service	-	6,820	6,820
Beechworth Health Service	-	6,493	6,493
Benalla Health	22,097	514	22,612
Bendigo Health	370,889	70,829	441,717
Boort District Health	-	3,199	3,199
Calvary Health Care Bethlehem Limited	25,356	688	26,043
Casterton Memorial Hospital	-	5,350	5,350
Central Gippsland Health Service	71,094	3,142	74,236
Central Highlands Rural Health	-	28,661	28,661
Cohuna District Hospital	-	8,188	8,188
Colac Area Health	34,869	433	35,303
Contracted Services LHN Victoria	79,612	8,560	88,172
Corryong Health	-	5,367	5,367
Dhelkaya Health	31,442	3,046	34,489
East Grampians Health Service	26,942	1,363	28,305
East Wimmera Health Service	-	18,531	18,531
Eastern Health	978,431	155,783	1,134,214
Echuca Regional Health	74,708	3,812	78,521
Gippsland Southern Health Service	24,157	557	24,714
Goulburn Valley Health	269,402	44,808	314,210
Grampians Health	436,844	64,378	501,222
Great Ocean Road Health	-	7,833	7,833
Heathcote Health	-	4,204	4,204
Hesse Rural Health Service	-	2,830	2,830
Heywood Rural Health	-	3,515	3,515
Inglewood and Districts Health Service	-	3,294	3,294
Kerang and District Health	-	8,217	8,217
Kilmore and District Hospital	-	10,833	10,833

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Albury Wodonga Health	167,280	38,024	205,303
Alexandra District Hospital	-	8,832	8,832
Alfred Health	964,453	97,833	1,062,286
Alpine Health	-	14,177	14,177
Austin Health	836,854	77,291	914,146
Bairnsdale Regional Health Service	82,068	4,138	86,206
Ballarat Health Services	-	-	-
Barwon Health	637,372	74,342	711,714
Bass Coast Health	75,487	2,154	77,641
Beaufort and Skipton Health Service	-	6,988	6,988
Beechworth Health Service	-	6,777	6,777
Benalla Health	21,768	298	22,066
Bendigo Health	358,072	68,940	427,011
Boort District Health	-	3,353	3,353
Calvary Health Care Bethlehem Limited	25,325	643	25,968
Casterton Memorial Hospital	-	5,190	5,190
Castlemaine Health	-	-	-
Central Gippsland Health Service	69,906	2,994	72,900
Central Highlands Rural Health	-	30,176	30,176
Cohuna District Hospital	-	8,139	8,139
Colac Area Health	33,897	453	34,350
Contracted Services LHN Victoria	79,769	7,328	87,097
Corryong Health	-	5,246	5,246
Dhelkaya Health	31,064	3,255	34,319
Djerriwarrh Health Services	-	-	-
East Grampians Health Service	27,103	1,521	28,624
East Wimmera Health Service	-	17,767	17,767
Eastern Health	959,244	153,033	1,112,277
Echuca Regional Health	76,545	3,556	80,101
Edenhope and District Memorial Hospital	-	-	-
Gippsland Southern Health Service	23,715	412	24,127
Goulburn Valley Health	267,040	40,200	307,240
Grampians Health	414,818	63,851	478,669
Great Ocean Road Health	-	7,724	7,724
Heathcote Health	-	4,505	4,505
Hesse Rural Health Service	-	3,687	3,687

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Kooweerup Regional Health Services	-	6,600	6,600
Kyabram District Health Service	18,038	298	18,336
Latrobe Regional Health	231,841	58,436	290,277
Mallee Track Health and Community Service	-	5,357	5,357
Mansfield District Hospital	-	11,194	11,194
Maryborough District Health Service	24,602	643	25,245
Melbourne Health	868,657	115,760	984,417
Mercy Hospitals Victoria Limited	467,295	63,384	530,678
Mildura Base Public Hospital	125,291	24,366	149,657
Monash Health	1,910,555	214,873	2,125,428
Moyne Health Services	-	5,369	5,369
NCN Health	-	27,772	27,772
Northeast Health Wangaratta	153,498	4,456	157,954
Northern Health	704,720	155,397	860,117
Omeo District Health	-	3,142	3,142
Orbost Regional Health	-	7,730	7,730
Other Provider (VIC)	-	40,185	40,185
Peninsula Health	580,140	67,551	647,691
Peter MacCallum Cancer Institute	187,742	50,988	238,730
Portland District Health	31,825	685	32,511
Robinvale District Health Services	-	7,964	7,964
Rochester and Elmore District Health Service	-	6,427	6,427
Rural Northwest Health	-	11,309	11,309
Seymour District Memorial Hospital	-	16,255	16,255
South Gippsland Hospital	-	7,724	7,724
South West Healthcare	158,280	32,997	191,277
St Vincent's Hospital (Melbourne) Limited	644,500	87,989	732,489
Swan Hill District Hospital	48,672	972	49,643
Tallangatta Health Service	-	5,501	5,501
Terang and Mortlake Health Service	-	6,951	6,951
The Royal Children's Hospital	591,971	44,072	636,043
The Royal Victorian Eye and Ear Hospital	117,651	3,967	121,618
The Royal Women's Hospital	235,543	5,235	240,778
Timboon and District Healthcare Service	-	4,910	4,910

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Heywood Rural Health	-	3,962	3,962
Inglewood and Districts Health Service	-	3,551	3,551
Kerang and District Health	-	8,140	8,140
Kilmore and District Hospital	-	24,132	24,132
Kooweerup Regional Health Services	-	5,573	5,573
Kyabram District Health Service	17,446	244	17,690
Latrobe Regional Hospital	218,064	58,990	277,054
Maldon Hospital	-	-	-
Mallee Track Health and Community Service	-	5,278	5,278
Mansfield District Hospital	-	12,343	12,343
Maryborough District Health Service	24,950	857	25,806
Melbourne Health	881,732	171,757	1,053,489
Mercy Hospitals Victoria Limited	455,717	64,389	520,106
Mildura Base Public Hospital	123,858	23,541	147,399
Monash Health	1,797,009	211,987	2,008,995
Moyne Health Services	-	5,175	5,175
NCN Health	-	25,438	25,438
Northeast Health Wangaratta	150,359	4,296	154,654
Northern Health	661,009	96,280	757,288
Omeo District Health	-	3,983	3,983
Orbost Regional Health	-	7,377	7,377
Other Provider (VIC)	-	36,926	36,926
Peninsula Health	566,427	63,348	629,775
Peter MacCallum Cancer Institute	181,444	50,570	232,015
Portland District Health	31,195	484	31,679
Robinvale District Health Services	-	9,338	9,338
Rochester and Elmore District Health Service	-	6,979	6,979
Rural Northwest Health	-	12,134	12,134
Seymour District Memorial Hospital	-	16,130	16,130
South Gippsland Hospital	-	8,337	8,337
South West Healthcare	155,575	30,604	186,179
St Vincent's Hospital (Melbourne) Limited	607,382	86,653	694,034
Stawell Regional Health	-	-	-
Swan Hill District Hospital	48,347	1,272	49,618

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Victorian Institute of Forensic Mental Health	-	83,321	83,321
West Gippsland Healthcare Group	98,936	2,648	101,584
West Wimmera Health Service	-	19,279	19,279
Western District Health Service	50,620	4,131	54,751
Western Health	1,058,855	88,391	1,147,246
Yarram and District Health Service	-	7,876	7,876
Yarrawonga District Health Service	-	12,254	12,254
Yea and District Memorial Hospital	-	3,643	3,643
TOTAL	13,575,879	2,146,957	15,722,836

For additional information please see the Victoria basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D) (continued)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Tallangatta Health Service	-	6,451	6,451
Terang and Mortlake Health Service	-	6,706	6,706
The Royal Children's Hospital	549,703	47,550	597,253
The Royal Victorian Eye and Ear Hospital	111,962	2,880	114,842
The Royal Women's Hospital	239,459	5,756	245,216
Timboon and District Healthcare Service	-	5,021	5,021
Victorian Institute of Forensic Mental Health	-	77,654	77,654
West Gippsland Healthcare Group	97,011	2,672	99,684
West Wimmera Health Service	-	20,574	20,574
Western District Health Service	49,562	4,503	54,065
Western Health	976,932	38,425	1,015,357
Wimmera Health Care Group	-	-	-
Yarram and District Health Service	-	7,745	7,745
Yarrawonga District Health Service	-	14,531	14,531
Yea and District Memorial Hospital	-	3,643	3,643
TOTAL	13,096,920	2,067,005	15,163,925

The amounts paid into the Victoria State Pool Account from the State include Commonwealth payments related to Hospital Services Payments made under the NPCR of \$639,707,569.

For additional information please see the Victoria basis for payments.

Victoria basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

State funding is paid on an activity basis to Local Hospital Networks based on the price set by the State (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020-25, in 2023-24 Victoria receives Commonwealth Activity Based Funding (ABF) contributions as calculated by the National Funding Model using the National Efficient Price (NEP23) and National Weighted Activity Unit (NWAU23) as the currency for Victorian Local Hospital Networks (LHNs). The National Efficient Cost (NEC23) Block funding model is used for calculating Commonwealth funding contributions to Block funded hospitals and Block funded services as summarised below.

NHR payments in Victoria are based upon the activity and budgets set out in Statements of Priorities (Service Agreements).

The Minister for Health and the Secretary of the Department of Health issued Statements of Priorities in April 2024 and May 2024 for each of the Local Hospital Networks (LHNs). As at 30 June 2024, the SOPs for two LHNs had not been finalised.

Further information on system-wide terms and conditions can be found in the Policy and Funding Guidelines (www.health.vic.gov.au/funding-performance-accountability/funding-policy).

In conjunction with the Policy and Funding Guidelines, the Statements of Priorities for Victorian public healthcare services, outline:

- the schedule of services to be delivered by or on behalf of the LHN and the funding to be provided in relation to the provision of those services
- block funding to be provided to:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services
 - health services for:
 - Teaching, training and research
 - Non-admitted mental health
 - Non-admitted child and adolescent mental health services (CAMHS)
 - Non-admitted home ventilation
 - High Cost, Highly Specialised Therapies
 - Victorian Virtual Emergency Department program (other public hospital programs)
 - Other non-admitted services (as set out in the National Efficient Cost Determination).

- operational and block grants to the LHN covering services provided and activities undertaken that are not within scope for ABF. For example: alcohol and drug services, public health, dental services, maternal, child health and parenting services, primary care and community health, ageing and aged care, home and community care
- non-price grants where local service delivery does not support activity-based funding
- standards of patient care and service delivery
- performance standards, service delivery targets and performance measures for the LHN
- requirements for the LHN to report on its performance, as required or otherwise
- a performance management process that is to be in continuous operation in respect of the LHN.
- teaching, training and research, home ventilation services are modelled based on historical expenditure profiles and adjusted for known changes
- small regional and remote hospitals are modelled based on the small hospital NEC result
- standalone hospitals providing specialist mental health services (admitted and non-admitted) and modelled based on historical activity volumes and expenditure profiles and adjusted for known changes in service delivery and capacity
- non-NHRA and non-hospital services are block funded and modelled based on historical expenditure profiles and other known growth factors
- non-price grants to support specific programs and local service delivery
- other funding required for system management of the public hospitals.

The ABF funded facilities' service profiles are developed in negotiation with the LHN as follows:

- acute admitted, sub-acute and non-acute service activity volumes are modelled based on historical activity data and agreed growth rates and adjusted for known service capacity and profile changes
- emergency department and outpatient service volumes are modelled based on agreed growth rates and other known factors

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
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Statement by the Administrator of
the National Health Funding Pool
Victoria State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
Victoria State Pool Account
Special Purpose Financial
Statement for the year ended
30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 18 of the Victorian *Health (Commonwealth State Funding Arrangements) Act 2012*.

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Victoria State Pool Account

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Independent Auditor's Report

To the Administrator of Victoria State Pool Account

Opinion	<p>I have audited the special purpose financial statement (the financial statement) of Victoria State Pool Account (the account) which comprises the:</p> <ul style="list-style-type: none"> • statement of receipts and payments for the year ended 30 June 2024 • notes to the financial statements, including material accounting policy information • statement by the Administrator of the National Health Funding Pool <p>In my opinion the financial statement presents fairly, in all material respects, the receipts and payments of the Victoria State Pool Account for the year ended 30 June 2024 in accordance with the financial reporting requirements of section 242 of the <i>National Health Reform Act 2011 (Commonwealth)</i> and section 18 of the <i>Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of Matter - Basis of accounting	<p>I draw attention to Note 1(A) to the financial statement, which describes the purpose of the financial statement and its basis of accounting. The financial statement has been prepared using the cash basis of accounting and for the purpose of fulfilling the Administrator's financial reporting obligations under the <i>National Health Reform Act 2011 (Commonwealth)</i> and the <i>Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)</i>. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.</p>
Administrator's responsibilities for the financial statement	<p>The Administrator of the National Health Funding Pool is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting requirements of the <i>National Health Reform Act 2011 (Commonwealth)</i> and the <i>Health (Commonwealth State Funding Arrangements) Act 2012 (Victoria)</i>, and for such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.</p> <p>The Administrator is responsible for overseeing the Victoria State Pool Account's financial reporting process</p>

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**Auditor's
responsibilities
for the audit of
the financial
statement**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 account's internal control
- evaluate the appropriateness of accounting policies used and related disclosures made by the Administrator
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Administrator regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 August 2024



Sanchu Chummar

as delegate for the Auditor-General of Victoria

OFFICIAL

2

Victoria State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	5,619,025	4,910,191
Block funding		887,209	966,517
Public Health funding		133,825	124,026
COVID-19 funding	8	-	1,829,334
COVID-19 funding - final adjustment	8	(476,875)	-
From Victoria			
Activity Based Funding (in-scope)	2, 6	8,495,469	8,585,669
Withdrawal of ABF in excess of funding obligations	2, 6	(538,614)	(398,940)
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	18,180	24,967
COVID-19 funding	8	-	-
COVID-19 funding - final adjustment	8	476,875	-
From other States or Territories			
Cross-border receipts	3	63,010	71,478
From Reserve Bank of Australia			
Interest receipts		4,648	2,645
TOTAL RECEIPTS		14,682,751	16,115,886
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	13,575,879	13,096,920
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	-
To Victoria State Managed Fund			
Block funding		887,209	966,517
To Department of Health Victoria			
Public Health funding		133,825	124,026
COVID-19 funding	8	-	1,829,334
COVID-19 funding - final entitlement	8	-	-
Interest payments		4,648	2,645
Cross-border transfer		63,010	71,478
To other States or Territories			
Cross-border payments	5	18,180	24,967
TOTAL PAYMENTS		14,682,751	16,115,886
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 18 of the Victoria *Health (Commonwealth State Funding Arrangements) Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Victorian State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with section 11 of the Victoria *Health (Commonwealth State Funding Arrangements) Act 2012*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth's share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals. In February 2021, the NPCR was amended with respect to the coordination and delivery of the

COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Victoria abstained from entering into this agreement with the Commonwealth.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Victoria State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	5,619,025	4,910,191
Victoria	8,495,469	8,585,669
Withdrawal of Activity Based Funding in excess of funding obligations	(538,614)	(398,940)
TOTAL	13,575,879	13,096,920

The amounts paid by the Commonwealth into the Victoria State Pool Account excludes Commonwealth recoveries related to Hospital Services Payments under the NPCR of \$89,031,845 in 2023-24 (payments of \$639,707,569 in 2022-23). The amounts paid by Victoria into the Victoria State Pool Account in 2022-23 included these amounts. Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Victoria State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	63,010	60,720
Queensland	-	-
Western Australia	-	-
South Australia	-	-
Tasmania	-	-
Australian Capital Territory	-	-
Northern Territory	-	10,758
TOTAL	63,010	71,478

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Victoria State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Albury Wodonga Health	175,405	167,280
Alfred Health	985,636	964,453
Austin Health	813,430	836,854
Bairnsdale Regional Health Service	83,333	82,068
Barwon Health	673,781	637,372
Bass Coast Health	89,218	75,487
Benalla Health	22,097	21,768
Bendigo Health	370,889	358,072
Calvary Health Care Bethlehem Limited	25,356	25,325
Central Gippsland Health Service	71,094	69,906
Colac Area Health	34,869	33,897
Contracted Services LHN Victoria	79,612	79,769
Dhelkaya Health	31,442	31,064
East Grampians Health Service	26,942	27,103
Eastern Health	978,431	959,244
Echuca Regional Health	74,708	76,545
Gippsland Southern Health Service	24,157	23,715
Goulburn Valley Health	269,402	267,040
Grampians Health	436,844	414,818
Kyabram District Health Service	18,038	17,446
Latrobe Regional Health	231,841	218,064
Maryborough District Health Service	24,602	24,950
Melbourne Health	868,657	881,732
Mercy Hospitals Victoria Limited	467,295	455,717
Mildura Base Public Hospital	125,291	123,858
Monash Health	1,910,555	1,797,009
Northeast Health Wangaratta	153,498	150,359
Northern Health	704,720	661,009
Peninsula Health	580,140	566,427
Peter MacCallum Cancer Institute	187,742	181,444

