



National Health
Funding Body

Improving the transparency of public
hospital funding in Australia

ANNUAL REPORT 2021-22



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 FIVE 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 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.

OUR APS VALUES

- Impartial
- Committed
- Accountable
- Respectful
- Ethical

OUR ROLE IN AUSTRALIA'S HEALTH SYSTEM

WHO WE SUPPORT

PRIME MINISTER,
PREMIERS AND
CHIEF MINISTERS

COMMONWEALTH,
STATE AND TERRITORY
HEALTH MINISTERS

COMMONWEALTH
TREASURER

ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL



Michael Lambert, Administrator

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

THE NATIONAL HEALTH FUNDING BODY



Shannon White, CEO

Led by a CEO, the 29 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*.

WHO WE WORK WITH



PORTFOLIO
AGENCIES



COMMONWEALTH,
STATE AND TERRITORY
STAKEHOLDERS



INDUSTRY
PARTNERS

ABOUT US

The agency

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

We operate as a Commonwealth non-corporate entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are funded as a small agency under the Commonwealth Department of Health and Aged Care Portfolio.

We are an independent agency of 29 staff who support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the NHR Agreement.

The Administrator is an independent statutory office holder whose appointment has to be agreed to by the Commonwealth, and all State and Territory governments. 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.

What we do

The NHFB's primary functions are to assist the Administrator in:

- calculating and advising the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory
- reconciling estimated and actual public hospital services, and adjusting Commonwealth payments
- undertaking funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- monitoring payments of Commonwealth, State and Territory public hospital funding into the National Health Funding Pool (the Pool)
- making payments from the Pool to each Local Hospital Network (LHN)
- reporting publicly on funding, payments and services
- developing and providing three year data plans to the Commonwealth, States and Territories.

To assist the Administrator and achieve our vision of improving the transparency of public hospital funding in Australia, we work collaboratively across four key functions outlined in Figure 1.

FIGURE 1 National Health Funding Body's four key functions



FINANCIAL YEAR 2021-22 HIGHLIGHTS FOR THE 29 STAFF OF THE NHFB



WE ADMINISTERED OVER...

\$59 BILLION

in public hospital payments

WITH **\$59 BILLION** PAID TO...

143

Local Hospital
Networks (LHNs)

COMPRISING OF...

692

 public hospitals

THAT DELIVERED...



41 MILLION

public hospital services



COVID-19 SUPPORT

SINCE MARCH 2020,
WE HAVE PAID OVER

\$12 BILLION

in Commonwealth funding to States and Territories to respond to COVID-19 including



\$2.5 BILLION
for COVID-19 testing



\$1.8 BILLION
in Personal Protective Equipment



\$1.2 BILLION
for additional cleaning in hospitals,
schools and public transport



\$3.8 BILLION
for public health activities



\$0.3 BILLION
in COVID-19 vaccinations

IN THE 2022

APS EMPLOYEE CENSUS

OUT OF
98 AGENCIES

WE RANKED...



LEADERSHIP (SES)
LEADERSHIP (SUPERVISOR)
INNOVATION
COMMUNICATION
WELLBEING & SUPPORT



ENGAGEMENT

OUR STAKEHOLDERS RATED US



4.5/5

EARLY
ENGAGEMENT
on funding
and reconciliation

+

THROUGH
COLLABORATION
across quarterly multilateral
meetings informed by
32 bilateral discussions

=

IMPROVED
SATISFACTION
and built trust with
our stakeholders

2021-22 SNAPSHOT

How we performed

OBJECTIVE	MEASURE	RESULT
 <p>Accurate and timely calculation of Commonwealth funding contributions</p>	<p>3.1 The Treasurer of the Commonwealth is advised by the Administrator in a timely manner</p>	Met
	<p>3.2 Commonwealth funding calculations are accurate</p>	Met
	<p>3.3 Funding entitlements reconcile to actual services delivered</p>	Met
	<p>3.4 Public hospital services are funded through the appropriate Commonwealth program</p>	Met
 <p>Best practice financial administration of the National Health Funding Pool</p>	<p>2.1 Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and align with Service Agreements</p>	Met
	<p>2.2 Maintain the integrity of the Payments System in accordance with policies and procedures</p>	Met
 <p>Effective reporting of public hospital funding</p>	<p>3.1 Ministers receive required information in a timely manner</p>	Met
	<p>3.2 Monthly and annual reporting of funding, payments and services</p>	Met
	<p>3.3 Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Administrator's Data Plan</p>	Met
 <p>Productive relationships with stakeholders and partners</p>	<p>4.1 Provide trusted and impartial advice</p>	Met
	<p>4.2 Work plans and information requirements are developed in collaboration and consultation with stakeholders</p>	Met
 <p>Operate as a high performing organisation</p>	<p>5.1 A positive workplace culture where people adopt best practice approaches to achieve results</p>	Met
	<p>5.2 An agile and responsive workforce ready to adapt to new developments</p>	Met

LETTER OF TRANSMITTAL



**National Health
Funding Body**

The Hon. Mark Butler MP

Minister for Health
Commonwealth of Australia
PO Box 6022
Canberra ACT 2600
minister.butler@health.gov.au

Dear Minister,

National Health Funding Body Annual Report 2021–22

In accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013*, I am pleased to provide you with the National Health Funding Body Annual Report and Financial Statements for the year ended 30 June 2022, for presentation to Parliament.

This report has been prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.

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

As per section 267 of the *National Health Reform Act 2011* a copy of this Annual Report and Financial Statements will be provided to each State and Territory Health Minister.

Yours sincerely,

Shannon White

Chief Executive Officer
National Health Funding Body

23 September 2022

About this report

Our Annual Report highlights our key achievements in 2021-22.

We have measured our results against a range of performance criteria outlined in the Portfolio Budget Statements, our Strategic Direction and our Corporate Plan. We introduce our leadership team, provide details on how we support our workforce and explain our approach to governance. We also detail our financial performance, including our audited financial statements.

The NHFB CEO is required to prepare and present this report to the Commonwealth Parliament, pursuant to section 70 of the *Public Service Act 1999* and section 267 of the *National Health Reform Act 2011* (NHR Act) and provide a copy of this report to each State and Territory Health Minister under section 267(c) of the NHR Act.

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

This Annual Report should be read in conjunction with the National Health Funding Body Corporate Plan 2021-22 and the Administrator's National Health Funding Pool Annual Report 2021-22.

Further information

If you require further information or have any queries relating to this Annual Report, please contact NHFB's Executive Support.

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Web publichospitalfunding.gov.au

An accessible copy of this report is available online at www.transparency.gov.au



www.publichospitalfunding.gov.au/publications

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AGENCY OVERVIEW

This section explains our role in Australia's health system, who we work with, and introduces our leadership team.





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MESSAGE FROM THE ADMINISTRATOR



I would like to thank the NHFB CEO, Shannon White, and the excellent NHFB staff for their dedicated work in supporting me to fulfil our mutual obligations and responsibilities.

Michael Lambert

Administrator

National Health Funding Pool

2021-22

2021-22 was another challenging year to operate in with the continuing impact of COVID-19 on the public hospital system, the broader health system as well as on the community and the economy. The main areas of focus, beyond undertaking the key functions of calculate, pay, report were:

- putting in place the reforms and initiatives set out in the Addendum
- continuing work to improve the consistency and transparency of public hospital funding
- enhancing funding integrity with respect to both data matching and miscoded private patients
- engaging bilaterally with all key stakeholders, including jurisdictions and national bodies.

National Health Reform Funding and Annual Reconciliation

Total Commonwealth and State and Territory (hereafter States refers to States and Territories) payments in 2021-22 was \$59 billion, up \$3 billion on the previous year. Of the \$59 billion, the Commonwealth contributed \$24.1 billion, with States contributing the balance.

The 2020-21 Six-month Reconciliation was deferred to the 2020-21 Annual Reconciliation this year due to the ongoing impact of COVID-19 and the uncertainty of public hospital activity.