PART 2: FINANCIAL STATEMENTS – VIC

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments (continued)

Total payments made out of the Victoria State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Portland District Health	31,825	31,195
South West Healthcare	158,280	155,575
St Vincent's Hospital (Melbourne) Limited	644,500	607,382
Swan Hill District Hospital	48,672	48,347
The Royal Children's Hospital	591,971	549,703
The Royal Victorian Eye and Ear Hospital	117,651	111,962
The Royal Women's Hospital	235,543	239,459
West Gippsland Healthcare Group	98,936	97,011
Western District Health Service	50,620	49,562
Western Health	1,058,855	976,932
TOTAL	13,575,879	13,096,920

The Administrator makes payments from the Victoria State Pool Account in accordance with the directions of the Victoria Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Victoria State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	18,180	17,520
Queensland	-	-
Western Australia	-	-
South Australia	-	-
Tasmania	-	-
Australian Capital Territory	-	-
Northern Territory	-	7,447
TOTAL	18,180	24,967

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Victoria Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	5,619,025	4,910,191
Total receipts from Victoria	8,495,469	8,585,669
Withdrawal in excess of funding obligations	(538,614)	(398,940)
Total payments to Local Hospital Networks	(13,575,879)	(13,096,920)
NET RECEIPTS/(PAYMENTS)	-	-

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from Victoria	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	639,708
Hospital Services Payments - final adjustment	(89,032)	-
State Public Health Payments	-	941,162
State Public Health Payments - final adjustment	(309,289)	-
Private Hospital Financial Viability Payment	-	248,464
Private Hospital Financial Viability Payment - final adjustment	(78,554)	-
TOTAL COMMONWEALTH RECEIPTS	(476,875)	1,829,334
From Victoria		
Hospital Services Payments	-	-
Hospital Services Payments - final adjustment	89,032	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	309,289	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	78,554	-
TOTAL VICTORIA RECEIPTS	476,875	-
TOTAL RECEIPTS	-	1,829,334
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Victoria (including Local Hospital Networks)		
Hospital Services Payments	-	639,708
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	941,162
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	248,464
Private Hospital Financial Viability Payment - final adjustment	-	-
TOTAL PAYMENTS	-	1,829,334
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

QUEENSLAND

FUNDING AND PAYMENTS



\$16.9B

TOTAL FUNDING THAT WAS PAID TO



18

LOCAL HOSPITAL NETWORKS (LHNs)



\$14.3B

IN ACTIVITY BASED FUNDING THAT DELIVERED



2,298,712

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

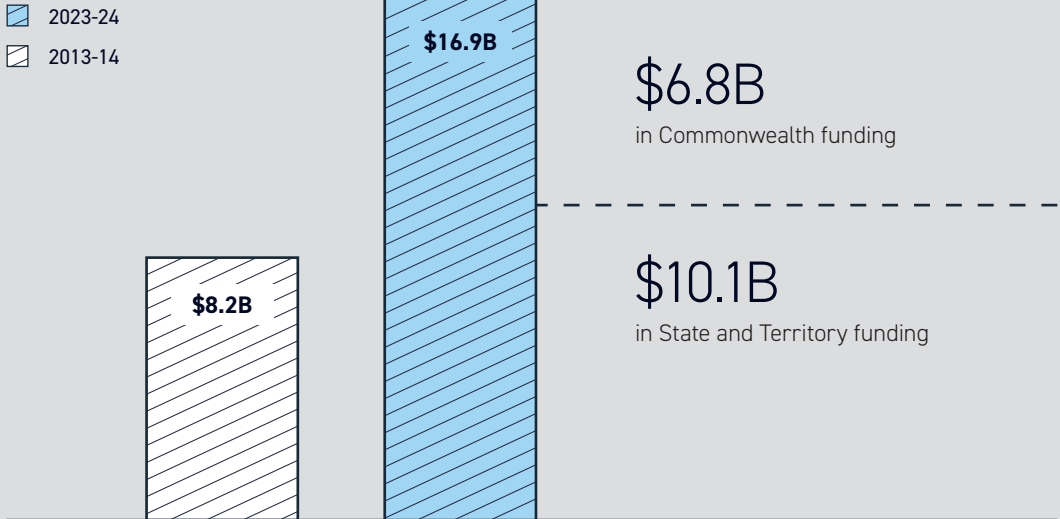
National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 53S(2) of the Queensland *Hospital and Health Boards Act 2011*.

These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

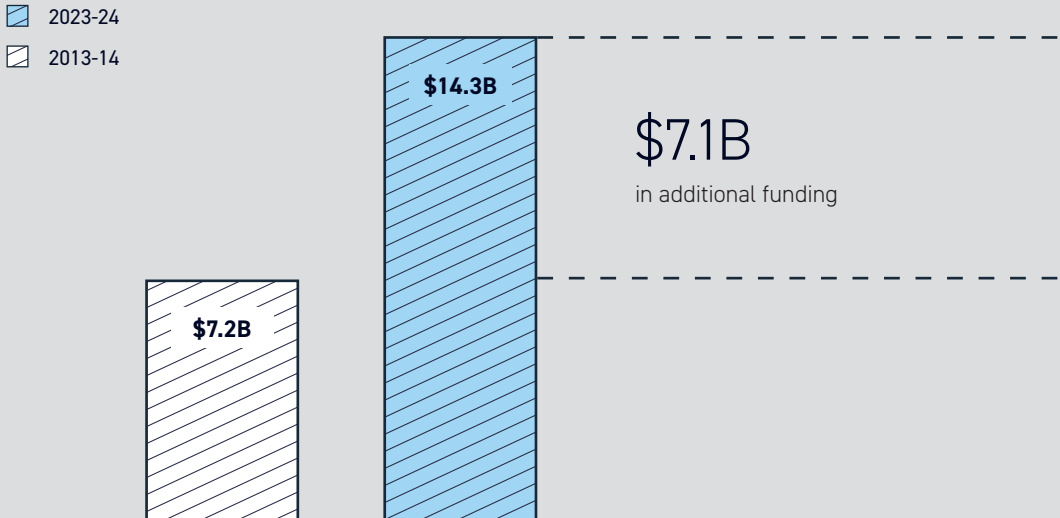
GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14



GROWTH IN ACTIVITY BASED FUNDING

SINCE 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Queensland (QLD) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Queensland. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO QUEENSLAND (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	4,970,758	-	-	-	-	5,007,985 ⁵
Cash Paid 2020-21	(70,397)	5,313,701	-	-	-	5,243,304
Cash Paid 2021-22	-	31,603	5,679,802	-	-	5,711,404
Cash Paid 2022-23	-	-	(65,661)	6,103,031	-	6,037,370
Cash Paid 2023-24	-	-	-	130,436	6,638,643	6,769,079
FINAL ENTITLEMENT	4,900,361	5,345,303	5,614,140	6,233,467	6,638,643	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$89,029,362 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$43,726,900 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$116,405,562 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$20,832,667 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payment of \$37,227,765 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO QUEENSLAND STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	5,963,335	5,290,326
Block funding	699,099	644,015
Public Health funding	106,644	103,029
TOTAL	6,769,079	6,037,370

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Hospital Services Payments of \$4,590,418 in 2023-24 (\$82,743,084 in 2022-23) and payments of State Public Health and Private Hospital Financial Viability Payments of \$25,720,353 in 2023-24 (\$105,964,261 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY QUEENSLAND (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	8,339,078	7,292,503
State Managed Fund - Block funding	1,753,560	1,604,469
TOTAL	10,092,638	8,896,972

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Cairns and Hinterland Hospital and Health Service	145,545	140,367	139,459
Central Queensland Hospital and Health Service	80,178	77,624	76,852
Children's Health Queensland Hospital and Health Service	90,818	85,103	86,804
Darling Downs Hospital and Health Service	105,561	100,048	97,765
Gold Coast Hospital and Health Service	267,925	258,817	259,187
Mackay Hospital and Health Service	67,009	65,706	66,551
Mater Misericordiae Health Service Brisbane	101,123	93,311	95,064
Metro North Hospital and Health Service	481,256	466,527	463,978
Metro South Hospital and Health Service	409,515	389,411	386,089
North West Hospital and Health Service	17,990	17,786	17,501
Queensland Health Virtual LHN	8,222	1,640	10,000
South West Hospital and Health Service	4,224	4,727	4,391
Sunshine Coast Hospital and Health Service	186,250	177,988	178,072
Townsville Hospital and Health Service	140,100	136,530	134,987
West Moreton Hospital and Health Service	90,514	92,418	89,587
Wide Bay Hospital and Health Service	102,481	93,484	96,555
TOTAL	2,298,712	2,201,488	2,202,842

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022–23 and 2023–24 Queensland did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Cairns and Hinterland Hospital and Health Service	877,050	175,364	1,052,414
Central Queensland Hospital and Health Service	495,390	110,596	605,986
Central West Hospital and Health Service	-	57,564	57,564
Children's Health Queensland Hospital and Health Service	572,765	136,997	709,761
Darling Downs Hospital and Health Service	646,421	204,966	851,386
Gold Coast Hospital and Health Service	1,700,776	134,255	1,835,031
Mackay Hospital and Health Service	399,411	95,001	494,413
Mater Misericordiae Health Service Brisbane	661,358	25,253	686,611
Metro North Hospital and Health Service	3,000,799	291,764	3,292,563
Metro South Hospital and Health Service	2,512,728	238,349	2,751,076
North West Hospital and Health Service	121,603	56,843	178,446
Queensland Health Virtual LHN	70,102	98,684	168,787
South West Hospital and Health Service	25,846	90,099	115,945
Sunshine Coast Hospital and Health Service	1,196,069	114,780	1,310,849
Torres and Cape Hospital and Health Service	-	149,197	149,197
Townsville Hospital and Health Service	875,654	185,503	1,061,157
West Moreton Hospital and Health Service	554,447	194,078	748,525
Wide Bay Hospital and Health Service	591,995	93,366	685,361
TOTAL	14,302,413	2,452,659	16,755,072

The 2023-24 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$4,590,418 and \$nil related to the Priority groups for COVID-19 Vaccination Program.

For additional information please see the Queensland basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Cairns and Hinterland Hospital and Health Service	780,410	155,108	935,517
Central Queensland Hospital and Health Service	431,819	103,152	534,971
Central West Hospital and Health Service	-	54,635	54,635
Children's Health Queensland Hospital and Health Service	518,019	134,735	652,754
Darling Downs Hospital and Health Service	536,306	194,216	730,521
Gold Coast Hospital and Health Service	1,517,061	123,347	1,640,407
Mackay Hospital and Health Service	358,798	84,133	442,931
Mater Misericordiae Health Service Brisbane	542,392	23,557	565,949
Metro North Hospital and Health Service	2,690,806	278,357	2,969,163
Metro South Hospital and Health Service	2,176,634	219,130	2,395,764
North West Hospital and Health Service	102,230	43,241	145,471
Queensland Health Virtual LHN	47,470	81,059	128,529
South West Hospital and Health Service	23,014	83,475	106,489
Sunshine Coast Hospital and Health Service	1,058,171	101,980	1,160,151
Torres and Cape Hospital and Health Service	-	137,323	137,323
Townsville Hospital and Health Service	790,222	168,563	958,786
West Moreton Hospital and Health Service	484,588	175,142	659,730
Wide Bay Hospital and Health Service	524,890	87,332	612,222
TOTAL	12,582,829	2,248,484	14,831,313

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$160,996,740.

For additional information please see the Queensland basis for payments.

Queensland basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

State funding paid on an activity basis to Local Hospital Networks is based on the price set by the State (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

Queensland utilises the National Efficient Price (NEP23) and Price Weights as determined by the Independent Health and Aged Care Pricing Authority as the underlying funding model for Activity Based Funding (ABF) in the State.

The National Efficient Cost (NEC23) Block funding model is used for small rural hospitals, standalone hospitals providing specialist mental health services (admitted and non-admitted), child and adolescent mental health services, non-admitted home ventilation and teaching, training and research provided.

Where funding is paid on an activity basis and the Hospital and Health Service (HHS) reports higher average costs than the NEP, a supplementation grant is incorporated into the funding model for 2023-24 in recognition of those costs and is paid by the State.

NHR payments in Queensland are based upon the activity outlined in the Budget Statements as agreed between the Minister for Health, Queensland Treasury and the Director-General, Queensland Health.

The funding and purchased activity are outlined in each of the HHS Service Agreements and includes:

- the schedule of services to be delivered by or on behalf of the HHS and the funding to be provided in relation to the provision of those services
- the Block funding to be provided to:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services
 - major hospitals for:
 - Non-admitted home ventilation
 - Highly Specialised Therapies
 - Clinical teaching, training and research
- operational and block grants to the HHS covering services provided and activities undertaken that are not within scope for ABF, for example, community dental services, primary care, home and community care
- supplementation grants at the ABF stream level in recognition that the HHS is to deliver services or models of care that are new to the case mix classification and these costs are greater than average costs in the NEP
- standards of patient care and service delivery
- performance standards, performance targets and performance measures for the HHS
- requirements for the HHS to report on its performance, as required or otherwise
- a performance management process that is to be in continuous operation in respect of the HHS.

The ABF funded facilities' service profiles are developed in negotiation with the HHS as follows:

- acute admitted, sub-acute and non-acute service activity volumes are modelled based on historical activity data, agreed growth rates and adjusted for known service capacity and profile changes
- emergency department and outpatient service volumes are purchased based on historical data, agreed growth and other known factors
- teaching and training is based on methodologies applied to salaried employees in clinical training positions, under-graduate and post-graduate student scholarship and clinical placements
- home ventilation services are based on the historical expenditure profiles and adjusted for known patient volume changes
- small regional and remote hospitals are modelled based on the expenditure reported and the small hospital NEC results
- standalone hospitals providing specialist mental health services (admitted and non-admitted) are modelled based on historical expenditure profiles and adjusted for known changes in service delivery and new system investment through the Mental Health Connecting Care to Recovery
- non-NHRA services that are activity driven, for example in the case of a Department of Veterans' Affairs hospital admissions, are included in the activity target calculations within the State model, noting that these are funded by that program
- other non-NHRA and non-hospital services are Block funded and based on historical funding and other known growth factors.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

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Canberra ACT 2601
1300 930 522
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Statement by the Administrator of
the National Health Funding Pool
Queensland State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Queensland *Hospital and Health Boards Act 2011*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Queensland *Hospital and Health Boards Act 2011*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
Queensland State Pool Account
Special Purpose Financial
Statement for the year ended
30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 53T of the Queensland *Hospital and Health Boards Act 2011*.

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Queensland State Pool Account

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INDEPENDENT AUDITOR'S REPORT

To the Administrator of the National Health Funding Pool

Report on the audit of the financial statement

Opinion

I have audited the accompanying special purpose financial statement of the Queensland State Pool Account.

The financial statement comprises the statement of receipts and payments for the year ended 30 June 2024, notes to the financial statements including material accounting policy information, and the statement provided by the Administrator of the National Health Funding Pool (the Administrator).

In my opinion, the financial statement:

- a) gives a true and fair view of the Queensland State Pool Account's cash receipts and payments for the year ended 30 June 2024; and
- b) complies with the *National Health Reform Act 2011*, the *Hospital and Health Boards Act 2011* and the financial reporting framework described in Note 1(A).

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Queensland State Pool Account in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

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

Emphasis of matter – basis of accounting

I draw attention to Note 1(A) to the financial statement, which describes the basis of accounting. The financial statement has been prepared for the purpose of fulfilling the financial reporting responsibilities of the Administrator. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.



Responsibilities of the entity for the financial statement

The Administrator is responsible for the preparation of the financial statement that gives a true and fair view in accordance with the *National Health Reform Act 2011*, the *Hospital and Health Boards Act 2011* and the financial reporting framework described in Note 1(A), and for such internal control as the Administrator determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the Administrator determined that the basis of preparation described in Note 1(A) is appropriate to meet the requirements of the *National Health Reform Act 2011* and the *Hospital and Health Boards Act 2011*.

Auditor's responsibilities for the audit of the financial statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

A further description of my responsibilities for the audit of the financial statement is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of my auditor's report.

30 August 2024

Rachel Vagg
Auditor-General

Queensland Audit Office
Brisbane

Queensland State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	5,963,335	5,290,326
Block funding		699,099	644,015
Public Health funding		106,644	103,029
COVID-19 funding	8	-	188,707
COVID-19 funding - final adjustment	8	30,311	-
From Queensland			
Activity Based Funding (in-scope)	2, 6	8,339,078	7,292,503
Activity Based Funding (out-of-scope)	7	683,113	383,362
Cross-border contribution	5	55,258	107,811
COVID-19 funding	8	-	78,254
COVID-19 funding - final adjustment	8	-	-
From other States or Territories			
Cross-border receipts	3	90,202	195,800
From Reserve Bank of Australia			
Interest receipts		1,868	2,646
TOTAL RECEIPTS		15,968,907	14,286,454
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	14,302,413	12,582,829
Activity Based Funding (out-of-scope)	7	683,113	383,362
COVID-19 funding	8	-	155,769
To Queensland State Managed Fund			
Block funding		699,099	644,015
To Queensland Health			
Public Health funding		106,644	103,029
COVID-19 funding	8	-	135,430
COVID-19 funding - final adjustment	8	30,311	-
Interest payments		1,868	2,646
Cross-border transfer		90,202	195,800
To other States or Territories			
Cross-border payments	5	55,258	107,811
TOTAL PAYMENTS		15,968,907	14,310,693
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		-	(24,239)
OPENING CASH BALANCE		-	24,239
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 53T of the Queensland *Hospital and Health Boards Act 2011*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Queensland State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with Part 3A, Division 2, section 53B of the Queensland *Hospital and Health Boards Act 2011*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i.** Small rural hospitals
- ii.** Teaching, training and research
- iii.** Non-admitted mental health
- iv.** Non-admitted child and adolescent mental health services
- v.** Non-admitted home ventilation
- vi.** Other non-admitted services
- vii.** Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory,

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement is to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals. In February 2021, the NPCR was amended with

respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

The Queensland Department of Health did not submit any claims under the agreement.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Queensland State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	5,963,335	5,290,326
Queensland	8,339,078	7,292,503
TOTAL	14,302,413	12,582,829

The amounts paid into the Queensland State Pool Account excludes Hospital Services Payments under the NPCR of \$4,590,418 in 2023-24 (\$160,996,740 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Queensland State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	84,480	179,846
Victoria	-	-
Western Australia	2,548	2,241
South Australia	-	2,373
Tasmania	2,042	1,469
Australian Capital Territory	1,132	980
Northern Territory	-	8,891
TOTAL	90,202	195,800

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Queensland State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Cairns and Hinterland Hospital and Health Service	877,050	780,410
Central Queensland Hospital and Health Service	495,390	431,819
Children's Health Queensland Hospital and Health Service	572,765	518,019
Darling Downs Hospital and Health Service	646,421	536,306
Gold Coast Hospital and Health Service	1,700,776	1,517,061
Mackay Hospital and Health Service	399,411	358,798
Mater Misericordiae Health Service Brisbane	661,358	542,392
Metro North Hospital and Health Service	3,000,799	2,690,806
Metro South Hospital and Health Service	2,512,728	2,176,634
North West Hospital and Health Service	121,603	102,230
Queensland Health Virtual LHN	70,102	47,470
South West Hospital and Health Service	25,846	23,014
Sunshine Coast Hospital and Health Service	1,196,069	1,058,171
Townsville Hospital and Health Service	875,654	790,222
West Moreton Hospital and Health Service	554,447	484,588
Wide Bay Hospital and Health Service	591,995	524,890
TOTAL	14,302,413	12,582,829

The Administrator makes payments from the Queensland State Pool Account in accordance with the directions of the Queensland Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 5: Cross-border payments

Total cross-border payments made out of the Queensland State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	50,040	95,795
Victoria	-	-
Western Australia	2,585	1,763
South Australia	-	1,657
Tasmania	1,415	765
Australian Capital Territory	1,218	802
Northern Territory	-	7,029
TOTAL	55,258	107,811

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Queensland Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	5,963,335	5,290,326
Total receipts from Queensland	8,339,078	7,292,503
Total payments to Local Hospital Networks	(14,302,413)	(12,582,829)
NET RECEIPTS/(PAYMENTS)	-	-

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from Queensland	683,113	383,362
Total payments to Local Hospital Networks	(683,113)	(383,362)
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	82,743
Hospital Services Payments - final adjustment	4,590	-
State Public Health Payments	-	222,099
State Public Health Payments - final adjustment	(126,901)	-
Private Hospital Financial Viability Payment	-	(116,135)
Private Hospital Financial Viability Payment - final adjustment	152,621	-
Priority groups testing and vaccination	-	-
TOTAL COMMONWEALTH RECEIPTS	30,311	188,707
From Queensland		
Hospital Services Payments	-	78,254
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	-	-
TOTAL QUEENSLAND RECEIPTS	-	78,254
TOTAL RECEIPTS	30,311	266,961
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Queensland (including Local Hospital Networks)		
Hospital Services Payments	-	155,769
Hospital Services Payments - final adjustment	4,590	-
State Public Health Payments	-	115,107
State Public Health Payments - final adjustment	(126,901)	-
Private Hospital Financial Viability Payment	-	20,324
Private Hospital Financial Viability Payment - final adjustment	152,621	-
Priority groups testing and vaccination	-	-
TOTAL PAYMENTS	30,311	291,200
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	(24,239)
OPENING CASH BALANCE	-	24,239
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

WESTERN AUSTRALIA

FUNDING AND PAYMENTS



\$7.9B

TOTAL FUNDING THAT WAS PAID TO



7

LOCAL HOSPITAL NETWORKS (LHNs)



\$6.6B

IN ACTIVITY BASED FUNDING THAT DELIVERED



1,008,130

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 19(2) of the Western Australia *National Health Funding Pool Act 2012*.

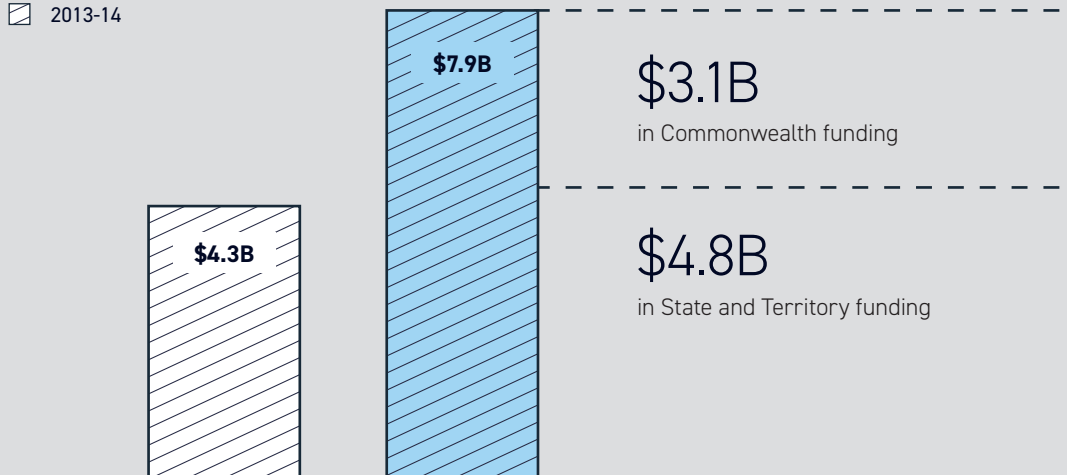
These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

■ 2023-24

▨ 2013-14

**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14

■ 2023-24

▨ 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Western Australia (WA) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Western Australia. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO WESTERN AUSTRALIA (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	2,350,599	-	-	-	-	2,401,014 ⁵
Cash Paid 2020-21	(40,659)	2,456,333	-	-	-	2,415,673
Cash Paid 2021-22	-	24,030	2,641,587	-	-	2,665,617
Cash Paid 2022-23	-	-	(87,596)	2,839,975	-	2,752,379
Cash Paid 2023-24	-	-	-	27,439	3,040,739	3,068,178
FINAL ENTITLEMENT	2,309,939	2,480,363	2,553,990	2,867,414	3,040,739	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$40,659,378 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$108,838,713 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$136,477,618 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$33,750,770 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payment of \$50,415,065 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO WESTERN AUSTRALIA STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	2,588,373	2,285,208
Block funding	423,501	411,743
Public Health funding	56,303	55,428
TOTAL	3,068,178	2,752,379

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which is paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Hospital Services Payments of \$27,184,483 in 2023-24 (\$28,233,143 in 2022-23) and Commonwealth recoveries of State Public Health and Private Hospital Financial Viability Payments of \$70,355,950 in 2023-24 (payments of \$88,665,763 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY WESTERN AUSTRALIA (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	3,978,012	3,945,599
State Managed Fund - Block funding	813,869	746,436
TOTAL	4,791,882	4,692,035

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Child and Adolescent Health Service	73,565	68,194	74,105
East Metropolitan Health Service	221,723	222,427	219,179
North Metropolitan Health Service	259,592	262,812	249,706
Notional LHN - Royal Street	23,411	28,263	17,136
South Metropolitan Health Service	260,680	248,342	245,781
WA Country Health Service	169,159	161,389	174,224
TOTAL	1,008,130	991,428	980,130

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 Western Australia did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Child and Adolescent Health Service	511,999	122,467	634,466
East Metropolitan Health Service	1,396,862	183,244	1,580,106
North Metropolitan Health Service	1,693,364	215,486	1,908,850
Notional LHN - Royal Street	86,445	-	86,445
Payments to Non-LHNs	-	11,673	11,673
South Metropolitan Health Service	1,590,220	187,960	1,778,180
WA Country Health Service	1,287,496	516,541	1,804,037
TOTAL	6,566,386	1,237,371	7,803,757

The 2023-24 amounts paid into the State Pool Accounts excludes \$252,150 related to the Priority groups for COVID-19 Vaccination Program.

For additional information please see the Western Australia basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Child and Adolescent Health Service	550,265	112,782	663,046
East Metropolitan Health Service	1,340,299	172,334	1,512,633
North Metropolitan Health Service	1,631,107	213,111	1,844,217
Notional LHN - Royal Street	42,623	-	42,623
Payments to Non-LHNs	-	10,739	10,739
South Metropolitan Health Service	1,432,919	174,294	1,607,213
WA Country Health Service	1,233,594	474,919	1,708,514
TOTAL	6,230,807	1,158,179	7,388,985

The 2022-23 amounts paid into the State Pool Accounts excludes Hospital Services Payments made under the NPCR of \$122,195,142.

For additional information please see the Western Australia basis for payments.

Western Australia basis for National Health Reform payments 2023-24

To meet the reporting requirements of section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

To provide consistency in the methodology and with the Addendum to the National Health Reform Agreement 2020-25 (NHRA), the 2023-24 Western Australia (WA) Activity Funding Model has implemented the 2023-24 National Pricing Framework, with some modifications to meet specific local costs, for Activity Based Funding (ABF) facilities. The National Efficient Cost (NEC23) Block funded model is used to support the information for the calculation of funding for the small rural, remote, and very remote hospitals. The NEC23 includes WA's estimated costs for standalone hospitals providing specialist mental health services (admitted and non-admitted), eligible community mental health services (for child and adolescents, adults, and older persons), non-admitted home ventilation services, Highly Specialised Therapies and clinical teaching, training and research provided in the major hospitals.

NHR payments in WA are based on the activity outlined in the Service Agreements and Deeds of Amendment between Local Hospital Networks (LHNs) and the Director General of the WA Department of Health.

The Service Agreements outline:

- the schedule of ABF services to be delivered by or on behalf of LHNs and the funding to be provided in relation to the provision of those services
- the Block funding to be provided to:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services
 - major hospitals for:
 - Non-admitted home ventilation
 - Highly Specialised Therapies
- clinical teaching, training, and research
- operational and Block grants to the LHN covering services provided and activities undertaken that are not within the scope for ABF, for example, dental services, primary care, home, and community care
- supplementation grants at the ABF stream level, if necessary, in recognition that the LHN has reported average costs greater than the current allocation price.

Via reference to mandatory policy frameworks:

- standards of patient care and service delivery
- performance standards, performance targets and performance measures for the LHN
- requirements for the LHN to report on its performance, as required or otherwise
- a performance management process that is to be in continuous operation in respect of the LHN.

The ABF funded facilities' service profiles are developed in negotiation with the LHN as follows:

- acute admitted, sub-acute and non-acute service activity volumes are modelled based on historical activity data and agreed growth rates (within State Government set parameters) and adjusted for known service capacity and profile changes
- emergency department and outpatient service volumes are modelled based on historical activity data and agreed growth rates (within State Government set parameters) and other known factors
- clinical teaching, training and research and home ventilation services are modelled based on historical expenditure profiles and adjusted for known changes
- small rural and remote hospitals are modelled based on historical expenditure profiles and other known growth factors
- standalone hospitals providing specialist mental health services (admitted and non-admitted) are modelled based on historical activity volumes and expenditure profiles and adjusted for known changes in service delivery and capacity
- ABF services out of scope for NHRA funding, Block funded hospitals and non-hospital services are modelled based on historical expenditure profiles and other known growth factors
- any supplementation grant at the ABF stream level, if deemed necessary, are based on demonstrated need during the Service Agreement development process, supported by WA costing information used for the National Hospital Cost Data Collection process.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of
the National Health Funding Pool
Western Australia State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Western Australia *National Health Funding Pool Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Western Australia *National Health Funding Pool Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
Western Australia State Pool
Account Special Purpose
Financial Statement
for the year ended 30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 20 of the Western Australia *National Health Funding Pool Act 2012*.

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Western Australia State Pool Account

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Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Western Australian State Pool Account

To the Parliament of Western Australia

Opinion

As required by section 21 of the *National Health Funding Pool Act 2012 (WA)* and section 243 of the *National Health Reform Act 2011*, I have audited the accompanying special purpose financial statements (the financial statement) of the Western Australian State Pool Account of the National Health Funding Pool for the year ended 30 June 2024. The financial statement comprises a Statement of Receipts and Payments for the year ended 30 June 2024, notes comprising a summary of significant accounting policies and other explanatory information, and the Administrator's declaration.

In my opinion, the financial statement gives a true and fair view of the receipts and payments of the Western Australian State Pool Account of the National Health Funding Pool for the year ended 30 June 2024 in accordance with the *National Health Funding Pool Act 2012 (WA)* and *National Health Reform Act 2011*.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report.

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

Emphasis of matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Basis of accounting

Note 1 (A) of the financial statement describes the purpose of the financial statement and the basis of accounting. The financial statement has been prepared using the cash basis for accounting and for the purpose of fulfilling the Administrator of the National Health Funding Pool's (Administrator's) financial reporting obligations under the *National Health Funding Pool Act 2012 (WA)*, and the *National Health Reform Act 2011*. As a result the financial statement may not be suitable for another purpose.

Other information

The Administrator is responsible for the other information. Other information comprises the information in the Entity's annual report for the year ended 30 June 2024, but does not include the financial statement and my auditor's report.

My opinion on the financial statement does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the Administrator and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Administrator for the financial statement

The Administrator is responsible for:

- Preparation of the financial statement that gives a true and fair view in accordance with the *National Health Funding Pool 2012 (WA)* and the *National Health Reform Act 2011*, and has determined that the basis of preparation described in Note 1 to the financial statement is appropriate to meet these requirements
- Such internal control as the Administrator determines necessary to enable to preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statement

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statement. The objectives of my audit are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statement is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial statement

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statement

This auditor's report relates to the financial statement of Western Australian State Pool Account for the year ended 30 June 2024 included in the annual report on the National Health Funding Body website. The National Health Funding Body is responsible for the integrity of the National Health Funding Body's website. This audit does not provide assurance on the integrity of the National Health Funding Body's website. The auditor's report refers only to the financial statement described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statement are concerned with the inherent risks arising from publication on the website, they are advised to contact the National Health Funding Body to confirm the information contained in the website version.



Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
28 August 2024

Western Australia State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	2,588,373	2,285,208
Block funding		423,501	411,743
Public Health funding		56,303	55,428
COVID-19 funding	8	252	116,899
COVID-19 funding - final adjustment	8	(43,171)	-
From Western Australia			
Activity Based Funding (in-scope)	2, 6	3,978,012	3,945,599
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	11,188	11,018
COVID-19 funding	8	-	99,957
COVID-19 funding - final adjustment	8	43,171	-
From other States or Territories			
Cross-border receipts	3	6,086	5,614
From Reserve Bank of Australia			
Interest receipts		-	-
TOTAL RECEIPTS		7,063,717	6,931,465
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	6,566,386	6,230,807
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	23,346
To Western Australia State Managed Fund			
Block funding		423,501	411,743
To Department of Health			
Public Health funding		56,303	55,428
COVID-19 funding	8	252	193,510
COVID-19 funding - final adjustment	8	-	-
Interest payments		-	-
Cross-border transfer		6,086	5,614
To other States or Territories			
Cross-border payments	5	11,188	11,018
TOTAL PAYMENTS		7,063,717	6,931,465
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 20 of the Western Australia *National Health Funding Pool Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Western Australia State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with section 12 of the Western Australia *National Health Funding Pool Act 2012*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017-20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory,

Notes to and forming part of the Special Purpose Financial Statement for the year ended 30 June 2024

the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals.