The 2020-21 Annual Reconciliation was completed in early 2022, with my Payment Advice provided to the Commonwealth Treasurer (and all health ministers) on 24 February 2022. This is the fastest the NHFB has completed an Annual Reconciliation, and the fourth year in a row it has been completed by March.

The Federal Government provided a Minimum Funding Guarantee for 2019-20 to 2020-21, which was then extended to include 2021-22, to ensure no jurisdiction is left worse off as a result of the pandemic. Funding Guarantee payments of \$0.532 million and \$0.223 million for 2019-20 and 2020-21 respectively have been made, with eligibility in 2021-22 to be assessed by the Commonwealth Treasurer as part of the 2021-22 Annual Reconciliation in early 2023.

The Year Ahead

During 2022-23, Shannon White and I will actively engage with all jurisdictions, national bodies and industry partners. Our priorities, beyond our core ongoing functions, include:

- finalising the implementation of the Addendum initiatives
- addressing consistency and transparency issues identified in public hospital funding and reporting
- further refining and improving the approach to funding integrity
- working with the IHACPA to identify and address anomalies in service pricing between public hospital activity categories and improve the transparency and reducing potentially preventable hospitalisations
- working with the IHACPA, ACSQHC and all jurisdictions to enhance the approach to achieving improved safety and quality and reducing Preventable Hospitalisations.
- progressing further enhancements to the Payments System and website to improve the transparency of public hospital funding.

CHIEF EXECUTIVE OFFICER'S REVIEW



I am pleased to present our annual report for 2021-22, my fifth as the CEO NHFB. I am grateful for the opportunity to reflect on and share the achievements of the agency throughout this report. Each year, we aim to achieve more than the year before and this year has been no different.

A handwritten signature in black ink that reads "Shannon White".

Shannon White

Chief Executive Officer
National Health Funding Body

Our agency continues to perform a unique role in Australia's health system, delivering best practice financial administration of \$59 billion (exclusive of COVID-19 funding). We perform the calculations, payments and reporting of public hospital funding across 143 Local Hospital Networks (LHNs) comprising of 692 public hospitals and delivering in excess of 41 million hospital services.

When I started in this role in April 2018 my focus was to improve the transparency of public hospital funding in Australia. My immediate priorities included: funding certainty and the timely finalisation of outstanding reconciliations; productive relationships with stakeholders through communication and collaboration; funding accuracy with the digital transformation of our core technology platforms; and a positive workplace culture focussed on 'what' we do as well as 'how' we do it.

COVID-19 financial assistance

Together with the Administrator, we are supporting all Governments through our administration of the National Partnership on COVID-19 Response (NPCR) which has delivered since March 2020, more than \$12 billion in additional Commonwealth financial assistance to States and Territories.

In addition to Hospital Services Payments provided to support public hospitals in treating confirmed and suspected COVID-19 patients, State Public Health Payments support additional public health activities in responding to the pandemic and stopping the spread of the disease. This includes all COVID-19 testing, securing additional PPE supplies, expanding ICU and ventilation capacity, boosting contact tracing and public health communication activities. It has also supported additional cleaning in hospitals, schools and public transport as well as COVID-19 vaccine doses. Private Hospital Financial Viability Payments are focused on securing additional staff, facilities and ICU beds to supplement the public hospital system.

2020-21 public hospital funding outcome

In February 2022, together with the Administrator we finalised the 2020-21 Annual Reconciliation of Commonwealth National Health Reform (NHR) funding as well as the National Partnership on COVID-19 Response (NPCR).

The final 2020-21 Commonwealth NHR funding entitlement of \$22.448 billion, represents an increase of \$1.144 billion or 5.4 per cent compared to 2019-20.

The Australian Government also provided \$0.223 billion under the Commonwealth's Minimum Funding Guarantee.

In addition, the final 2020-21 NPCR funding entitlement of \$3.990 billion, included \$1.325 billion for COVID-19 related hospital services, \$2.309 billion for COVID-19 related public health activities and \$0.356 billion for additional capacity provided by private hospitals.

Record levels of public hospital funding

Since the establishment of the Administrator and the NHFB, total Commonwealth, State and Territory public hospital funding contributions through the National Health Funding Pool have increased from \$37 billion in 2013-14 to \$59 billion in 2021-22 representing an increase of \$22 billion over the last seven years.

Increased stakeholder satisfaction

This year we continued to hold bilateral discussions with portfolio agency partners and Commonwealth, State and Territory stakeholders in addition to the more formal multilateral Jurisdictional Advisory Committee (JAC) meetings. We continue to focus on improving our communication and collaboration with our stakeholders through early engagement on funding entitlements and reconciliation outcomes. This proactive approach has resulted in improved satisfaction levels and trust with our stakeholders who rated us 4.5 out of 5 in the recent 2022 stakeholder survey.

Strong employee engagement and innovation

Without the commitment and flexibility of our staff, we would not have been able to deliver on our five strategic objectives.

In 2021-22 we continued to demonstrate high levels of communication, collaboration and teamwork. Our persistence with creating a positive workplace culture, and our emphasis on our United Leadership behaviours has been fundamental to our success both internally and externally.

This has contributed to our excellent 2022 APS Employee Census results, ranking 1st out of 98 agencies in leadership, communication, innovation and wellbeing.

I am delighted with these results, however once again we must not take this for granted. It is important that we sustain our positive workplace culture underpinned by our approach to united leadership.

Appreciation and recognition

I would like to acknowledge and thank Michael Lambert, the Administrator of the National Health Funding Pool, for his guidance, advice and encouragement over the years. I am also proud of the high performing and innovative team at the NHFB, and would like to thank each of them for their consistent hard work, for finding the opportunities in the challenges, and most importantly for supporting one another and continuing to build a great place to work. I would also like to thank our many stakeholders and partners for their cooperation and contribution to our mutual success in 2021-22.

In May 2022, one of valued Audit and Risk Committee members, Chris Brook, sadly passed away. Chris acted with integrity at all times, provided sound advice and was an expert in public health policy and reform. He will be missed.

Priorities for the future

One of the key priorities for this planning period will be the ongoing administration of Commonwealth NHR funding, the NPCR and the Commonwealth's Minimum Funding Guarantee.

In relation to Commonwealth NHR funding, the Addendum outlines clear direction in several key areas including:

- public hospital funding integrity and duplicate payments
- funding cap exemption for highly specialised therapies
- funding neutrality for private patients in public hospitals
- the progression of safety and quality measures (e.g. avoidable readmissions)
- measures to reduce demand for potentially preventable hospitalisations.

The NPCR has been in place since March 2020 and is currently planned to cease effective 31 December 2022. In the year ahead, we will be focused on administering 2022-23 payments as well as completing the 2021-22 Annual Reconciliation.

The outcome of the Commonwealth's Minimum Funding Guarantee will be determined following the final Annual Reconciliation of Commonwealth NHR and NPCR funding contributions.

It is important that we sustain our positive workplace culture underpinned by our United Leadership behaviours. In 2022-23, we remain focussed on:

- building on our strong stakeholder engagement for greater impact
- leveraging our digital investment and embracing data to improve services and advice
- strengthening our leadership and culture to remain an employer of choice
- investing in our people through learning and development to strengthen our organisational capability
- reviewing our business operations for productivity improvements, cost efficiencies, value for money and responsiveness

As always, I look forward to working closely with Michael Lambert (the Administrator), all our stakeholders and partners, and my outstanding team at the NHFB to further improve the transparency of public hospital funding in Australia.

“ I am incredibly proud of our people and positive workplace culture

FINANCE YEAR IN REVIEW

The NHFB is funded by an annual appropriation from the Commonwealth, with the majority of our operating expenses being for employees and suppliers. This demonstrates a continued focus on investing in our people, focusing on core business through leveraging industry partner expertise and advice, and maximising benefit from digital platforms to best support the obligations and responsibilities of the Administrator and be ready to adapt to new developments.