In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Western Australia State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	2,588,373	2,285,208
Western Australia	3,978,012	3,945,599
TOTAL	6,566,386	6,230,807

The amounts paid into the Western Australia State Pool Account excludes Hospital Services Payments under the NPCR of \$27,184,483 in 2023-24 (\$122,195,142 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Western Australia State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	2,121	1,485
Victoria	-	-
Queensland	2,585	1,763
South Australia	-	921
Tasmania	-	374
Australian Capital Territory	345	138
Northern Territory	1,035	933
TOTAL	6,086	5,614

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Western Australia State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Child and Adolescent Health Service	511,999	550,265
East Metropolitan Health Service	1,396,862	1,340,299
North Metropolitan Health Service	1,693,364	1,631,107
Notional LHN - Royal Street	86,445	42,623
South Metropolitan Health Service	1,590,220	1,432,919
WA Country Health Service	1,287,496	1,233,594
TOTAL	6,566,386	6,230,807

The Administrator makes payments from the Western Australia State Pool Account in accordance with the directions of the Western Australia Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Western Australia State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	2,254	2,662
Victoria	-	-
Queensland	2,548	2,241
South Australia	-	624
Tasmania	-	87
Australian Capital Territory	456	178
Northern Territory	5,931	5,226
TOTAL	11,188	11,018

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Western Australia Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	2,588,373	2,285,208
Total receipts from Western Australia	3,978,012	3,945,599
Total payments to Local Hospital Networks	(6,566,386)	(6,230,807)
NET RECEIPTS/(PAYMENTS)	-	-

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from Western Australia	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	28,233
Hospital Services Payments - final adjustment	27,184	-
State Public Health Payments	-	88,666
State Public Health Payments - final adjustment	(52,851)	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	(17,505)	-
Priority groups testing and vaccination	252	-
TOTAL COMMONWEALTH RECEIPTS	(42,919)	116,899
From Western Australia		
Hospital Services Payments	-	93,962
Hospital Services Payments - final adjustment	(27,184)	-
State Public Health Payments	-	5,995
State Public Health Payments - final adjustment	52,851	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	17,505	-
Priority groups testing and vaccination	-	-
TOTAL WESTERN AUSTRALIA RECEIPTS	43,171	99,957
TOTAL RECEIPTS	252	216,856
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Western Australia (including Local Hospital Networks)		
Hospital Services Payments	-	122,195
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	94,661
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	252	-
TOTAL PAYMENTS	252	216,856
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

SOUTH AUSTRALIA

FUNDING AND PAYMENTS



\$5.1B

TOTAL FUNDING THAT WAS PAID TO



11

LOCAL HOSPITAL NETWORKS (LHNs)



\$4.4B

IN ACTIVITY BASED FUNDING THAT DELIVERED



698,007

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

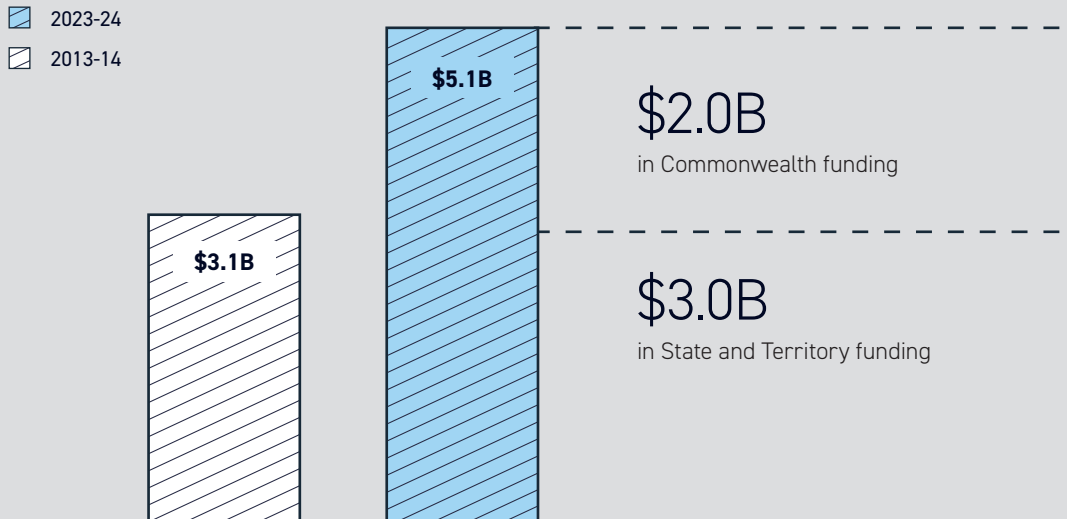
National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 22(2) of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

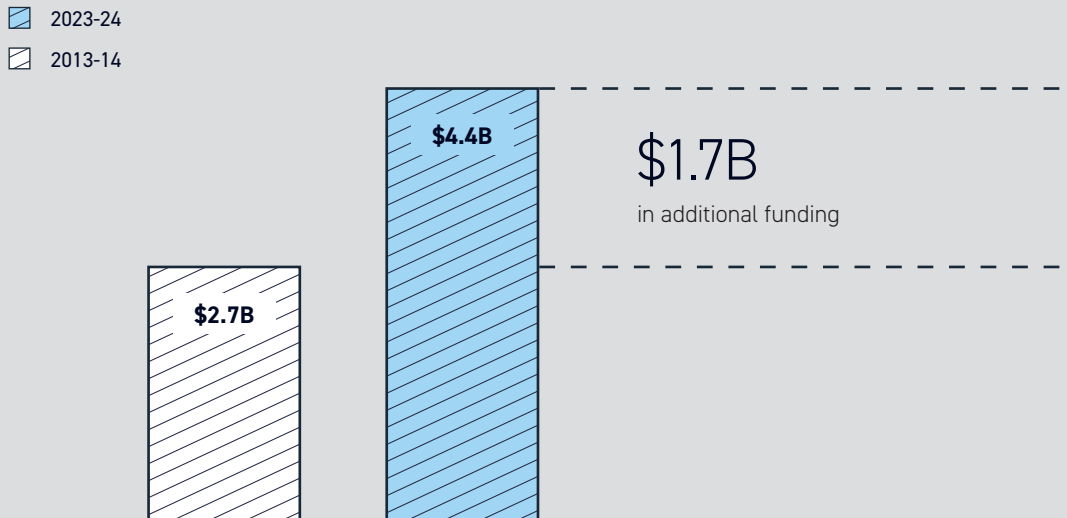
These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by South Australia (SA) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by South Australia. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO SOUTH AUSTRALIA (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
2019-20 Cash Paid	1,436,142	-	-	-	-	1,494,620 ⁵
2020-21 Cash Paid	(2,108)	1,494,519	-	-	-	1,492,410
2021-22 Cash Paid	-	49,741	1,611,830	-	-	1,661,571
2022-23 Cash Paid	-	-	(20,571)	1,694,691	-	1,674,121
2023-24 Cash Paid	-	-	-	108,377	1,920,268	2,028,645
FINAL ENTITLEMENT	1,434,034	1,544,260	1,591,260	1,803,069	1,920,268	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$15,960,519 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$27,623,093 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$92,709,673 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$14,904,165 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payment of \$58,478,665 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO SOUTH AUSTRALIA STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	1,767,507	1,424,374
Block funding	225,242	213,947
Public Health funding	35,896	35,800
TOTAL	2,028,645	1,674,121

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Hospital Services Payments of \$262,832 in 2023-24 (\$89,566,976 in 2022-23) and Commonwealth recoveries of State Public Health and Private Hospital Financial Viability Payments of \$47,100,496 in 2023-24 (payments of \$107,068,509 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY SOUTH AUSTRALIA (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	2,655,714	2,412,601
State Managed Fund - Block funding	383,017	200,464
TOTAL	3,038,732	2,613,065

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Barossa Hills Fleurieu Local Health Network	24,344	26,444	23,811
Central Adelaide Local Health Network	231,708	228,548	219,433
Central Office Services	15,500	15,955	13,905
Eyre and Far North Local Health Network	7,542	8,933	7,407
Flinders and Upper North Local Health Network	17,953	16,901	17,633
Limestone Coast Local Health Network	14,592	15,805	14,333
Northern Adelaide Local Health Network	126,818	118,628	120,662
Riverland Mallee Coorong Local Health Network	13,048	14,977	12,755
Southern Adelaide Local Health Network	174,127	166,403	162,165
Women's and Children's Health Network	60,957	62,386	58,686
Yorke and Northern Local Health Network	11,418	11,956	11,230
TOTAL	698,007	686,937	662,020

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 South Australia did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Barossa Hills Fleurieu Local Health Network	169,261	87,654	256,915
Central Adelaide Local Health Network	1,502,093	101,129	1,603,222
Central Office Services	99,225	-	99,225
Eyre and Far North Local Health Network	49,501	53,621	103,122
Flinders and Upper North Local Health Network	116,067	15,670	131,736
Limestone Coast Local Health Network	91,306	42,341	133,647
Northern Adelaide Local Health Network	783,265	55,504	838,768
Riverland Mallee Coorong Local Health Network	88,259	45,314	133,573
Southern Adelaide Local Health Network	1,068,861	72,699	1,141,560
Women's and Children's Health Network	382,034	65,431	447,464
Yorke and Northern Local Health Network	78,460	68,896	147,357
TOTAL	4,428,331	608,259	5,036,590

The 2023-24 amounts paid into the State Pool Account excludes \$10,397,940 related to Priority groups for COVID-19 Vaccination Program.

For additional information please see the South Australia basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Barossa Hills Fleurieu Local Health Network	138,034	108,572	246,605
Central Adelaide Local Health Network	1,272,050	87,916	1,359,966
Central Office Services	80,607	-	80,607
Eyre and Far North Local Health Network	42,941	6,943	49,884
Flinders and Upper North Local Health Network	102,220	28,400	130,620
Limestone Coast Local Health Network	83,086	22,526	105,612
Northern Adelaide Local Health Network	699,480	43,712	743,192
Riverland Mallee Coorong Local Health Network	73,941	22,379	96,320
Southern Adelaide Local Health Network	940,072	61,031	1,001,103
Women's and Children's Health Network	340,201	19,231	359,432
Yorke and Northern Local Health Network	65,099	13,703	78,802
TOTAL	3,837,731	414,411	4,252,142

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$188,531,665.

For additional information please see the South Australia basis for payments.

South Australia basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

State funding paid on an activity basis to Local Hospital Networks is based on the price set by the State (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

To provide consistency in methodology and with the Addendum to National Health Reform Agreement 2020-25, the 2023-24 South Australia Funding Model has implemented the National Efficient Price (NEP23) and National Weighted Activity Unit (NWAU23) as the currency for Activity Based Funding (ABF) facilities.

The National Efficient Cost (NEC23) Block funding model is used for the small rural hospitals, specialist mental health services (non-admitted), child and adolescent mental health services, non-admitted home ventilation, other services deemed in scope and teaching, training and research provided in the public hospitals.

NHR payments in South Australia are based upon the activity outlined in the service plan between the Minister for Health and Wellbeing and the Chief Executive of the South Australia Department for Health and Wellbeing.

The service plan outlines:

- the schedule of services to be delivered by or on behalf of the LHN and the funding to be provided in relation to the provision of those services
- the Block funding to be provided to:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services
 - hospitals for:
 - Non-admitted home ventilation
 - Other services deemed in-scope
 - Teaching, training and research
- operational and block grants to the LHN covering services provided and activities undertaken that are not within scope of the NHR, for example, alcohol and drug services, dental services, child health and parenting services, primary care, home and community care
- supplementation grants and other site specific grants as deemed appropriate by the department
- capital investment such as in land and buildings, equipment and information and communication technology
- standards of patient care and service delivery
- performance standards, performance targets and performance measures for the LHN
- requirements for the LHN to report on its performance, as required or otherwise
- a performance management process that is to be in continuous operation in respect of the LHN.

The ABF funded facilities' service profiles are developed in negotiation with the LHN as follows:

- acute admitted and sub-acute and non-acute service activity volumes are modelled based on historical activity data and agreed growth rates and adjusted for known service capacity and profile changes
- emergency department and outpatient service volumes are modelled based on agreed growth rates and other known factors
- teaching, training and research, home ventilation services are modelled based on historical expenditure profiles and adjusted for known changes
- small rural hospitals are modelled based on the small hospital NEC result
- specialist mental health services (admitted and non-admitted) are modelled based on historical expenditure profiles and adjusted for known changes in service delivery and capacity
- non-NHRA and non-hospital services are Block funded and modelled based on historical expenditure profiles and other known growth factors
- the supplementation grants and site specifics are determined by the State as relevant to ensure financial stability and sustainability of services.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of
the National Health Funding Pool
South Australia State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
South Australia State Pool
Account Special Purpose
Financial Statement
for the year ended 30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 23 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

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South Australia State Pool Account

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INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

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Adelaide SA 5000
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ABN 53 327 061 410
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www.audit.sa.gov.au

To the Administrator National Health Funding Pool

Opinion

I have audited the special purpose financial statement of the National Health Funding Pool for the financial year ended 30 June 2024.

In my opinion, the accompanying financial statement of the South Australian State Pool Account of the National Health Funding Pool for the year ended 30 June 2024, gives a true and fair view of the financial transactions of the South Australia State Pool Account of the National Health Funding Pool as at 30 June 2024, in accordance with the financial reporting requirements of the *National Health Funding Pool Administration (South Australia) Act 2012*, the *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

The financial statement comprises:

- a Statement of Receipts and Payments for the year ended 30 June 2024
- notes, including material accounting policy information and
- a Statement by the Administrator of the South Australia State Pool Account of the National Health Funding Pool.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statement' section of my report. I am independent of the South Australia State Pool Account of the National Health Funding Pool and the National Health Funding Body. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Emphasis of matter – basis of accounting and restriction on use

I draw attention to note 1(A) to the financial statement, which describes the purpose of the financial statement and the basis of accounting. The financial statement has been prepared using the cash basis of accounting and solely for the purpose of assisting the Administrator's financial reporting responsibilities under the *National Health Funding Pool Administration (South Australia) Act 2012*, the *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Administrator for the financial statement

The Administrator is responsible for the preparation of the financial statement that gives a true and fair view in accordance with the *National Health Funding Pool Administration (South Australia) Act 2012*, the *National Health Reform Act 2011* and the National Health Reform Agreement 2011 and for such internal control as the Administrator determines is necessary to enable the preparation of the financial statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statement

As required by section 24 of the *National Health Funding Pool Administration (South Australia) Act 2012* and section 243 of the *National Health Reform Act 2011*, I have audited the financial statement of the South Australia State Pool Account of the National Health Funding Pool for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit 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 South Australia State Pool Account of the National Health Funding Pool's internal control
- evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by the Administrator
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial statement described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Administrator about, among other matters, the planned timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Assistant Auditor-General

29/08/2024

South Australia State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	1,767,507	1,424,374
Block funding		225,242	213,947
Public Health funding		35,896	35,800
COVID-19 funding	8	10,398	196,635
COVID-19 funding - final adjustment	8	(46,838)	-
From South Australia			
Activity Based Funding (in-scope)	2, 6	2,655,714	2,412,601
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	16,757	35,874
COVID-19 funding	8	-	194,718
COVID-19 funding - final adjustment	8	46,838	-
From other States or Territories			
Cross-border receipts	3	34,243	68,497
From Reserve Bank of Australia			
Interest receipts		3,642	2,255
TOTAL RECEIPTS		4,749,400	4,584,701
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	4,428,331	3,837,731
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	185,275
To South Australia State Managed Fund			
Block funding		225,242	213,947
To Department for Health and Wellbeing			
Public Health funding		35,896	35,800
COVID-19 funding	8	10,398	206,078
COVID-19 funding - final adjustment	8	-	-
Interest payments		3,642	2,255
Cross-border transfer		34,243	68,497
To other States or Territories			
Cross-border payments	5	16,757	35,874
TOTAL PAYMENTS		4,754,510	4,585,457
NET RECEIPTS / (PAYMENTS) FOR THE YEAR		(5,109)	(756)
OPENING CASH BALANCE		5,109	5,866
CLOSING CASH BALANCE		-	5,109

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 23 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The South Australia State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with Part 3, section 13 of the South Australia *National Health Funding Pool Administration (South Australia) Act 2012*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19

outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals. In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the South Australia State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	1,767,507	1,424,374
South Australia	2,655,714	2,412,601
TOTAL	4,423,221	3,836,975