2021-22

As at 30 June 2022 the NHFB recorded a surplus of \$0.978 million, with available appropriations of \$3.777 million to be used in the 2022-23 financial year.

Investing in our people to enhance and sustain core capabilities

Between 2020-21 and 2021-22, employee expenditure increased by 13% (\$0.420 million) to \$3.648 million. This is primarily attributed to additional staff being engaged to support the 2021-22 Budget measure Primary Care and the COVID-19 Response Package extension as well as the COVID-19 Response Package vaccine purchases and rollout.

Continuing to focus on core business, leveraging industry partner expertise and advice

The NHFB spent \$2.088 million on suppliers, which is an increase of 16% (\$0.281 million) from 2020-21. This increase is due to additional costs associated with administering the NPCR, including assurance work. We continue to emphasise the importance of investing in our people by increasing technical training for our staff.

Maximising benefit from digital platforms

In 2021-22 the Commonwealth Contribution Model (CCM) and Payments System have continued to be key digital platforms that underpin our high-performing agency. As such we have continued to invest in the maintenance and continuous refinements of the platforms to ensure they are meeting their full potential.

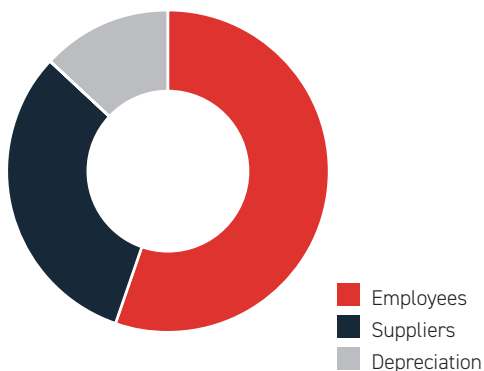
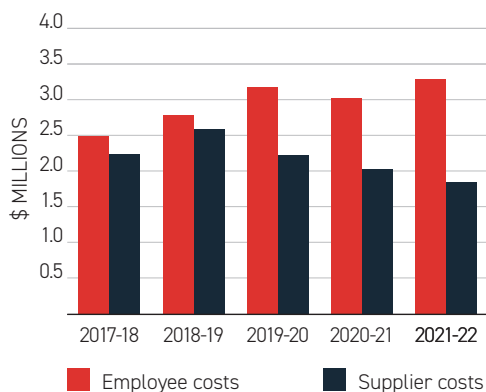
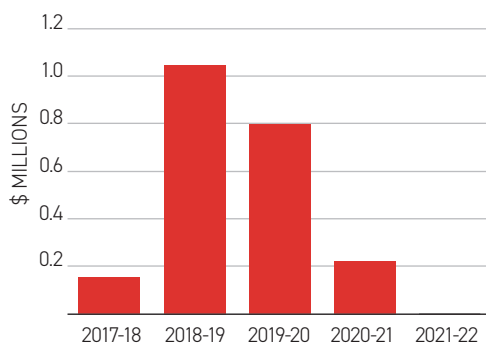
In maintaining the NHFB's financial sustainability, emphasis is placed on managing both supplier payables and employee provisions balances to an acceptable level, and ensuring additional funding received from Government is appropriately spent in line with our financial management principles.

Outlook for 2022-23

In 2022-23 we will continue to manage our finances in line with three key principles:

- **PEOPLE** – Invest in our people to enhance and sustain core capabilities.
- **PROCESS** – Continue to focus on core business, leveraging industry partner expertise and advice.
- **TECHNOLOGY** – Maximise benefit from digital platforms.

These principles enable us to support our critical operations and strategic priorities while continuing to build on existing capability. This allows us to be flexible in responding to emerging priorities and new opportunities.

FIGURE 2 2021-22 expenditure breakdown**FIGURE 3** Suppliers v employee expenditure**FIGURE 4** Capital expenditure on key digital platforms

Additional funding for key initiatives

Supporting the National Partnership on COVID-19 Response

Under existing legislation and national agreements, we have core responsibilities for the calculation, payment and reporting of public hospital funding. On this basis, the Administrator and the NHFB were well placed to administer the funding arrangements for the NPCR and subsequent extensions.

The NHFB received additional funding from 2021-22 to 2023-24 to support this work; engaging additional employees and continuing to work with our existing industry partners to assist in administering funding arrangements. This temporary measure also included additional staffing resources.

Supporting Funding Integrity measures under the 2020-2025 Addendum to the National Health Reform Agreement

The NHFB is responsible for supporting the Administrator in delivering funding integrity initiatives under clause A11 and A12 the 2020-2025 Addendum to the National Health Reform Agreement.

Additional funding (suppliers and staffing) was received in the 2021-22 Budget to consult, implement and operationalise business rules to identify public hospital services that potentially received funding through other Commonwealth programs. This is an ongoing measure.

ENVIRONMENT

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.



Interior of the women's surgical ward, Sydney Hospital, 1890s. State Library of NSW 06472



1945

The *Hospital Benefits Act 1945* provided for all people to have access to a public hospital free of charge.



1984

Introduction of Australia's universal health care scheme Medicare.



1981

Funding for hospitals from the Commonwealth is based on per capita block grants.



2008

The National Health and Hospitals Reform Commission was established to provide advice on progressing health reform.



2011

The *National Health Reform Agreement* 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 *Addendum to the National Health Reform Agreement 2017-18 to 2019-20*, introduced safety and quality elements to funding.



2020

The *Addendum to the National Health Reform Agreement 2020-25* was signed by all Australian governments in May.

The National Partnership on COVID-19 Response was agreed to and signed in March 2020, providing additional financial support to States and Territories.



2021

Extension to the NPCR to include Aged Care and vaccinations

Overview of health care agreements

National Healthcare Specific Purpose Payment Pre-2012

Prior to the NHR Agreement, State 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 Minimum Funding Guarantee to all States and Territories for the period 2019-20 to 2021-22, to ensure no jurisdiction is left worse off as a result of the COVID-19 pandemic.

National Partnership on COVID-19 Response (NPCR)

The NPCR was agreed to and signed by COAG on Friday, 13 March 2020. The NPCR was subsequently amended and agreed to in April 2020 to include a provision for private hospital financial viability payments. A third update to the NPCR was made in February 2021 to support the COVID-19 vaccine rollout. The NPCR was further amended to assist residential aged care providers prevent, prepare for and respond to outbreaks of COVID-19 under Schedule D.

The objective of the NPCR is to provide financial assistance to States and Territories for the additional costs incurred in responding to COVID-19. Under the NPCR, there are 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.

Since March 2020, more than \$12 billion in Commonwealth COVID-19 funding has been paid 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 Capacity and Viability payment 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 and 2021-22 National Health Funding Pool Annual Reports.

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 2021-22 we further refined our approach, focussing 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.

We held four rounds of bilateral discussions with States and Territories ahead of the more formal Administrator's Jurisdictional Advisory Committee (JAC) meetings. These discussions provided us, along with States and Territories, the opportunity to discuss a range of topics, and answer specific questions that a State or Territory may have.