The amounts paid into the South Australia State Pool Account excludes Hospital Services Payments under the NPCR of \$262,832 in 2023-24 of (payments of \$188,531,665 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the South Australia State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	11,555	-
Victoria	-	-
Queensland	-	1,657
Western Australia	-	624
Tasmania	-	-
Australian Capital Territory	326	-
Northern Territory	22,361	66,216
TOTAL	34,243	68,497

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the South Australia State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Barossa Hills Fleurieu Local Health Network	169,261	138,034
Central Adelaide Local Health Network	1,502,093	1,272,050
Central Office Services	99,225	80,607
Eyre and Far North Local Health Network	49,501	42,941
Flinders and Upper North Local Health Network	116,067	102,220
Limestone Coast Local Health Network	91,306	83,086
Northern Adelaide Local Health Network	783,265	699,480
Riverland Mallee Coorong Local Health Network	88,259	73,941
Southern Adelaide Local Health Network	1,068,861	940,072
Women's and Children's Health Network	382,034	340,201
Yorke and Northern Local Health Network	78,460	65,099
TOTAL	4,428,331	3,837,731

The Administrator makes payments from the South Australia State Pool Account in accordance with the directions of the South Australia Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 5: Cross-border payments

Total cross-border payments made out of the South Australia State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	7,175	-
Victoria	-	-
Queensland	-	2,373
Western Australia	-	921
Tasmania	-	-
Australian Capital Territory	301	-
Northern Territory	9,281	32,581
TOTAL	16,757	35,874

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and South Australia Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	1,767,507	1,424,374
Total receipts from South Australia	2,655,714	2,412,601
Total payments to Local Hospital Networks	(4,428,331)	(3,837,731)
NET RECEIPTS/(PAYMENTS)	(5,109)	(756)

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from South Australia	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	89,567
Hospital Services Payments - final adjustment	263	-
State Public Health Payments	-	95,753
State Public Health Payments - final adjustment	(47,100)	-
Private Hospital Financial Viability Payment	-	11,315
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	10,398	-
TOTAL COMMONWEALTH RECEIPTS	(36,440)	196,635
From South Australia		
Hospital Services Payments	-	98,965
Hospital Services Payments - final adjustment	(263)	-
State Public Health Payments	-	95,753
State Public Health Payments - final adjustment	47,100	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	-	-
TOTAL SOUTH AUSTRALIA RECEIPTS	46,838	194,718
TOTAL RECEIPTS	10,398	391,354
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To South Australia (including Local Hospital Networks)		
Hospital Services Payments	-	188,532
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	191,507
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	11,315
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	10,398	-
TOTAL PAYMENTS	10,398	391,354
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

TASMANIA

FUNDING AND PAYMENTS



\$1.8B

TOTAL FUNDING THAT WAS PAID TO



1

LOCAL HOSPITAL NETWORK (LHN)



\$1.5B

IN ACTIVITY BASED FUNDING THAT DELIVERED



198,781

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

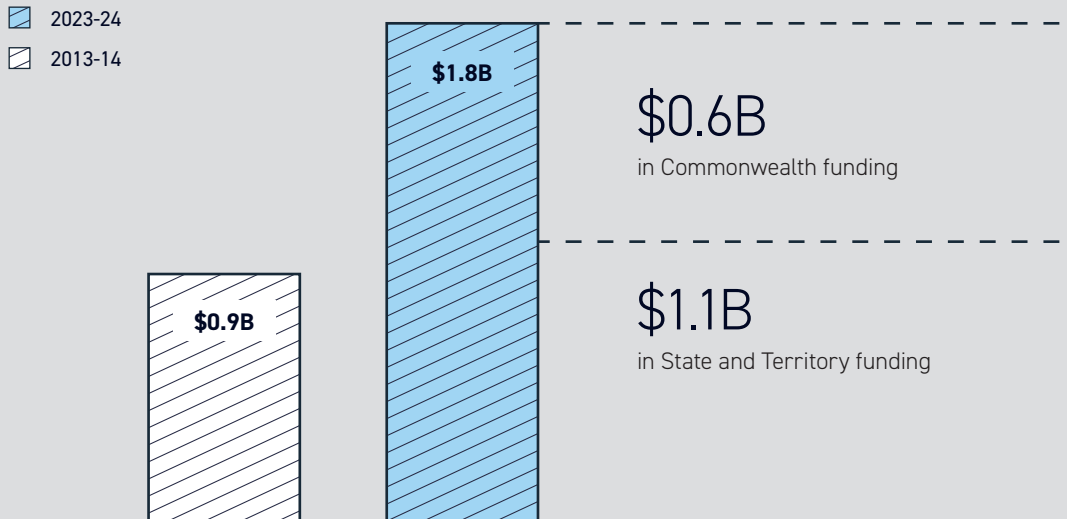
National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 18(2) of the Tasmanian *National Health Funding Administration Act 2012*.

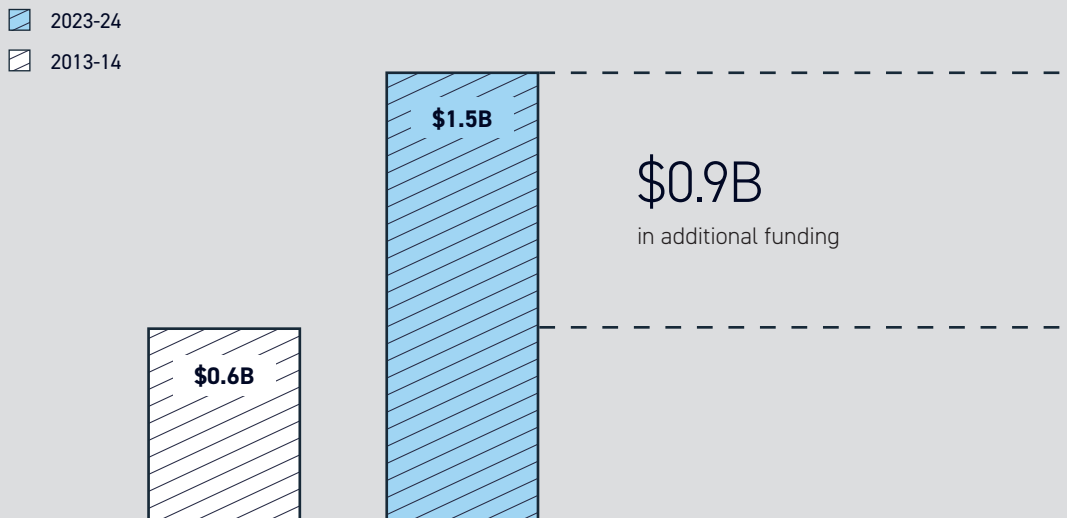
These amounts do not include transactions related to the NPCR and transactions related to Priority groups for the COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified. NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Tasmania (TAS) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Tasmania. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO TASMANIA (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	437,901	-	-	-	-	444,432 ⁵
Cash Paid 2020-21	5,267	473,481	-	-	-	478,748
Cash Paid 2021-22	-	7,818	512,584	-	-	520,402
Cash Paid 2022-23	-	-	13,174	559,933	-	573,107
Cash Paid 2023-24	-	-	-	22,740	617,851	640,590
FINAL ENTITLEMENT	443,168	481,300	525,758	582,673	617,851	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$6,490,165 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$3,455,608 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$18,568,478 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$1,289,755 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payments of \$6,531,056 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO TASMANIA STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	529,799	467,716
Block funding	99,863	93,845
Public Health funding	10,928	11,547
TOTAL	640,590	573,107

Additional financial assistance was provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including recoveries of Hospital Services Payments of \$20,913,972 in 2023-24 (payments of \$9,678,754 in 2022-23) and payments of State Public Health and Private Hospital Financial Viability Payments of \$5,239,086 in 2023-24 (\$29,061,532 in 2022-23). Details of this funding is provided in the Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY TASMANIA (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	973,490	804,865
State Managed Fund - Block funding	160,434	198,385
TOTAL	1,133,924	1,003,250

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

The amounts paid into the Tasmania State Pool Account in 2023-24 from the State included Commonwealth payments related to National Partnership on Transfer of the Mersey Community Hospital of \$31,050,521 in 2023-24.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
Tasmanian Health Service	198,781	195,713	190,100
TOTAL	198,781	195,713	190,100

1 2022-23 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 Tasmania did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Tasmanian Health Service	1,503,289	260,297	1,763,586
TOTAL	1,503,289	260,297	1,763,586

The 2023-24 amounts paid into the State Pool Account excludes \$260,066 related to the Priority groups for COVID-19 Vaccination Program.

For additional information please see the Tasmania basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
Tasmanian Health Service	1,272,581	292,230	1,564,811
TOTAL	1,272,581	292,230	1,564,811

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$9,678,754.

For additional information please see the Tasmania basis for payments.

Tasmania basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020-25, the 2023-24 Tasmanian Funding Model has implemented the National Efficient Price (NEP23) and National Weighted Activity Unit (NWAU23) as the currency for Activity Based Funding (ABF) facilities. In addition, where it is determined that ABF facilities within the Tasmanian Health Service (THS) report higher average costs than the NEP, a supplementation grant has also been incorporated into the Funding Model for 2023-24 in recognition of those costs.

The National Efficient Cost (NEC23) Block funding model is used as the currency for small regional and remote public hospitals, standalone hospitals providing specialist mental health services (admitted and non-admitted), child and adolescent mental health services, non-admitted home ventilation and clinical teaching, training and research provided in the major hospitals.

NHR payments in Tasmania are based upon the THS Service Plan between the Minister for Health and the Secretary of the Tasmanian Department of Health.

The THS Service Plan outlines:

- the schedule and volume of ABF services across streams to be delivered by or on behalf of the THS and the ABF funding to be provided in relation to the provision of those services
- the NEC Block funding for services provided through:
 - small rural hospitals, standalone hospitals providing specialist mental health services and eligible community mental health services.
 - major hospitals for:
 - Non-admitted home ventilation
 - Clinical teaching, training, and research
- operational and block grants to the THS covering services provided and activities undertaken that are not within scope for ABF, for example, alcohol and drug services, oral health services, child health and parenting services, primary care, and home and community care
- a schedule of supplementation grants at the hospital and ABF stream level
- performance standards, performance targets and performance measures for the THS
- requirements for the THS to report on its performance.

The ABF funded facilities service profiles are developed as follows:

- acute admitted and sub-acute and non-acute service activity volumes are modelled based on historical activity data and agreed growth rates and adjusted for known service capacity and profile changes
- emergency department and outpatient service volumes are modelled based on agreed growth rates and other known factors
- clinical teaching, training, and research and, home ventilation services are modelled based on historical expenditure profiles and adjusted for known changes
- small regional and remote hospitals are modelled based on the small hospital NEC fixed cost component and the variable cost component result
- standalone hospitals providing specialist mental health services (admitted and non-admitted) child and adolescent mental health services, teaching, training, and research and non-admitted home ventilation are modelled based on historical activity volumes and expenditure profiles and adjusted for known changes in service delivery and capacity
- non-NHRA and non-hospital services are block funded and modelled based on historical expenditure profiles and other known growth factors
- the supplementation grant is based on the most recently available National Hospital Cost Data Collections ABF service category cost ratio data.

Further information regarding the basis for NHR payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of
the National Health Funding Pool
Tasmania State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Tasmanian *National Health Funding Administration Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Tasmanian *National Health Funding Administration Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
Tasmania State Pool Account
Special Purpose Financial
Statement for the year ended
30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 19 of the Tasmanian *National Health Funding Administration Act 2012*.

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Tasmania State Pool Account

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Independent Auditor's Report

To the of the Tasmanian Parliament

National Health Funding Pool – Tasmania State Pool Account

Report on the Audit of the Statement of Receipts and Payments

Opinion

I have audited the accompanying financial statement of the Tasmania State Pool Account of the National Health Funding Pool (the Pool), which comprises a statement of receipts and payments for the year ended year ended 30 June 2024, other explanatory notes and the statement of certification signed by the Administrator of the Pool (the Administrator).

In my opinion, the accompanying financial statement presents fairly, in all material respects, the cash receipts and payments for the year ended 30 June 2024 in accordance with the financial reporting requirements of Section 19 of the National Health Funding Administration Act 2012 (Tasmania), Section 242 of the National Health Reform Act 2011 (Commonwealth) and the National Health Reform Agreement 2011.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report. I am independent of the Pool in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1(A) to the financial statement, which describes the basis of accounting. The financial statement has been prepared to assist the Administrator to meet the financial reporting requirements of the Section 19 of the *National Health Funding Administration Act 2012 (Tasmania)*, Section 242 of the *National Health Reform Act 2011 (Commonwealth)* and the National Health Reform Agreement 2011. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Administrator for the Financial Statement

The Administrator is responsible for the preparation and fair presentation of the financial statement in accordance with the cash receipts and disbursements basis of accounting as described in Note 1(A); this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for preparation of the financial statement in the circumstances, and for such internal control as the Administrator determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink, appearing to read 'D Bond', with a stylized flourish at the end.

David Bond
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

29 August 2024
Hobart

Tasmania State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	529,799	467,716
Block funding		99,863	93,845
Public Health funding		10,928	11,547
COVID-19 funding	8	260	38,740
COVID-19 funding - final adjustment	8	(15,675)	-
From Tasmania			
Activity Based Funding (in-scope)	2, 6	973,490	804,865
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	3,513	4,162
COVID-19 funding	8	-	-
COVID-19 funding - final adjustment	8	15,675	-
From other States or Territories			
Cross-border receipts	3	2,576	2,148
From Reserve Bank of Australia			
Interest receipts		1	5
TOTAL RECEIPTS		1,620,430	1,423,029
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,503,289	1,272,581
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	-
To Tasmania State Managed Fund			
Block funding		99,863	93,845
To Department of Health			
Public Health funding		10,928	11,547
COVID-19 funding	8	260	38,740
COVID-19 funding - final adjustment	8	-	-
Interest payments		1	5
Cross-border transfer		2,576	2,148
To other States or Territories			
Cross-border payments	5	3,513	4,162
TOTAL PAYMENTS		1,620,430	1,423,029
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 19 of the Tasmanian *National Health Funding Administration Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Tasmanian State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with section 11 of the Tasmanian *National Health Funding Administration Act 2012*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator’s Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans’ Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory, the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19

outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals. In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Tasmania State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	529,799	467,716
Tasmania	973,490	804,865
TOTAL	1,503,289	1,272,581

The amounts paid into the Tasmania State Pool Account excludes Commonwealth recoveries related to Hospital Services Payments under the NPCR of \$20,913,972 in 2023-24 (payments of \$9,678,754 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Tasmania State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	917	949
Victoria	-	-
Queensland	1,415	765
Western Australia	-	87
South Australia	-	-
Australian Capital Territory	172	235
Northern Territory	72	113
TOTAL	2,576	2,148

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Tasmania State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
Tasmanian Health Service	1,503,289	1,272,581
TOTAL	1,503,289	1,272,581

The Administrator makes payments from the Tasmania State Pool Account in accordance with the directions of the Tasmania Minister for Health and in alignment with LHN Service Agreements.

Note 5: Cross-border payments

Total cross-border payments made out of the Tasmania State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	1,108	1,646
Victoria	-	-
Queensland	2,042	1,469
Western Australia	-	374
South Australia	-	-
Australian Capital Territory	141	439
Northern Territory	222	235
TOTAL	3,513	4,162

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Tasmania Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	529,799	467,716
Total receipts from Tasmania	973,490	804,865
Total payments to Local Hospital Networks	(1,503,289)	(1,272,581)
NET RECEIPTS/(PAYMENTS)	-	-

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement.

	2023-24 \$'000	2022-23 \$'000
Total receipts from Tasmania	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	9,679
Hospital Services Payments - final adjustment	(20,914)	-
State Public Health Payments	-	29,062
State Public Health Payments - final adjustment	5,239	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	260	-
TOTAL COMMONWEALTH RECEIPTS	(15,415)	38,740
From Tasmania		
Hospital Services Payments	-	-
Hospital Services Payments - final adjustment	20,914	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	(5,239)	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	-	-
TOTAL TASMANIA RECEIPTS	15,675	-
TOTAL RECEIPTS	260	38,740
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Tasmania (including Local Hospital Networks)		
Hospital Services Payments	-	9,679
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	29,062
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	260	-
TOTAL PAYMENTS	260	38,740
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

AUSTRALIAN CAPITAL TERRITORY

FUNDING AND PAYMENTS



\$1.6B

TOTAL FUNDING THAT WAS PAID TO



1

LOCAL HOSPITAL NETWORK (LHN)



\$1.4B

IN ACTIVITY BASED FUNDING THAT DELIVERED



187,173

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

National Health Reform disclosures for the year ended 30 June 2024

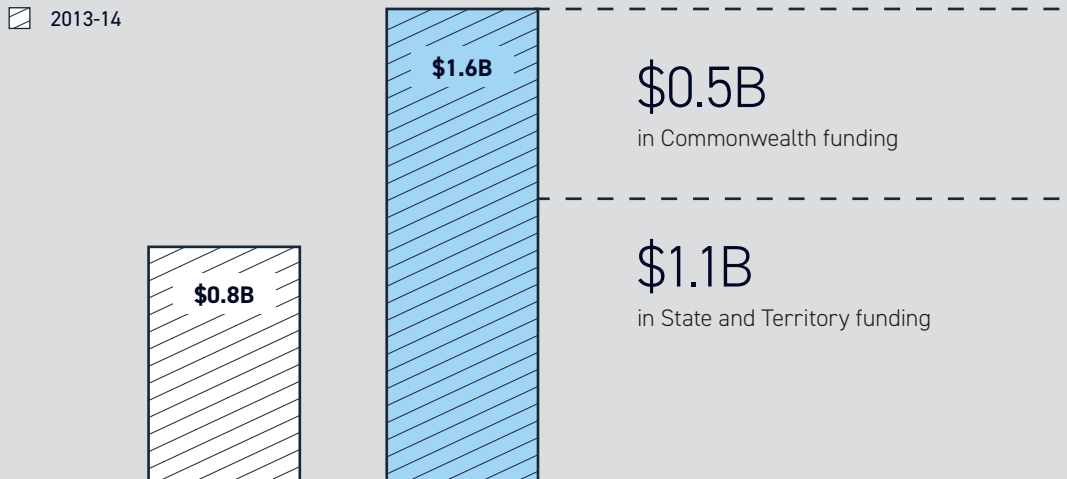
Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 25(2) of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

 2023-24

 2013-14
**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14

 2023-24

 2013-14


Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Australian Capital Territory (ACT) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Australian Capital Territory. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO AUSTRALIAN CAPITAL TERRITORY (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	420,339	-	-	-	-	434,035 ⁵
Cash Paid 2020-21	(7,897)	441,294	-	-	-	433,398
Cash Paid 2021-22	-	3,020	457,044	-	-	460,064
Cash Paid 2022-23	-	-	(4,848)	486,669	-	481,822
Cash Paid 2023-24	-	-	-	(7,096)	510,746	503,649
FINAL ENTITLEMENT	412,442	444,314	452,196	479,573	510,746	

1 The 2019-20 Commonwealth NHR funding entitlement excludes \$7,896,726 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$119,128 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$16,800,801 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$7,563,988 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payments of \$13,695,602 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO AUSTRALIAN CAPITAL TERRITORY STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	458,270	437,940
Block funding	36,344	34,669
Public Health funding	9,035	9,212
TOTAL	503,649	481,822

Additional financial assistance has been provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in the following financial year.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Hospital Services Payments of \$5,662,319 in 2023-24 (payments of \$18,702,470 in 2022-23) and Commonwealth recoveries of State Public Health and Private Hospital Financial Viability Payments of \$12,545,634 in 2023-24 (payments of \$21,743,737 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY AUSTRALIAN CAPITAL TERRITORY (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	950,713	915,322
State Managed Fund - Block funding	98,041	94,546
TOTAL	1,048,754	1,009,869

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
ACT Local Hospital Network	187,173	180,158	182,832
TOTAL	187,173	180,158	182,832

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 Australian Capital Territory did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
ACT Local Hospital Network	1,408,983	134,385	1,543,369
TOTAL	1,408,983	134,385	1,543,369

The 2023-24 amounts paid into the State Pool Account excludes \$15,817 related to Priority groups for COVID-19 Vaccination Program.

For additional information please see the Australian Capital Territory basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
ACT Local Hospital Network	1,353,263	129,215	1,482,478
TOTAL	1,353,263	129,215	1,482,478

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$18,702,470.

For additional information please see the Australian Capital Territory basis for payments.

Australian Capital Territory basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

Territory funding paid on an activity basis to Local Hospital Networks is based on the National Efficient Price (which is reported in Service Agreements) and the volume of weighted services as set out in Service Agreement for each service category.

The Service Level Agreement is agreed between the Australian Capital Territory Minister for Health and the Director-General of the Australian Capital Territory Health Directorate. The activity estimates reflect trending growth rates based on historical data.

The Australian Capital Territory LHN Service Level Agreement outlines:

- the schedule of services to be delivered by or on behalf of the LHN and the funding to be provided in relation to the provision of those services
- the Block funding to be provided to:
 - small hospitals
 - major hospitals for:
 - Non-admitted home ventilation
 - Non-admitted mental health services
 - Non-admitted child and adolescent mental health services
 - Teaching, training and research
- standards of patient care and service delivery
- performance standards, performance targets and performance measures for the LHN
- requirements for the LHN to report on its performance, as required or otherwise.
- health services associated with responses to the COVID-19 pandemic
- other NHRA out-of-scope and unallocated services.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

GPO Box 1252
Canberra ACT 2601
1300 930 522
publichospitalfunding.gov.au

Statement by the Administrator of
the National Health Funding Pool
Australian Capital Territory State Pool Account

I report that, as indicated in Note 1 (a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding
Pool Australian Capital
Territory State Pool Account
Special Purpose Financial
Statement for the year ended
30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 26 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

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Australian Capital Territory State Pool Account

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AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

INDEPENDENT AUDITOR'S REPORT

AUSTRALIAN CAPITAL TERRITORY STATE POOL ACCOUNT

To the ACT Minister of Health

Opinion

I have audited the special purpose financial statement (financial statement) of the Australian Capital Territory State Pool Account for the year ended 30 June 2024. The financial statement is comprised of the statement of receipts and payments and notes to the financial statement, including a summary of significant accounting policies.

In my opinion, the financial statement:

- (i) is presented in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011; and
- (ii) present fairly, in all material aspects, the receipts and payments of the Australian Capital Territory State Pool Account for the year ended 30 June 2024.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statement' section of this report.

I am independent of the National Health Funding Pool in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – Basis of preparation

I draw your attention to Note 1(A): 'Basis of preparation' of the financial statement, which describes the purpose of the financial statement and the basis of accounting used in the preparation of the financial statement.

The Administrator has determined that a special purpose framework using the cash basis of accounting is appropriate to meet the financial reporting requirements under the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the *National Health Reform Agreement 2011*. As a result, the financial statement may not be suitable for another purpose. My opinion is not modified in respect of this matter.

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T 02 6207 0833 E actauditorgeneral@act.gov.au W www.audit.act.gov.au

Responsibility for preparing and fairly presenting the financial statement

The Administrator of the National Health Funding Pool is responsible for:

- preparing and fairly presenting the financial statement in accordance with the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Commonwealth *National Health Reform Act 2011* and the *National Health Reform Agreement 2011*; and
- determining the internal controls necessary for the preparation and fair presentation of the financial statement so that it is free from material misstatements, whether due to error or fraud.

Auditor's responsibilities for the audit of the financial statement

Under the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*, the Auditor-General is responsible for issuing an audit report that includes an independent opinion on the financial statement of the Australian Capital Territory State Pool Account.

My objective is to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from error or fraud and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal controls;
- evaluate the appropriateness of accounting policies used to prepare the financial statement and related disclosures made in the financial statement; and
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Administrator of the National Health Funding Pool regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Sharma PSM
Assistant Auditor-General, Financial Audit
28 August 2024

Australian Capital Territory State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	458,270	437,940
Block funding		36,344	34,669
Public Health funding		9,035	9,212
COVID-19 funding	8	16	40,446
COVID-19 funding - final adjustment	8	(6,883)	-
From Australian Capital Territory			
Activity Based Funding (in-scope)	2, 6	950,713	915,322
Activity Based Funding (out-of-scope)	7	75,991	-
Cross-border contribution	5	30,628	48,389
COVID-19 funding	8	-	-
COVID-19 funding - final adjustment	8	6,883	-
From other States or Territories			
Cross-border receipts	3	150,175	191,026
From Reserve Bank of Australia			
Interest receipts		-	-
TOTAL RECEIPTS		1,711,172	1,677,006
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,408,983	1,353,263
Activity Based Funding (out-of-scope)	7	75,991	-
COVID-19 funding	8	-	28,508
To Australian Capital Territory State Managed Fund			
Block funding		36,344	34,669
To Australian Capital Territory Health Directorate			
Public Health funding		9,035	9,212
COVID-19 funding	8	16	11,938
COVID-19 funding - final adjustment	8	-	-
Interest payments		-	-
Cross-border transfer		150,175	191,026
To other States or Territories			
Cross-border payments	5	30,628	48,389
TOTAL PAYMENTS		1,711,172	1,677,006
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of significant accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 26 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Australian Capital Territory State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with section 15 of the Australian Capital Territory *Health (National Health Funding Pool and Administration) Act 2013*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health and Aged Care Pricing Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement. There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) Cross-border

When a resident of one State or Territory receives hospital treatment in another State or Territory,

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals.

In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Australian Capital Territory State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	458,270	437,940
Australian Capital Territory	950,713	915,322
TOTAL	1,408,983	1,353,263

The amounts paid by the Commonwealth into the State Pool Account excludes Hospital Services Payments under the NPCR of \$5,662,319 in 2023-24 (payments of \$18,702,470 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Australian Capital Territory State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	148,059	189,528
Victoria	-	-
Queensland	1,218	802
Western Australia	456	178
South Australia	301	-
Tasmania	141	439
Northern Territory	-	78
TOTAL	150,175	191,026

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Australian Capital Territory State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
ACT Local Hospital Network	1,408,983	1,353,263
TOTAL	1,408,983	1,353,263

The Administrator makes payments from the Australian Capital Territory State Pool Account in accordance with the directions of the Australian Capital Territory Minister for Health and in alignment with LHN Service Agreements.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 5: Cross-border payments

Total cross-border payments made out of the Australian Capital Territory State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	28,652	46,655
Victoria	-	-
Queensland	1,132	980
Western Australia	345	138
South Australia	326	-
Tasmania	172	235
Northern Territory	-	382
TOTAL	30,628	48,389

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Australian Capital Territory Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	458,270	437,940
Total receipts from Australian Capital Territory	950,713	915,322
Total payments to Local Hospital Networks	(1,408,983)	(1,353,263)
NET RECEIPTS/(PAYMENTS)	-	-

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from Australian Capital Territory	75,991	-
Total payments to Local Hospital Networks	(75,991)	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity were included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	18,702
Hospital Services Payments - final adjustment	5,662	-
State Public Health Payments	-	14,053
State Public Health Payments - final adjustment	(10,505)	-
Private Hospital Financial Viability Payment	-	7,691
Private Hospital Financial Viability Payment - final adjustment	(2,041)	-
Priority groups testing and vaccination	16	-
TOTAL COMMONWEALTH RECEIPTS	(6,867)	40,446
From Australian Capital Territory		
Hospital Services Payments	-	-
Hospital Services Payments - final adjustment	(5,662)	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	10,505	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	2,041	-
Priority groups testing and vaccination	-	-
TOTAL AUSTRALIAN CAPITAL TERRITORY RECEIPTS	6,883	-
TOTAL RECEIPTS	16	40,446
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Australian Capital Territory (including Local Hospital Networks)		
Hospital Services Payments	-	18,702
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	14,053
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	7,691
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	16	-
TOTAL PAYMENTS	16	40,446
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.

NORTHERN TERRITORY

FUNDING AND PAYMENTS



\$1.2B

TOTAL FUNDING THAT WAS PAID TO



1

LOCAL HOSPITAL NETWORK (LHN)



\$1.1B

IN ACTIVITY BASED FUNDING THAT DELIVERED



185,175

NATIONAL WEIGHTED ACTIVITY UNITS (NWAU)

National Health Reform disclosures for the year ended 30 June 2024

Issued by the Administrator of the National Health Funding Pool under section 241(2) of the Commonwealth *National Health Reform Act 2011* and section 18(2) of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*.

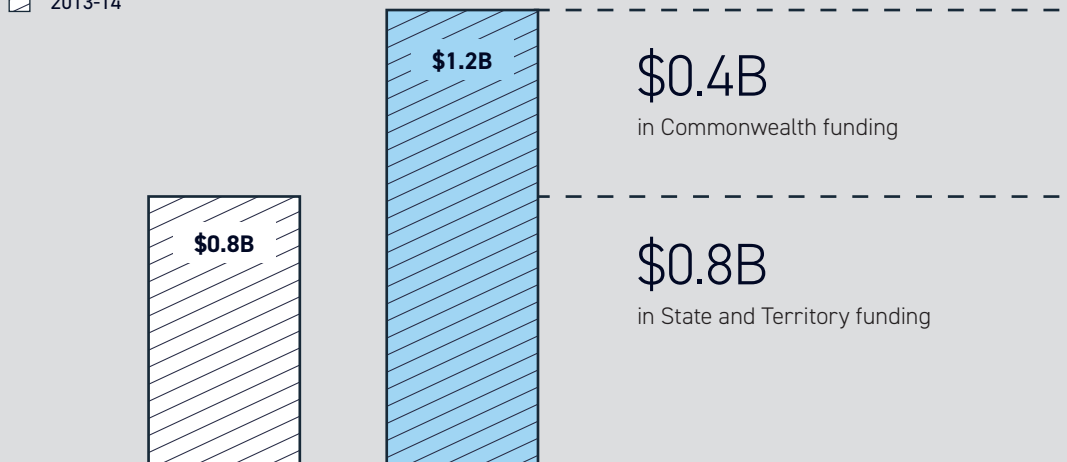
These amounts do not include transactions related to the NPCR and transactions related to the Priority groups for COVID-19 Vaccination Program. Details of these transactions are located in the Pool Account Special Purpose Financial Statement of each State or Territory.

GROWTH IN PUBLIC HOSPITAL PAYMENTS

SINCE 2013-14

■ 2023-24

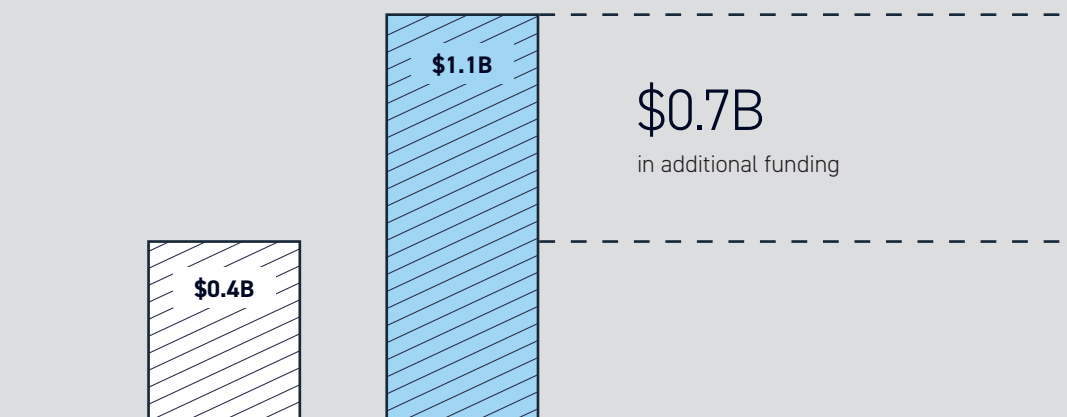
▨ 2013-14

**GROWTH IN ACTIVITY BASED FUNDING**

SINCE 2013-14

■ 2023-24

▨ 2013-14



Section 241(2) of the NHR Act outlines certain disclosures to be included in this Annual Report.

The information reported is specific to the transactions of the 'relevant State'.

For the purposes of this legislative reporting, the 'relevant State' is the State or Territory that holds the bank accounts opened under the laws of that State or Territory for NHR Agreement purposes.

The values are rounded to the nearest thousand dollars unless otherwise specified.

NHR funding and payments shown in the following tables include Goods and Services Tax (GST) where applicable.

The information disclosed in the following tables is provided by Northern Territory (NT) and forms part of the Administrator's monthly reporting requirements, located at www.publichospitalfunding.gov.au.

For further information on the types of National Health Reform funding, refer to the 'Introduction' chapter of this Annual Report.

Commonwealth National Health Reform funding entitlement based on actual services provided and cash paid in each financial year

The following table shows the cash paid by the Commonwealth each financial year based on activity estimates provided by Northern Territory. The table also shows the final Commonwealth NHR funding entitlement determined by the Commonwealth Treasurer which is based on an end of financial year reconciliation of actual services delivered. The subsequent funding adjustments, whether positive or negative, reflect the difference between estimated activity and actual services delivered.