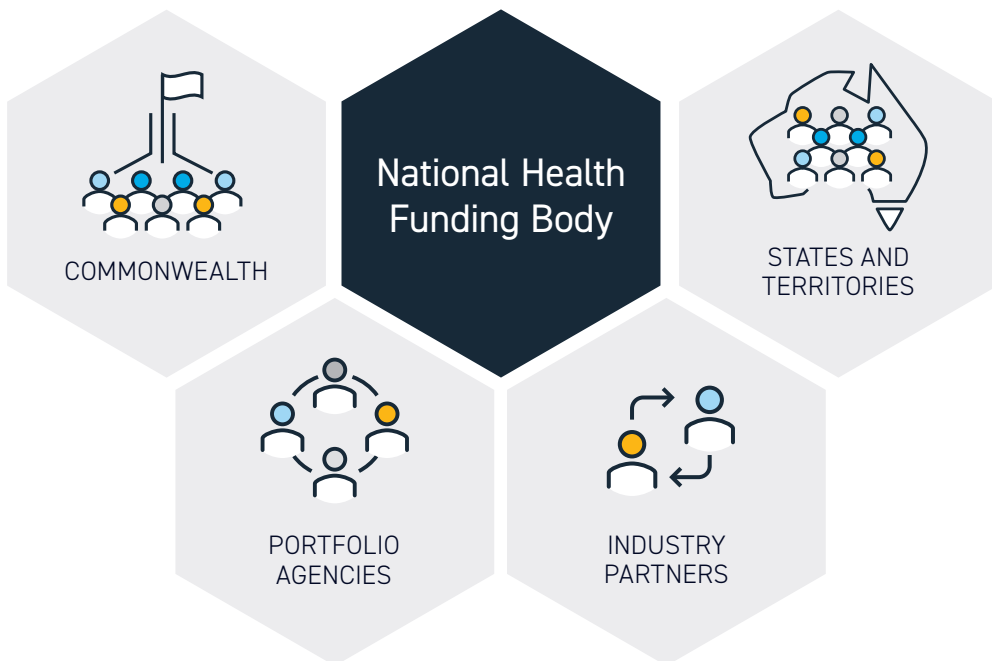
We covered a range of topics including:

- NHR funding and payments
- NPCR funding and payments
- policy and guidance documents
- funding integrity
- consistency and transparency of public hospital funding.

We held four Payments System Community of Practice meetings, with representatives from all States and Territories. The Community of Practice provides a support network for users, a forum to share knowledge and discuss opportunities for improvement. In 2021-22, the meetings focussed on

- Payments System policies and procedures
- system enhancements
- change and release schedules
- user training.

FIGURE 5 National Health Funding Body stakeholders and partners



CASE STUDY

STAKEHOLDER ENGAGEMENT

OUR STAKEHOLDERS RATED US



4.5/5

EARLY
ENGAGEMENT
on funding
and reconciliation

+

THROUGH
COLLABORATION
across quarterly multilateral
meetings informed by
32 bilateral discussions

=

IMPROVED
SATISFACTION
and built trust with
our stakeholders

In August, 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.

In order to establish a baseline for measuring improvements over time, our stakeholders were asked to rate their overall satisfaction with the NHFB's communication and engagement on a scale from 1-5. The average rating was 4.5, an increase from 2020-21, indicating high levels of satisfaction with the NHFB.

The survey identified areas we had improved on since the last survey, such as:

- the efforts NHFB staff take to communicate changes, and explain and resolve stakeholder concerns
- the engagement through bilaterals to discuss key issues ahead of the more formal JAC meetings
- smaller jurisdictions noting their appreciation for technical assistance from NHFB.

The survey also provided insights into focus areas for 2022-23 including:

- scoping opportunities for technical working groups
- scoping opportunities for peer engagement across jurisdictions on key policies.

Administrator's Jurisdictional Advisory Committee

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 2021-22:

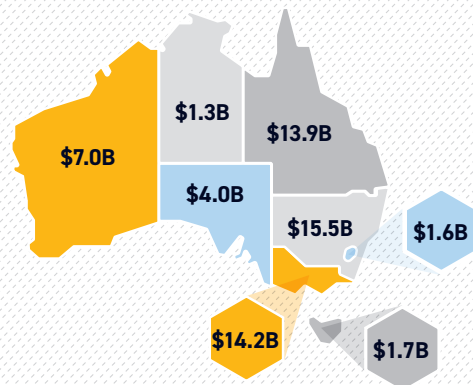
- 9 September 2021
- 24 November 2021
- 3 March 2022
- 16 June 2022.

Key discussion topics at the Administrator's JAC in 2021-22 included:

- implementation of the Addendum
- Administrator's policy documents
- 2020-21 Annual Reconciliation of public hospital funding and services
- COVID-19 funding
- funding integrity, including data matching
- Payments System administration
- consistency and transparency of public hospital funding.

WE ADMINISTERED...

\$59 BILLION
in public hospital payments



States and Territories

In addition to the Administrator's JAC and series of rolling bilateral discussions with States and Territories, we held individual workshops with each State and Territory and the Commonwealth in May and June to support the provision of feedback on Data Matching Business Rules. This enabled us to answer questions jurisdictions had with data matching, as well as highlight some emerging areas of interest for further investigation.

We supplemented the Payments System Community of Practice with dedicated virtual training sessions and information sessions for users across all States and Territories on topics including:

- end of month processing
- end of financial year
- custom reporting
- system software changes.

Commonwealth

In 2021-22, we continued to be supported by, and work with our Commonwealth stakeholders through a range of formal and informal arrangements, including:

- the provision of shared services (e.g. payroll and IT desktop) from the Department of Health and Aged Care
- Enterprise Data Warehouse (EDW) technical support from the Department of Health and Aged Care
- the provision of public hospital activity data from Services Australia
- website hosting on Australia's whole-of-government platform, GovCMS from Department of Finance
- 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.

“ We will continue to explore ways in which we can engage and collaborate with our stakeholders and partners, as well as increase the awareness and profile of the NHFB.

Portfolio agencies

We worked with our fellow 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 IHACPA, the AIHW and the ACSQHC.

INDEPENDENT HEALTH AND AGED CARE PRICING AUTHORITY

"Our 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 2021-22, we worked closely with the IHACPA to align many of our core activities including:

- implementation of the Addendum, including Highly Specialised Therapies and private patient neutrality
- Six-month and Annual NWAU Reconciliation
- Three Year Data Plans.

www.ihacpa.gov.au

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE

"Our vision is to provide stronger evidence (data and information) for better decisions and improved 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 2021-22, 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, in addition to the payments for public hospital services transacted through the Pool. Work is continuing in 2022-23 with the AIHW, Commonwealth and States and Territories to improve consistency and transparency of public reporting in preparation for the Administrator's annual report on Maintenance of Effort, as required by the Addendum.

www.aihw.gov.au

AUSTRALIAN COMMISSION ON SAFETY AND QUALITY IN HEALTH CARE

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

www.safetyandquality.gov.au

INDUSTRY PARTNERS

In 2021-22, we worked with a number of industry partners to support our small agency deliver on our objectives. We leveraged their expertise, were supported by their advice and relied on their independence. Throughout this process, we actively promoted knowledge sharing with our people to continue to build our internal capability.

Industry partners that assisted us in 2021-22 were:

- **CALCULATE** KPMG, Taylor Fry and PwC
- **PAY** TechnologyOne, Chartertech, Libratum and RSM
- **REPORT** Salsa Digital
- **ORGANISATION** Kirribilli Partners and contentgroup.

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.

FIGURE 6 Public hospital funding, costing, pricing, calculations and payments

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.

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.

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.

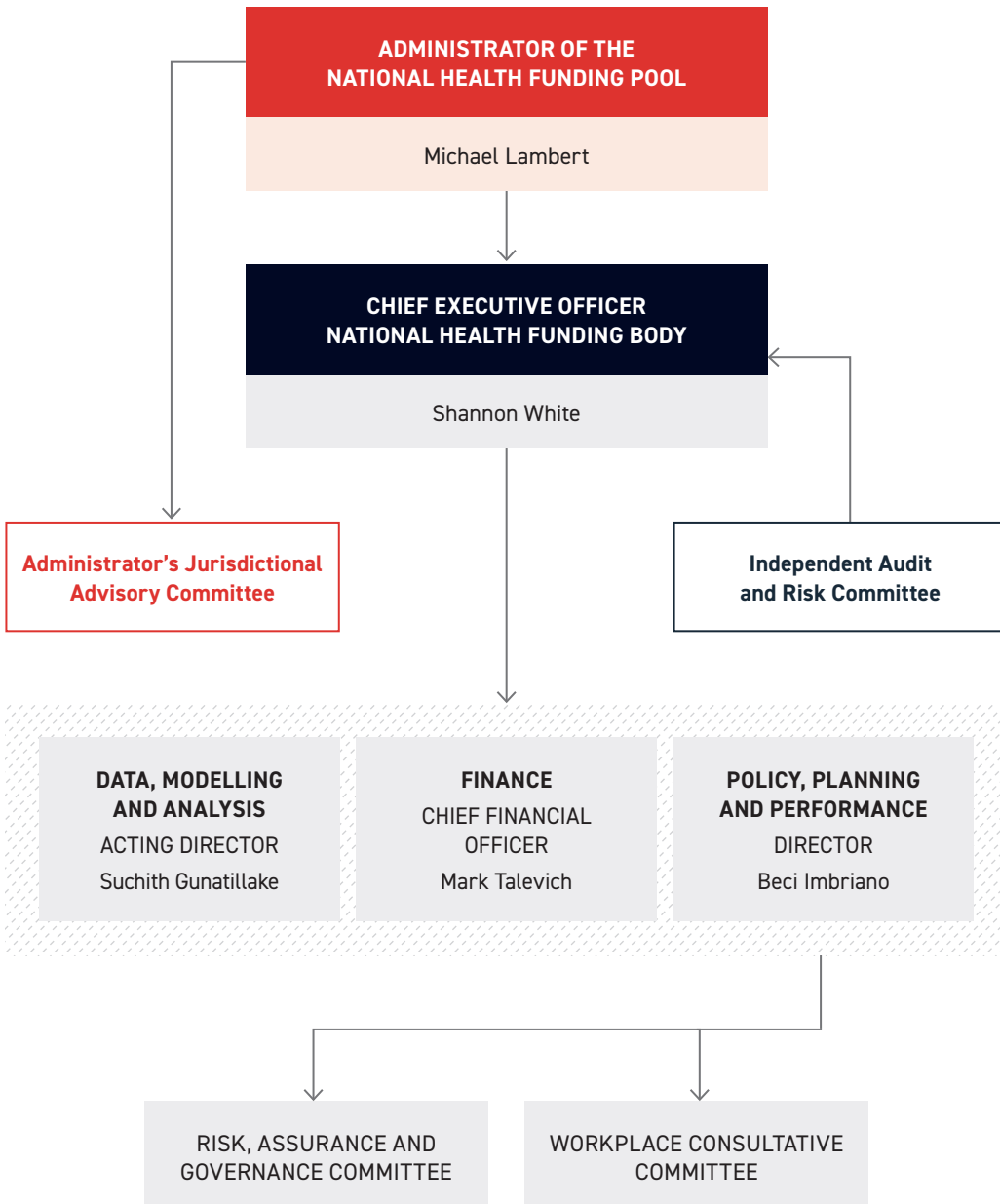
“ We work together to align our data requirements, standards and timelines. ”

Organisational structure

Our structure ensures resources are aligned to core functions, providing for clear lines of reporting.

'Figure 7' shows the relationship between the NHFB's organisational and governance elements.

FIGURE 7 Organisational structure as at 30 August 2022



Leadership team



Michael Lambert

The Administrator of the National Health Funding Pool

Michael was appointed Administrator of the National Health Funding Pool in July 2018 for a five year term.

Michael's career has covered four broad areas: public sector policy and finance; investment banking; Non-Executive director roles; and working in areas related to the health sector. Michael spent 17 years in a range of senior state government positions culminating in the role of NSW Treasury Secretary. Michael has also held Non-Executive Directorships within the health sector, including the NSW Northern Suburbs Area Health Board, the NSW Cancer Council and the Sax Institute, a not for profit organisation that seeks to align health research to health policy and programs in order to improve health outcomes. He has also held Non-Executive Directorships in the finance, energy and not for profit sectors.

Michael holds an Honours and Masters degree in Economics, a Masters in Philosophy, and is a Graduate of the Australian Institute of Company Directors.



Shannon White

The Chief Executive Officer of the National Health Funding Body

Shannon was appointed Chief Executive Officer of the NHFB in April 2018.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has 28 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. These included health system fiscal sustainability as well as the negotiations on public hospital funding under the two Addendums to the NHR Agreement.



Suchith Gunatillake

Acting Director, Data, Modelling and Analysis

Suchith joined the NHFB in August 2016. The Data, Modelling and Analysis section develop and operate models that determine the Commonwealth funding contribution to LHNs for delivering public hospital services (over \$24 billion for 2021-22). The section also reconciles estimated and actual service volumes through a range of data submissions (over 41 million records each year) related to public hospital funding. The Data, Modelling and Analysis section is also responsible for linking hospital activity data with Medical Benefits Schedule (MBS) claims data to identify if the Commonwealth has potentially paid for the same hospital more than once (over 610 million MBS records per annum).

Suchith has more than 8 years experience in risk management, analytics and data modelling in the banking and finance industry prior to joining NHFB. He has a Bachelor of Commerce and Science (Hons) from the University of New South Wales.



Mark Talevich

Chief Financial Officer

Mark joined the NHFB in September 2021 as Chief Financial Officer and is responsible for the Finance section. The Finance section provide financial support to the NHFB CEO and the Administrator, including managing the National Health Funding Pool Payments System, processing Commonwealth, State and Territory deposits and payments into and out of the Pool as well as facilitating authorisation by the Administrator for payments to LHNs and other providers.

The Finance section are also responsible for the production of NHFB and individual Pool Financial Statements for auditing by the Australian National Audit Office and each State and Territory's Auditor-General respectively.

Prior to joining the NHFB, Mark worked at the Commonwealth Department of Health for more than 19 years, working predominately in corporate roles in financial management, external budget and grants management. Mark is a Certified Practising Accountant (CPA) and has a Graduate Diploma in Professional Accountancy from the University of Canberra.



Beci Imbriano

Director, Policy Planning and Performance

Beci joined the NHFB in November 2018 as Director, Policy, Planning and Performance. The Policy, Planning and Performance section are 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 Administrator's policies:
- Administrator's Three Year Data Plan
- Data Compliance Policy
- Data Governance Policy
- Calculation and Reconciliation Framework
- Data Matching Business Rules.

The section also works with stakeholders to improve reporting of public hospital funding through the development of a strategic outlook of public hospital funding, trend reporting and analysis, including the publication of monthly funding and activity data on publichospitalfunding.gov.au.

“ We are proud of our culture that focuses on 'how' we do things, not just 'what' we do

The section also provide 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 Jurisdictional Advisory Committee and Independent Audit and Risk Committee.

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

CASE STUDY | UNITED LEADERSHIP

“ We have created an environment of trust and demonstrate our behaviours in all that we do. Through our leadership behaviours, we are authentic in our engagement, transparent in our communication and we celebrate success together.

In 2021-22, we continued to look for opportunities to further embed our United Leadership behaviours in all our work:

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

We did this through:

- conducting regular all-staff meetings:
 - » we invited external speakers to present their experiences in leadership and culture, including, APS Senior Leaders, non-government Chief Executives and industry experts
- participating in the APS Census, and discussing our results openly as an agency. This included discussions on 'what are we proud of' and 'what could we do better' i.e. areas for improvement
- discussing our progress against areas we identified for improvement in our monthly Organisational Performance meetings, which incorporates progress checks against our Corporate Plan objectives and key initiatives
- identifying opportunities for our staff to join workshops and forums that have a focus on leadership behaviours, workplace culture and performance
- incorporating our United Leadership behaviours into our individual Performance and Development Agreements, reflecting that 'how' we do things is just as important as 'what' we do.

FIGURE 8 National Health Funding Body Behaviours in Action

OUR BEHAVIOURS IT STARTS WITH ME



ONE NHFB

We contribute as a united team and encourage new ideas.