	AMOUNT PAID TO NORTHERN TERRITORY (\$'000)					CASH PAID
	2019-20 ¹ Entitlement	2020-21 ² Entitlement	2021-22 ³ Entitlement	2022-23 ⁴ Entitlement	2023-24 Estimate	
Cash Paid 2019-20	299,108	-	-	-	-	299,476 ⁵
Cash Paid 2020-21	(1,607)	298,064	-	-	-	296,456
Cash Paid 2021-22	-	35,132	355,110	-	-	390,243
Cash Paid 2022-23	-	-	(6,864)	388,893	-	382,029
Cash Paid 2023-24	-	-	-	(13,060)	399,758	386,698
FINAL ENTITLEMENT	297,501	333,196	348,246	375,833	399,758	

1 The 2019-20 Commonwealth NHR funding entitlements excludes \$13,205,691 in HSP under the NPCR.

2 The 2020-21 Commonwealth NHR funding entitlement excludes \$8,700,043 in HSP under the NPCR.

3 The 2021-22 Commonwealth NHR funding entitlement excludes \$16,911,538 in HSP under the NPCR.

4 The 2022-23 Commonwealth NHR funding entitlement excludes \$1,775,697 in HSP under the NPCR.

5 The total cash paid in 2019-20 includes payment of \$368,153 related to entitlements for the 2018-19 financial year.

The amounts paid into each State Pool Account by the Commonwealth – Section 241(2)(B)

COMPONENT	AMOUNT PAID BY COMMONWEALTH INTO NORTHERN TERRITORY STATE POOL ACCOUNT (\$'000)	
	2023-24	2022-23
Activity Based Funding	358,658	354,625
Block funding	23,253	22,310
Public Health funding	4,787	5,095
TOTAL	386,698	382,029

Additional financial assistance was provided by the Commonwealth under the NPCR including hospital services funding which was paid monthly based on activity estimates provided to the Administrator and reconciled annually with adjustments being made in 2023-24.

The previous table does not include amounts paid into the State Pool Account by the Commonwealth for COVID-19, including Hospital Services Payments of \$1,325,697 in 2023-24 (payments of \$8,027,217 in 2022-23) and payments of State Public Health and Private Hospital Financial Viability Payments of \$1,207,493 (payments of \$16,525,849 in 2022-23). Details of this funding is provided in the Pool Account Special Purpose Financial Statement.

The amounts paid into each State Pool Account and State Managed Fund by the relevant State – Section 241(2)(A)

COMPONENT	AMOUNT PAID BY NORTHERN TERRITORY (\$'000)	
	2023-24	2022-23
State Pool Account - Activity Based Funding	745,405	736,526
State Managed Fund - Block funding	61,133	52,089
TOTAL	806,539	788,614

The previous table does not include out-of-scope funding (ABF and Block), interest deposited into the Pool Account, over deposit of state contributions subsequently paid back to the respective State or Territory Health Department or cross-border contributions for transfer to other States or Territories.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

The number of public hospital services funded for each Local Hospital Network in accordance with the system of Activity Based Funding – Section 241(2)(E)

LOCAL HOSPITAL NETWORK	NUMBER OF ABF PUBLIC HOSPITAL SERVICES FUNDED (NWAU)		
	2023-24 ¹ Estimate	2022-23 ² Actual	2022-23 ³ Estimate
NT Regional Health Services	185,175	183,882	189,460
TOTAL	185,175	183,882	189,460

1 2023-24 NWAU as per the updated activity estimates as at the Administrator's June 2024 Payment Advice.

2 2022-23 NWAU as per the 2022-23 Annual Reconciliation outcome, forming the basis of the Federal Financial Relations (National Health Reform Payments for 2022-23) Determination 2023.

3 2022-23 NWAU as per the activity estimates as at the Administrator's June 2023 Payment Advice.

The NWAU is the unit of measurement for the ABF system. It is a measure of health service activity expressed as a common unit, against which the National Efficient Price is paid. It provides a way of comparing and valuing each ABF public hospital service, by weighting it for its clinical complexity.

States and Territories provide NWAU estimates at the start of each financial year for Commonwealth payment purposes. These estimates may be revised during the course of the year and form the basis of Commonwealth funding until actual service volumes become available.

The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund – Section 241(2)(F)

Unlike the unit of measurement for Activity based services (i.e. NWAU), there is currently no nationally standardised measurement system for other public hospital services which are out-of-scope of Commonwealth NHR funding.

In the absence of such a national system, the NHR Agreement allows for information to be based on the unit measurement classification and funding arrangements used in individual States and Territories.

However, in 2022-23 and 2023-24 Northern Territory did not report any other public hospital services and functions funded from their Pool Account or State Managed Fund.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2023-24 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
NT Regional Health Services	1,104,064	84,386	1,188,450
TOTAL	1,104,064	84,386	1,188,450

The 2023-24 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$1,325,697 and \$1,240,617 related to the Priority groups for COVID-19 Vaccination Program.

For additional information please see the Northern Territory basis for payments.

The amounts paid from each State Pool Account and State Managed Fund to Local Hospital Networks in 2022-23 – Section 241(2)(C)(D)

RECIPIENT	AMOUNT PAID (\$'000)		
	State Pool Account	State Managed Fund	TOTAL
NT Regional Health Services	1,091,150	74,399	1,165,549
TOTAL	1,091,150	74,399	1,165,549

The 2022-23 amounts paid into the State Pool Account excludes Hospital Services Payments made under the NPCR of \$8,027,217.

For additional information please see the Northern Territory basis for payments.

Northern Territory basis for National Health Reform payments 2023-24

To meet the reporting requirements of Section 240 of the *National Health Reform Act 2011*, the Administrator is to include the basis of each State and Territory's National Health Reform (NHR) funding and payments.

To provide consistency in methodology and with the Addendum to the National Health Reform Agreement 2020-25, the Northern Territory funding model has implemented the National Efficient Price (NEP23) and National Weighted Activity Unit (NWAU23) as the currency for Activity Based Funding (ABF) facilities. The National Efficient Cost (NEC23) Block funding model is used for non-admitted mental health services (including child and adolescent mental health services), non-admitted home ventilation and teaching, training and research provided in hospitals.

NHR payments in the Northern Territory are based on the activity outlined in the service plan between the Chief Executive Officer of Northern Territory Department of Health (the 'System Manager') and the Northern Territory Regional Health Services (NTRHS).

The Northern Territory Service Plan outlines the responsibilities, key performance standards and funding support for the Northern Territory Regional Health Services. The annual funding allocation for the Northern Territory Regional Health Services is determined on a needs basis for both the ABF and block service streams, supplemented by a level of growth based on Northern Territory Government Wage, Consumer Price Index and demand growth parameters. Where the Northern Territory Regional Health Services reports higher average costs than the NEP, a supplementation grant is incorporated into the funding model for 2023-24 in recognition of those costs.

Objectives of the service plan are to:

- specify responsibilities and accountabilities of the delivery of health services
- establish clear service delivery and performance expectations, including processes for performance management and monitoring
- ensure that consultation and management processes are appropriate to support the design and delivery of health services that meet local needs
- promote accountability to Government and the community.

Further information regarding the Basis for National Health Reform payments in both 2023-24 and previous financial years is included at www.publichospitalfunding.gov.au.



Administrator
National Health
Funding Pool

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Statement by the Administrator of
the National Health Funding Pool
Northern Territory State Pool Account

I report that, as indicated in Note 1(a) to the financial statement, I have determined that the attached Special Purpose Financial Statement comprising of a statement of receipts and payments and accompanying notes provides a true and fair presentation in accordance with the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

In my opinion, the attached Special Purpose Financial Statement for the year ended 30 June 2024 is based on properly maintained financial records and gives a true and fair view of the matters required by the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*, the Commonwealth *National Health Reform Act 2011* and the National Health Reform Agreement 2011.

Toni Cunningham

Administrator
National Health Funding Pool
28 August 2024

**National Health Funding Pool
Northern Territory State Pool
Account Special Purpose
Financial Statement for the
year ended 30 June 2024**

Issued by the Administrator of the National Health Funding Pool under section 242 of the Commonwealth *National Health Reform Act 2011* and section 19 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*.

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Northern Territory State Pool Account

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Auditor-General
Independent Auditor's Report
to the Administrator of the National Health Funding Pool
Northern Territory State Pool Account

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Opinion

I have audited the accompanying special purpose financial statement of the Northern Territory State Pool Account, which comprises the Statement of Receipts and Payments for the year ended 30 June 2024, and notes to the financial statement, including a summary of material accounting policies, and the Statement by the Administrator of the National Health Funding Pool.

In my opinion the accompanying special purpose financial statement presents fairly, in all material respects, the receipts and payments of the Northern Territory State Pool Account for the period ended 30 June 2024 in accordance with the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012 (NT)*, *National Health Reform Act 2011 (Cwlth)* and the National Health Reform Agreement 2011.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of my report. I am independent of the National Health Funding Pool in accordance with ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statement in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – Basis of accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statement, which describes the basis of accounting. The financial statement has been prepared for the purpose of fulfilling the Administrator's financial reporting obligations under the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2011 (NT)*, *National Health Reform Act 2011 (Cwlth)* and the National Health Reform Agreement 2011. As a result, the financial statement may not be suitable for another purpose.

Responsibilities of the Administrator of the National Health Funding Pool for the Financial Statement

The Administrator is responsible for the preparation and fair presentation of the financial statement, and has determined that the basis of preparation described in Note 1, which is a special purpose framework using the cash basis of accounting, is appropriate to meet the requirements of the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012 (NT)*, *National Health Reform Act 2011 (Cwlth)* and the National Health Reform Agreement 2011. The Administrator is responsible for establishing and maintaining such internal control as the Administrator determines is necessary to enable the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

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Auditor-General

Page 2 of 2

The Administrator is responsible for overseeing the financial reporting process for the National Health Funding Pool.

Auditor's Responsibilities for the audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 internal controls.
- evaluate the appropriateness of accounting policies used and related disclosures made by the Administrator.
- conclude on the appropriateness of the Administrator's use of the special purpose framework, being the financial reporting requirement of the *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012 (NT)*, *National Health Reform Act 2011 (Cwlth)* and the National Health Reform Agreement 2011.
- evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Julie Crisp

Auditor-General for the Northern Territory
Darwin, Northern Territory

29 August 2024

Northern Territory State Pool Account

Statement of Receipts and Payments for the year ended 30 June 2024

	NOTES	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT			
From Commonwealth			
Activity Based Funding	2, 6	358,658	354,625
Block funding		23,253	22,310
Public Health funding		4,787	5,095
COVID-19 funding	8	1,241	24,553
COVID-19 funding - final adjustment	8	2,533	-
From Northern Territory			
Activity Based Funding (in-scope)	2, 6	745,405	736,526
Activity Based Funding (out-of-scope)	7	-	-
Cross-border contribution	5	28,118	86,988
COVID-19 funding	8	-	-
COVID-19 funding - final adjustment	8	-	-
From other States or Territories			
Cross-border receipts	3	19,149	52,899
From Reserve Bank of Australia			
Interest receipts		-	-
TOTAL RECEIPTS		1,183,144	1,282,995
PAYMENTS OUT OF THE STATE POOL ACCOUNT			
To Local Hospital Networks			
Activity Based Funding (in-scope)	4, 6	1,104,064	1,091,150
Activity Based Funding (out-of-scope)	7	-	-
COVID-19 funding	8	-	-
To Northern Territory State Managed Fund			
Block funding		23,253	22,310
To Department of Health Northern Territory			
Public Health funding		4,787	5,095
COVID-19 funding	8	1,241	24,553
COVID-19 funding - final adjustment	8	2,533	-
Interest payments		-	-
Cross-border transfer		19,149	52,899
To other States or Territories			
Cross-border payments	5	28,118	86,988
TOTAL PAYMENTS		1,183,144	1,282,995
NET RECEIPTS/(PAYMENTS) FOR THE YEAR		-	-
OPENING CASH BALANCE		-	-
CLOSING CASH BALANCE		-	-

The above statement of receipts and payments should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 1: Summary of material accounting policies

The material accounting policies adopted in the preparation of the Special Purpose Financial Statement are set out below.

(A) Basis of preparation

The Special Purpose Financial Statement is required by:

- section 242 of the Commonwealth *National Health Reform Act 2011* and clause B40 of the National Health Reform Agreement 2011
- section 19 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*.

The Special Purpose Financial Statement has been prepared on a cash accounting basis. On this basis, receipts are recognised when received rather than earned, and payments are recognised when paid rather than incurred.

The Special Purpose Financial Statement is presented in Australian dollars and values are rounded to the nearest thousand dollars.

The Special Purpose Financial Statement was authorised for release by the Administrator on 28 August 2024.

(B) Comparative figures

Prior year comparative information has been disclosed. The results for 2022-23 and 2023-24 are for the year ended 30 June.

(C) National Health Funding Pool

The National Health Funding Pool (Funding Pool) consists of eight State and Territory bank accounts (State Pool Accounts).

The Northern Territory State Pool Account was established at the Reserve Bank of Australia (RBA) in 2012-13 in accordance with section 11 of the Northern Territory *National Health Funding Pool and Administration (National Uniform Legislation) Act 2012*.

(D) Activity Based Funding

Activity Based Funding (ABF) is a system for funding public hospital services provided to individual patients using national classifications, price weights and National Efficient Prices developed by the Independent Health Pricing and Aged Care Authority (IHACPA). ABF is paid by the Commonwealth, States and Territories into the Funding Pool.

In 2022-23 and 2023-24 the Commonwealth, States and Territories ABF supported the following:

- i. Emergency department services
- ii. Acute admitted services
- iii. Admitted mental health services
- iv. Sub-acute and non-acute services
- v. Non-admitted services.

As system managers of the public hospital system, State or Territory ABF contributions into the Funding Pool may be calculated using State and Territory prices and activity measures. The Service Agreement between the State or Territory and each Local Hospital Network (LHN) specifies the service delivery and funding parameters.

Commonwealth ABF contributions for each service category were calculated by summing the prior year amounts and efficient growth. Efficient growth is determined by measuring the change in efficient price and volume. The price adjustment is 45 per cent of the change in the National Efficient Price relative to the prior year.

The volume adjustment is 45 per cent of the net change in the volume of weighted services relative to the prior year.

In respect of a particular funding year, these contributions are first determined by the Administrator as preliminary funding entitlements. Final funding entitlements for the year are calculated after actual data on hospital services is provided.

Notes to and forming part of the Special Purpose Financial Statement for the year ended 30 June 2024

This calculation will generally result in reconciliation adjustments being made to the Commonwealth ABF contribution to each LHN to align with the actual services delivered.

In 2017, the Council of Australian Governments signed an Addendum to the National Health Reform Agreement. The Addendum amended specified elements of the operation of the National Health Reform Agreement for a period of three years. From 1 July 2017 to 30 June 2020, the Commonwealth funded 45 per cent of the efficient growth of public hospital services, subject to a 6.5 per cent cap in the growth of overall Commonwealth funding.

On 29 May 2020, the Addendum to the National Health Reform Agreement 2020–25 was entered into by the Commonwealth, State and Territory governments. The Addendum to the National Health Reform Agreement 2020–25 replaces the Addendum to the National Health Reform Agreement 2017–20 but retains the core principles.

(E) Activity Based Funding (out-of-scope)

In accordance with the Administrator's Three-Year Data Plan and Data Compliance Policy, from 1 July 2022 the States and Territories are required to identify both in-scope and out-of-scope activity in their LHN Service Agreements. In addition, a new fund account has been established (from 1 July 2022) in the Payments System to identify all payments for out-of-scope activity.

Out-of-scope activity is defined as those public hospital services with a funding source other than the National Health Reform Agreement.

There are multiple funding sources for out-of-scope activity including the States and Territories (e.g. one-off budget measures, correctional facilities), the Commonwealth (e.g. Department of Veterans' Affairs, Medicare Benefits Schedule) and other third-party revenue (e.g. Workers Compensation, Motor Vehicle Third Party Personal Claim).

(F) Block funding

Block funding is provided by the Commonwealth into the Funding Pool for States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate to be Block funded, particularly for smaller rural and regional hospitals.

In 2022-23 and 2023-24 the Commonwealth Block funding supported the following:

- i. Small rural hospitals
- ii. Teaching, training and research
- iii. Non-admitted mental health
- iv. Non-admitted child and adolescent mental health services
- v. Non-admitted home ventilation
- vi. Other non-admitted services
- vii. Highly Specialised Therapies.

In 2022-23 and 2023-24 the Commonwealth Block contributions for each service category were calculated by summing prior year amounts and 45 per cent of the change in the National Efficient Cost between the current year and the prior year. Highly Specialised Therapies are contributed at 50 per cent of the growth in the efficient price or cost.

(G) Public Health funding

The Commonwealth contributes amounts into the Funding Pool for Public Health funding. This is calculated by the Commonwealth Treasury and includes funding for services such as national public health, youth health services and essential vaccines. This payment is indexed in accord with the previous existing health specific purpose payment.

(H) CROSS-BORDER

When a resident of one State or Territory receives hospital treatment in another State or Territory,

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

the provider State or Territory is compensated for the cost of that treatment. The resident State or Territory pays its share through the Funding Pool to the provider State or Territory (refer Note 3 and Note 5).