OPEN COMMUNICATION

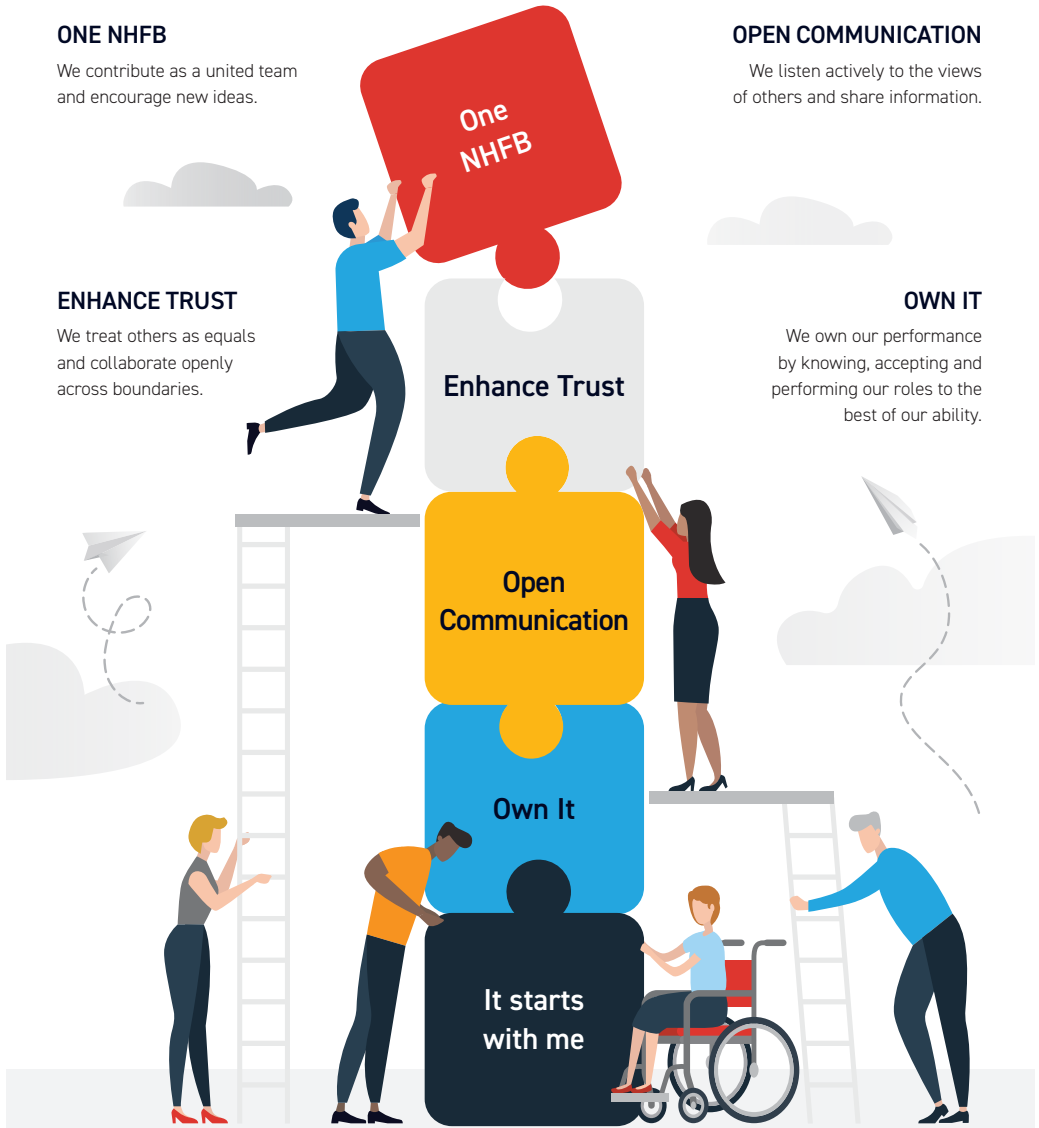
We listen actively to the views of others and share information.

ENHANCE TRUST

We treat others as equals and collaborate openly across boundaries.

OWN IT

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



ANNUAL PERFORMANCE

This section highlights our performance throughout 2021-22 and the work we undertook to improve the transparency of public hospital funding in Australia.



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ANNUAL PERFORMANCE STATEMENT

FUNDING OUTCOMES



WE ADMINISTERED...

\$59 BILLION

in public hospital payments

ENABLING INNOVATION



WE CONTRIBUTE

NEW IDEAS

and are supported by a workplace culture to do so

WORKPLACE SATISFACTION



LEADERSHIP (SES)
LEADERSHIP (SUPERVISOR)
INNOVATION
COMMUNICATION
WELLBEING & SUPPORT

Agency outcome

We are proud to report that we have met all our objectives for the 2021–22 reporting period. We provide details of our significant achievements throughout the year across our five key objectives in this statement. For each objective we detail our performance against established measures.

Reporting approach

Our performance is measured against our purpose through a range of performance criteria outlined in the Health Portfolio Budget Statements (PBS) 2021–22 (page 335) and the NHFB Corporate Plan 2021–22 (pages 21–26). This reporting framework is detailed in Figure 9 and provides an overview of our purpose, objectives and performance indicators.

Statement of Preparation

I, as the Accountable Authority of the NHFB, present the 2021–22 Annual Performance Statement as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

Shannon White

Chief Executive Officer
National Health Funding Body

21 September 2022

FIGURE 9 Relationship between 2021-22 Portfolio Budget Statements, 2021-22 Corporate Plan and 2021-22 Performance Statement



PERFORMANCE IN 2021-22

We achieved the performance measures required to meet our strategic objectives, legislative requirements and obligations of the Administrator and Commonwealth, States and Territories in 2021-22.

FIGURE 10 Snapshot of performance 2018-19 to 2021-22

OBJECTIVE	MEASURE	RESULT 2018-19	RESULT 2019-20	RESULT 2020-21	RESULT 2021-22
Accurate and timely calculation of Commonwealth funding contributions	1.1 The Treasurer of the Commonwealth is advised by the Administrator in a timely manner	Met	Met	Met	Met
	1.2 Commonwealth funding calculations are accurate	Met	Met	Met	Met
	1.3 Funding entitlements reconcile to actual services delivered	Met	Met	Met	Met
	1.4 Public hospital services are funded through the appropriate Commonwealth program	Met	Met	Met	Met
Best practice financial administration of the National Health Funding Pool	2.1 Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and align with Service Agreements	Met	Met	Met	Met
	2.2 Maintain the integrity of the Administrator's Payments System in accordance with policies and procedures	Met	Met	Met	Met
Effective reporting of public hospital funding	3.1 Ministers receive required information in a timely manner	Met	Met	Met	Met
	3.2 Monthly and annual reporting of funding, payments and services	Met	Met	Substantially Met	Met
	3.3 Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Administrator's Data Plan	Met	Met	Met	Met
Productive relationships with stakeholders and partners	4.1 Provide trusted and impartial advice	Met	Met	Met	Met
	4.2 Work plans and information requirements are developed in collaboration and consultation with stakeholders	Met	Met	Met	Met
Operate as a high performing organisation	5.1 A positive workplace culture where people adopt best practice approaches to achieve results	Met	Met	Met	Met
	5.2 An agile and responsive workforce ready to adapt to new developments	Met	Met	Met	Met

KEY  Met  Substantially Met  Not Met



Objective One

Accurate and timely calculation of Commonwealth funding contributions

Analysis of performance in 2021-22

We continue to achieve our purpose by improving the accuracy and timeliness of Commonwealth funding contribution calculations. This work supports the advice provided by the Administrator to the Commonwealth Treasurer. In 2021-22, it included calculations for both Commonwealth NHR funding and the NPCR.

We calculated Commonwealth funding contributions and provided advice to the Administrator, and Commonwealth, State and Territory governments throughout 2021-22, including:

- completing the 2020-21 Annual Reconciliation for both NHR (\$22.448 billion) and NPCR (\$3.990 billion) as well as the Commonwealth's Minimum Funding Guarantee top-up payment of (\$0.223 billion)
- six updates to the 2021-22 NHR Payment Advice, resulting in total Commonwealth funding of \$24.055 billion
- the first 2022-23 NHR Payment Advice, detailing an estimated \$26.232 billion of Commonwealth NHR funding.

We provided independent, expert advice to the Administrator, and Commonwealth, State and Territory governments on:

- formalising the implementation approach for Highly Specialised Therapies
- updates to the NPCR, including a revised Vaccination schedule and new Aged Care schedule
- cumulative funding under the NPCR of \$11.584 billion (comprising \$2.462 billion in 2019-20, \$3.990 billion in 2020-21 and \$5.131 billion in 2021-22).

- We worked with the IHACPA to develop and approach to achieve overall payment parity between public and private patients in public hospitals from 1 July 2021, ahead of the 2021-22 Annual Reconciliation.

We focused on greater transparency and integrity by undertaking data matching activities. Data matching identifies instances where the Commonwealth may have contributed funding for the same public hospital service under the NHRA and another Commonwealth program. Final data matching for the 2020-21 annual hospital activity data was completed in early 2022, with final datasets made available to all jurisdictions on 21 February 2022.

Year Ahead (2022-23)

In 2022-23, we will:

- undertake 2022-23 funding calculations
- finalise the 2021-22 Annual Reconciliation (including the NPCR)
- undertake funding integrity data matching activities as part of the 2021-22 Annual Reconciliation
- finalise the 2022-23 Six-month Reconciliation (including the NPCR)
- work with our stakeholders to further improve reconciliation processes and funding integrity measures
- work with the Administrator, ACSQHC and IHACPA on incorporating additional safety and quality measures into public hospital funding, including for potentially preventable hospitalisations.

1.1 The Treasurer of the Commonwealth is advised by the Administrator in a timely manner

Performance criteria 1.1 (Corporate Plan) and PBS 2021-22 page 335.



2021-22 TARGET

100% of the advice about the amounts required to be paid into each State (and Territory) Pool Account is provided to the Treasurer in a timely manner.

ANALYSIS

Under the Addendum, each financial year, States and Territories have to provide the Administrator with:

- estimated activity service volumes by service category by 31 March for the next financial year (clause A105)
- confirmed activity service volumes by service category for each LHN by 31 May for the next financial year (clause A106).

Three of eight States and Territories submitted their estimated service volumes by 31 March 2021, with the remaining five provided within three weeks of the due date.

Five of eight States and Territories provided their confirmed service volumes by 31 May 2021, with the remaining three provided within one week of the due date. This compares with zero States providing their confirmed service volumes on time last year.

We used the confirmed service volumes (as represented by NWAU) to calculate the Commonwealth's NHR contribution to public hospital funding in 2021-22.

We completed our assurance review of the final calculations, the Administrator signed-off, and the Administrator's payment advice was provided to the Commonwealth Treasurer on 25 June 2021.

The Treasury completed the first 2021-22 Commonwealth NHR payments to States and Territories on 7 July 2021.

Updates to payment advice can happen multiple times a year if States and Territories provide updated activity estimates to the Administrator. In 2021-22, the NHFB calculated, and the Administrator signed-off on five updates to payment advice.

Updates to 2021-22 payment advice was provided to the Commonwealth Treasurer on:

- 28 June 2021, which updated payments from 1 July 2021 – 30 June 2022
- 23 September 2021, which updated payments from 1 October 2021 to 30 June 2022
- 26 October 2021, which updated payments from 1 November 2021 to 30 June 2022
- 25 January 2022, which updated payments from 1 February 2022 to 30 June 2022
- 24 February 2022, which updated payments from 1 March 2022 to 30 June 2022
- 25 May 2022, which updated payments from 1 June 2022 to 30 June 2022.

Based on updated activity estimates provided by States and Territories, the final 2021-22 payment advice resulted in \$24.055 billion in Commonwealth NHR funding for 2021-22.

Each updated version of the Administrator's payment advice was also distributed to all health ministers and State and Territory health department CFOs on the same day.

1.2 Commonwealth funding calculations are accurate

Performance criteria 1.2 (Corporate Plan)

2021-22 TARGET

100% of current and future year Commonwealth Contribution Models (CCMs) are accepted by the Administrator.



MET

ANALYSIS

The updates we made to the CCM in 2021-22 were largely driven by the *Addendum to the National Health Reform Agreement 2020-21 to 2024-25* as agreed by all Governments in May 2020. This included implementing the approach to applying the Highly Specialised Therapies funding exemption from the National Funding Cap as part of the 2020-21 Annual Reconciliation in early 2022.

The initial CCM for 2021-22 was approved by the Administrator and supported the payment advice provided to the Commonwealth Treasurer on 28 June 2021.

This advice included the initial calculation of the Commonwealth's contribution to public hospital funding in 2021-22 (\$24.786 billion) which was subsequently updated throughout the financial year (refer to performance criteria 1.1).

As part of our annual audit and assurance strategy, and to provide assurance to the Administrator, we engage with an industry partner to undertake a review of the CCM each year including the integrity of the methodology, formulas, inputs and outputs.

SPOTLIGHT ON 2020-21 Annual Reconciliation

Together with the Administrator, we finalised the 2020-21 Annual Reconciliation in February 2022 for both NHR and NPCR. The Treasurer's Federal Financial Relations (National Health Reform Payments for 2020-21) Determination 2022 was made on Wednesday, 23 February 2022. This is the fastest the NHFB has delivered an Annual Reconciliation.

The final 2020-21 Commonwealth NHR funding entitlement of \$22.448 billion, represents an increase of \$1.144 billion, or 5.4 per cent compared to 2019-20.

1.3 Funding entitlements reconcile to actual services delivered

Performance criteria 1.3 (Corporate Plan)

2021-22 TARGET

Adjustments made to Commonwealth payments to Local Hospital Networks (LHNs) due to reconciliation are accepted by the Administrator.



MET

ANALYSIS

Each year, there are two points when we reconcile the estimated activity provided by States and Territories to 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.

The 2020-21 Six-month Reconciliation was held over until the 2020-21 Annual Reconciliation due to the impact of COVID-19 on the delivery of public hospital services.

In 2021-22, the Administrator provided advice to the Commonwealth Treasurer on funding adjustments related to the:

- Commonwealth NHR funding 2020-21 Annual Reconciliation
- Commonwealth NPCR funding 2020-21 Reconciliation and the Commonwealth's 2020-21 Minimum Funding Guarantee.

Preliminary 2020-21 Annual Reconciliation results were provided to the Commonwealth, States and Territories on 17 November 2021 for discussion at the Administrator's Jurisdictional Advisory Committee (JAC) meeting the following week.

Following a period of engagement and collaboration with stakeholders, the Administrator's advice on the 2020-21 Annual Reconciliation(s) was provided to the Commonwealth Treasurer (and all health ministers) on 4 February 2022. The Treasurer's Federal Financial Relations (National Health Reform Payments for 2020-21) Determination 2022 was made on Wednesday, 23 February 2022. This is the fastest the NHFB has completed an Annual Reconciliation, and the fourth year in a row it has been completed by March.

The final 2020-21 Commonwealth NHR funding entitlement of \$22.448 billion, represents an increase of \$1.144 billion or 5.4% compared to 2019-20. However, when compared to the initial forecast 2020-21 funding entitlement of \$22.931 billion, this represents a funding adjustment of -\$0.483 billion; which was offset by +\$0.703 billion in COVID-19 funding for public hospital services and an additional +\$0.223 billion under the Commonwealth Minimum Funding Guarantee.

1.4 Public hospital services are funded through the appropriate Commonwealth program

Performance criteria 1.4 (Corporate Plan)

2021-22 TARGET

Integrity analysis of hospital activity and other Commonwealth program activity identifies instances where the same hospital service has been funded more than once.