The Commonwealth share of the cost of treating the patient is paid through the Funding Pool as part of the normal Activity Based Funding. The Commonwealth contribution to each State or Territory covers all eligible patients treated, regardless of where they reside.

(I) Interest

Interest earned and deposited by the RBA into the State Pool Account is recognised as interest received at the time the deposit is made. Interest paid from the State Pool Account to the State or Territory is recognised as an interest payment at the time the payment is made from the State Pool Account.

(J) Taxation

State Pool Accounts are not subject to income tax. The majority of government funding, from the Commonwealth, State or Territory, to LHNs is not subject to the Goods and Services Tax (GST). However, in some cases hospital funding to non-government entities does attract GST, for example, denominational hospitals, privately and commercially owned health facilities, or other non-government third party providers of health services or related supplies.

(K) COVID-19 funding

The National Partnership on COVID-19 Response (NPCR) was agreed to and signed by the Council of Australian Governments in March 2020. The objective of this agreement was to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended and agreed to in April 2020 to include financial viability payments for private hospitals.

In February 2021, the NPCR was amended with respect to the coordination and delivery of the COVID-19 vaccine under Schedule C. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

Financial assistance was provided by the Commonwealth in the form of the Hospital Services Payments calculated on an activity basis, State Public Health Payments (including coordination and delivery of the COVID-19 vaccine) as well as Private Hospital Financial Viability Payments. The Private Hospital Financial Viability Payment ceased on 30 September 2022. The Hospital Services Payments and the State Public Health Payments ceased on 31 December 2022.

(L) National Partnership for Priority Groups COVID-19 Testing and Vaccination (PGTV)

A new National Partnership for priority groups COVID-19 testing and vaccination was operational for the period 1 January 2023 to 31 December 2023.

The objective of this agreement is to provide targeted financial assistance to the States and Territories for the additional public health costs incurred by State and Territory health services for the provision of polymerase chain reaction (PCR) testing for COVID-19 and COVID-19 vaccine delivery, with a particular focus on ensuring access and service delivery to priority population groups who are at greater risk of severe disease from COVID-19 and long-COVID.

Priority populations groups include First Nations peoples, older Australians, people from culturally and linguistically diverse backgrounds, people with disability, people living in rural and remote areas, and people experiencing homelessness. This may also be extended as required, for example to people in close contact with the identified priority populations groups, such as family, carers, support workers and healthcare workers.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 2: Activity Based Funding (in-scope) receipts

Total receipts paid into the Northern Territory State Pool Account in respect of Activity Based Funding:

	2023-24 \$'000	2022-23 \$'000
Commonwealth	358,658	354,625
Northern Territory	745,405	736,526
TOTAL	1,104,064	1,091,150

The amounts paid into the Northern Territory State Pool Account excludes Hospital Services Payments under the NPCR of \$1,325,697 in 2023-24 (payments of \$8,027,217 in 2022-23). Please refer to Note 8.

Note 3: Cross-border receipts

Total cross-border receipts paid into the Northern Territory State Pool Account from other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	3,715	-
Victoria	-	7,447
Queensland	-	7,029
Western Australia	5,931	5,226
South Australia	9,281	32,581
Tasmania	222	235
Australian Capital Territory	-	382
TOTAL	19,149	52,899

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 4: Activity Based Funding (in-scope) payments

Total payments made out of the Northern Territory State Pool Account in respect of each Local Hospital Network:

LOCAL HOSPITAL NETWORK	2023-24 \$'000	2022-23 \$'000
NT Regional Health Services	1,104,064	1,091,150
TOTAL	1,104,064	1,091,150

The Administrator makes payments from the Northern Territory State Pool Account in accordance with the directions of the Northern Territory Minister for Health and in alignment with LHN Service Agreements.

PART 2: FINANCIAL STATEMENTS – NT

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 5: Cross-border payments

Total cross-border payments made out of the Northern Territory State Pool Account to other States and Territories:

STATE OR TERRITORY	2023-24 \$'000	2022-23 \$'000
New South Wales	4,649	-
Victoria	-	10,758
Queensland	-	8,891
Western Australia	1,035	933
South Australia	22,361	66,216
Tasmania	72	113
Australian Capital Territory	-	78
TOTAL	28,118	86,988

Note 6: Activity Based Funding (in-scope) receipts and payments

Total Commonwealth and Northern Territory Activity Based Funding contributions and total Local Hospital Network Activity Based Funding payments:

	2023-24 \$'000	2022-23 \$'000
Total receipts from the Commonwealth	358,658	354,625
Total receipts from Northern Territory	745,405	736,526
Total payments to Local Hospital Networks	(1,104,064)	(1,091,150)
NET RECEIPTS/(PAYMENTS)	-	-

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

Note 7: Activity Based Funding (out-of-scope) receipts and payments

Total ABF contributions paid through the Pool for activities that are out-of-scope of the NHR Agreement:

	2023-24 \$'000	2022-23 \$'000
Total receipts from Northern Territory	-	-
Total payments to Local Hospital Networks	-	-
NET RECEIPTS/(PAYMENTS)	-	-

Note 8: COVID-19 funding

COVID-19 funding was provided monthly in advance based on estimates submitted by States and Territories and subject to reconciliation. Final funding entitlements were determined after actual activity data on hospital services and actual in-scope expenditure were submitted.

The types of funding and payments under the NPCR include:

The Upfront Advance Payment

In March 2020, the Commonwealth provided an upfront advanced payment of \$100 million to States and Territories on a population share basis. This was an advance payment to ensure the timely availability of funds under the NPCR. The Upfront Advance Payment has been subsequently reconciled against State Public Health requirements.

The Hospital Services Payment

The Commonwealth provided a 50 per cent contribution of the National Efficient Price, for costs incurred by States and Territories, through monthly payments, for the diagnosis and treatment of COVID-19 including suspected cases. The Hospital Services Payment ceased on 31 December 2022.

The State Public Health Payment

The Commonwealth provided a 50 per cent contribution for additional costs incurred by States and Territories, through monthly payments, for COVID-19 activities undertaken by State and Territory public health systems for the management of the outbreak.

In February 2021, the NPCR was amended with respect to the delivery of the COVID-19 vaccine through the Vaccination Dose Delivery Payment under Schedule C. Where eligible, funding contributions in relation to this activity are included within the State Public Health Payment.

The NPCR was further amended in December 2021 to include a revised vaccination schedule (revised Schedule C) which included additional financial support to States and Territories for the set-up of COVID-19 vaccination sites, and an aged care schedule which provided a 100 per cent contribution for costs incurred from 1 July 2020 for supporting aged care prevention, preparedness and response activities including additional targeted infection prevention and control training in Residential Aged Care Facilities (Schedule D).

In January 2022, National Cabinet agreed measures supporting States and Territories to claim 50 per cent of the costs of the purchase, logistics and distribution of Rapid Antigen Tests (RATs) through the NPCR. Where States and Territories provided RATs to residential aged care facilities, they could claim a 100 per cent contribution for the costs.

The State Public Health Payment ceased on 31 December 2022.

The Private Hospital Financial Viability Payment

The Commonwealth contributed 100 per cent of the Private Hospital Financial Viability Payment made to private operators to retain capacity for responding to State and Territory or Commonwealth public health requirements. The Private Hospital Financial Viability Payment ceased on 30 September 2022.

The Priority Groups COVID-19 Testing and Vaccination Payment

The Commonwealth will provide a 50 per cent contribution for costs incurred by States and Territories for PCR testing for COVID-19 as well as a 50 per cent contribution to the agreed price per COVID-19 vaccine dose delivered, consistent with the arrangements under the NPCR, which expired on 31 December 2022.

Notes to and forming part of the Special Purpose Financial Statement
for the year ended 30 June 2024

COVID-19 funding receipts and payments:

	2023-24 \$'000	2022-23 \$'000
RECEIPTS INTO THE STATE POOL ACCOUNT		
From Commonwealth		
Hospital Services Payments	-	8,027
Hospital Services Payments - final adjustment	1,326	-
State Public Health Payments	-	16,526
State Public Health Payments - final adjustment	1,199	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	8	-
Priority groups testing and vaccination	1,241	-
TOTAL COMMONWEALTH RECEIPTS	3,774	24,553
From Northern Territory		
Hospital Services Payments	-	-
Hospital Services Payments - final adjustment	-	-
State Public Health Payments	-	-
State Public Health Payments - final adjustment	-	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	-	-
Priority groups testing and vaccination	-	-
TOTAL NORTHERN TERRITORY RECEIPTS	-	-
TOTAL RECEIPTS	3,774	24,553
PAYMENTS OUT OF THE STATE POOL ACCOUNT		
To Northern Territory (including Local Hospital Networks)		
Hospital Services Payments	-	8,027
Hospital Services Payments - final adjustment	1,326	-
State Public Health Payments	-	16,526
State Public Health Payments - final adjustment	1,199	-
Private Hospital Financial Viability Payment	-	-
Private Hospital Financial Viability Payment - final adjustment	8	-
Priority groups testing and vaccination	1,241	-
TOTAL PAYMENTS	3,774	24,553
NET RECEIPTS / (PAYMENTS) FOR THE YEAR	-	-
OPENING CASH BALANCE	-	-
CLOSING CASH BALANCE	-	-

The previous table includes the Commonwealth NPCR funding entitlement determined by the Commonwealth Treasurer. The funding adjustment, whether positive or negative, reflects the final reconciliation of payments made under the Agreement.

Some States and Territories elected not to separately report COVID-19 funding contributions through the State Pool Account. This will affect the comparison of COVID-19 funding contributions between the Commonwealth, States and Territories.

End of Audited Special Purpose Financial Statement.



PART 3:

REFERENCE INFORMATION

This section provides an explanation of the terms used throughout our report and an alphabetical index to help our readers locate key information easily.

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ABBREVIATIONS AND ACRONYMS

ABF	Activity Based Funding
ACSQHC	Australian Commission on Safety and Quality in Health Care
AIHW	Australian Institute of Health and Welfare
CCM	Commonwealth Contribution Model
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COAG	Council of Australian Governments
IGA	Intergovernmental Agreement on Federal Financial Relations
IHACPA	Independent Health and Aged Care Pricing Authority
JAC	Jurisdictional Advisory Committee
LHN	Local Hospital Network
NEC	National Efficient Cost
NEP	National Efficient Price
NHFB	National Health Funding Body
NHR Act	<i>National Health Reform Act 2011</i>
NHR Agreement	<i>National Health Reform Agreement 2011</i>
NPCR	National Partnership on COVID-19 Response
NWAU	National Weighted Activity Unit
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
RBA	Reserve Bank of Australia
SPP	National Healthcare Specific Purpose Payment
The Administrator	Administrator of the National Health Funding Pool
The Pool	National Health Funding Pool

GLOSSARY

Activity Based Funding	Refers to a method for funding public hospital services provided to individual patients using national classifications, cost weights and nationally efficient prices developed by the IHPA. Funding is based on the actual number of services provided to patients and the efficient cost of delivering those services.
(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 NHFB, is to oversee the responsible, efficient and effective administration of Commonwealth and State and Territory public hospital funding and payments under the National Health Reform Agreement (NHR Agreement).</p>
Block funding	<p>A method of funding public hospital functions and services as a fixed amount based on population and previous funding.</p> <p>Under the NHR Agreement, 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>
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.
Local Hospital Networks (LHNs)	Recipients of the payments from the National Health Funding Pool, Commonwealth Block funding and State (and Territory) Managed Funds.
Medicare Benefits Schedule (MBS)	A listing of the Medicare services subsidised by the Australian Government.
National Funding Cap	The limit in growth in Commonwealth funding for Public Hospital Services for all States and Territories of 6.5% per annum and where the context so requires includes the operation of the Funding Cap as provided in the NHR Agreement.
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.

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National Health Funding Pool (the Pool)	A collective name for the State Pool Accounts of all States and Territories, also known as the 'the 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 NHR Agreement.
National Health Funding Pool Payments System (the Payments System)	The Administrator's National Health Funding Pool Payments System processes the NHR Commonwealth, State/Territory deposits and payments into and out of the Pool, as required under the NHR Act.
National Weighted Activity Unit (NWAU)	The NWAU is a measure of health service activity expressed as a common unit, against which the NEP is paid. It provides a way of comparing and valuing each public hospital service (whether it is an admission, emergency department presentation or outpatient episode), by weighting it for clinical complexity.
PGPA Act	<i>The Public Governance, Performance and Accountability Act 2013</i> establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting.
State Managed Fund (SMF)	A separate bank account or fund established by a State or Territory for the purposes of health funding under the NHR Agreement which must be undertaken in the State or Territory through a State Managed Fund.
State Pool Account (SPA)	A Reserve Bank of Australia account established by a 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 (and Territory) Pool Accounts of all States and Territories are collectively known as the National Health Funding Pool or the Pool.

DISCLOSURE INDEX

SECTION	DESCRIPTION	LOCATION – NATIONAL LEVEL	LOCATION – STATE AND TERRITORY LEVEL
241(2) THE ANNUAL REPORT MUST INCLUDE THE FOLLOWING INFORMATION FOR THE RELEVANT FINANCIAL YEAR			
(a)	The amounts paid into each State Pool Account and State Managed Fund by the relevant State and the basis on which the Payments were made	47	
(b)	The amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made	46	NSW 75-81 VIC 98-109
(c)	The amounts paid from each State Pool Account to LHNs, a State Managed Fund or other organisations or funds and the basis on which the Payments were made	48	QLD 126-133 WA 150-157 SA 174-181
(d)	The amounts paid from each State Managed Fund to LHNs or other organisations or funds and the basis on which these payments were made	49	TAS 198-205 ACT 222-227
(e)	The number of public hospital services funded for each LHN in accordance with the system of ABF	50	NT 244-249
(f)	The number of other public hospital services and functions funded from each State Pool Account or State Managed Fund	50	
241(3) THE ANNUAL REPORT IS TO BE ACCOMPANIED BY			
(a)	An audited financial statement for each State Pool Account	N/A	NSW – 82-95 VIC – 110-123 QLD – 134-147 WA – 158-171 SA – 182-195 TAS – 206-219 ACT – 228-241 NT – 250-263
(b)	A financial statement that combines the audited financial statements for each State Pool Account	54-55	N/A

LIST OF LEGISLATIVE REQUIREMENTS

JURISDICTION AND RELEVANT ACT	REQUIREMENT FOR THE FINANCIAL YEAR	COMMONWEALTH	NEW SOUTH WALES	VICTORIA
		National Health Reform Act 2011	Health Services Act 1997	Health (Commonwealth State Funding Arrangements) Act 2012
National Health Reform Funding and Payments Reporting	The Administrator's Annual Report must include: the amounts paid into the State Pool Account and State Managed Fund, and the number of weighted hospital services funded.	s.241(2)	schedule 6A clause 16(2)	s.17(2)
Financial Statements	The Administrator must prepare a financial statement for each State Pool Account and a financial statement that combines the financial statements for each State Pool Account.	s.241(3) and s.242	schedule 6A clauses 16(3) and 17	s.17(3) and s.18
Audit of Financial Statements	A financial statement for the State Pool Account is to be audited by the relevant Auditor-General.	s.243	schedule 6A clause 18	s.19
Administrator's Annual Report	The Administrator must, within four months after the end of each financial year, provide to the responsible Ministers an annual report on the exercise or performance of his/her functions.	s.241(1)	schedule 6A clause 16(1)	s.17(1)
Tabling of the Annual Report	A responsible Minister must, as soon as practicable after receiving an annual report, cause a copy of the report to be tabled in the Parliament of the relevant jurisdiction.	s.241(4)	schedule 6A clause 16(4)	s.17(4)

QUEENSLAND	WESTERN AUSTRALIA	SOUTH AUSTRALIA	TASMANIA	AUSTRALIAN CAPITAL TERRITORY	NORTHERN TERRITORY
Hospital and Health Boards Act 2011	National Health Funding Pool Act 2012	National Health Funding Pool Administration (South Australia) Act 2012	National Health Funding Administration Act 2012	Health (National Health Funding Pool and Administration) Act 2013	National Health Funding Pool and Administration (National Uniform Legislation) Act 2012
s.53S(2)	s.19(2)	s.22(2)	s.18(2)	s.25(2)	s.18(2)
s.53S(3) and s.53T	s.19(3) and s.20	s.22(3) and s.23	s.18(3) and s.19	s.25(3) and s.26	s.18(3) and s.19
s.53U	s.21	s.24	s.20	s.27	s.20
s.53S(1)	s.19(1)	s.22(1)	s.18(1)	s.25(1)	s.18(1)
s.53S(4)	s.19(4)	s.22(4)	s.18(4)	s.25(4)	s.18(4)

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