MET

ANALYSIS

One of the mechanisms used to achieve funding integrity is through the matching of NHR public hospital activity data (at the patient level) with Commonwealth Medicare Benefits Schedule (MBS) payment data (also at the patient level). This matching allows us to identify potential instances where the Commonwealth may have contributed funding for a public hospital service both under the NHR Agreement and the MBS.

Data matching results for the last three years have identified between \$400 to \$500 million per annum in MBS benefits paid for services matched to public hospital activities.

The Commonwealth Department of Health and Aged Care is responsible for any investigation and compliance activity, including adjustments for true positive matches and provides an annual report to the Administrator on the outcomes of any compliance activities.

Updated Data Matching Business Rules were circulated to JAC members in September 2021, with preliminary datasets for data matching made available to all jurisdictions between 20 October and 10 November 2021.

In accordance with the Addendum, data matching activities were integrated into our business as usual NHR reconciliation processes, starting with the 2020-21 Annual Reconciliation. Final data sets for 2020-21 were made available to all jurisdictions on 21 February 2022.

We then issued case studies to jurisdictions in March 2022, with feedback on the case studies used to assist in improving the data matching business rules.

The 2020-21 data matching activities identified \$450 million in MBS benefits paid matched to public hospital activities. The majority of matches identified were in the non-admitted service stream, which accounts for approximately \$310 million in potentially overpaid MBS benefits. Emergency department and acute admitted services matches accounted for \$76 million and \$87 million, respectively.

We will continue to work with the States and Territories in 2022-23 to identify and seek to correct the practices that lead to duplicate payments.

Feedback from the Commonwealth, States and Territories on data matching results for 2020-21 informed a revised set of data matching business rules that were discussed at the Administrator's June 2022 JAC meeting.



Objective Two

Best practice financial administration of the National Health Funding Pool

Analysis of performance in 2021-22

We continue to achieve our purpose of improving the transparency of public hospital funding payments made into and out of the Pool and each State Pool Account and State Managed Fund.

In 2021-22, we administered \$59.2 billion in NHR payments from Commonwealth, State and Territory funding contributions and cash at bank (across 3,653 banking transactions). LHNs were directly paid \$58.7 billion, with the balance paid to State and Territory health departments. Of the \$59.2 billion, the Commonwealth contributed \$24.1 billion, with States and Territories contributing the balance.

We aimed to promote greater compliance with the Addendum and further improve the transparency of public hospital funding by ensuring State ABF contributions as well as cross-border ABF transactions between States were processed through the Pool. We continued to provide guidance on financial arrangements under the NPCR to enable COVID-19 funding to be paid to States and Territories to support their response to the COVID-19 pandemic. Since March 2020, \$11.584 billion (comprising \$2.462 billion in 2019-20; \$3.990 billion in 2020-21 and \$5.131 billion in 2021-22) has been paid to States and Territories.

The Payment System Community of Practice, established in 2020-21, met four times in 2021-22. With representatives from all States and Territories, key topics included:

- end of month processing
- National Health Funding Pool Financial Statements
- Payments System enhancements
- additional/out-of-scope funding streams.

We continue to process payments through the National Health Funding Pool (the Pool) with accuracy and reliability. We completed a Payments System minor configuration release in May 2022 which included enhancements to user administration and locked accounts, further security enhancements to creditor forms as well as workflow and reporting improvements requested by States and Territories.

Year Ahead (2022-23)

In 2022-23, we will:

- review Payments System governance arrangements to ensure they are fit for purpose and best practice
- work with States and Territories through the Payments System Community of Practice on improving user experience, including training and support
- work with our stakeholders on further enhancements to the Payments System
- provide greater transparency of payments through the Pool (including out-of-scope funding).

2.1 Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and align with Service Agreements

Performance criteria 2.1 (Corporate Plan) and PBS 2021-22 page 335

2021-22 TARGET

100% of payments from the Pool are made in accordance with directions.

MET

ANALYSIS

100% of payments to LHNs in 2021-22 aligned with:

- directions from responsible State and Territory ministers
- the Administrator's payment advice to the Commonwealth Treasurer.

In 2022-23, we will work with States and Territories to improve transparency and national comparability through the inclusion of both in-scope and out-of-scope hospital activity in Service Agreements. Compliance with this and other minimum requirements in the Administrator's Three Year Data Plan 2022-23 to 2024-25 will be reported in the Administrator's quarterly compliance report.

SPOTLIGHT ON \$12 billion in COVID-19 funding

Since the NPCR was established in March 2020, over \$12 billion in COVID-19 funding has been paid to States and Territories, with over \$5 billion in 2021-22. This funding has supported States and Territories to respond to the COVID-19 pandemic.

COVID-19 SUPPORT

SINCE MARCH 2020,
WE HAVE PAID OVER

**\$12
BILLION**

in Commonwealth funding to
States and Territories to respond
to COVID-19 including



\$2.5 BILLION
for COVID-19 testing



\$1.8 BILLION
in Personal Protective Equipment



\$1.2 BILLION
for additional cleaning in hospitals,
schools and public transport



\$3.8 BILLION
for public health activities



\$0.3 BILLION
in COVID-19 vaccinations

2.2 Maintain the integrity of the Administrator's Payments System in accordance with policies and procedures

Performance criterion 2.2 (Corporate Plan)

2021-22 TARGET

100% of the Administrator's Payments System policies and procedures are complete, available and approved annually by the Administrator.

MET

ANALYSIS

The Administrator's National Health Funding Pool Payments System Policy was updated and reviewed by our internal Risk, Assurance and Governance Committee (RAGC) in September 2021 and signed off by the CEO and Administrator on 13 October 2021.

Following a Payments System software release in November 2021, Payments System User Guides were updated, signed-off and distributed to State and Territory users.

In the third quarter of 2021-22, our RAGC reviewed the following Payments System documentation ahead of CEO sign-off in March 2022:

- Security Plan
- Security Risk Management Plan
- Internal Control Framework
- Incident Response Plan
- Business Continuity Plan
- Disaster Recovery Plan.

SPOTLIGHT ON Payments System

The Payments System is used to facilitate payments for the public health system in Australia and is a critical enabler for the NHFB.

The NHFB launched a new Payments System in October 2019, and since then, approximately \$170 billion in payments have been transacted through the system.





Objective Three

Effective reporting of public hospital funding

Analysis of performance in 2021-22

We achieved our purpose of improving the transparency of public hospital funding by enhancing our reporting capabilities, adopting best practice approaches and working with our stakeholders.

Since 2013-14, Commonwealth public hospital funding has increased from \$13 billion to over \$24 billion in 2021-22, an increase of more than \$11 billion.

In 2019-20, we set a timeframe of six weeks from period close to publish monthly reports to the website which we achieved for eight of the twelve months. In 2020-21, we shortened our target timeframe to four weeks, and achieved the target for ten of the twelve months. In 2021-22, we shortened the target again to three weeks and we are proud that we met the three week target for all twelve months. Improvements to our automated reporting process and engagement with State and Territory Payments System users supported the publication of 160 reports on public hospital funding and activity to the website (publichospitalfunding.gov.au) each month.

We engaged with our stakeholders to update and publish the Administrator's *Three Year Data Plan: 2022-23 to 2024-25* and accompanying *Data Compliance Policy 2022-23*. We improved State and Territory compliance with the NHR Agreement in relation to Service Agreements, activity estimates, monthly reports and annual reconciliation.

We worked with States and Territories and our portfolio agency partners to further progress trend reporting and triangulation activities across multiple data sources and financial years. This has helped us to better understand data and information flows, in particular from States and Territories, and we will incorporate this into future updates to the Administrator's Three Year Data Plan.

Year Ahead (2022-23)

In 2022-23, we will:

- Publish the Administrator's 2021-22 Annual Report
- Publish the Administrator's 2021-22 annual report on maintenance of effort
- Review the Administrator's Three Year Data Plan 2023-24 to 2025-26 in consultation with portfolio agency partners and stakeholders
- Review the Administrator's 2023-24 Data Compliance Policy in consultation with portfolio agency partners and stakeholders
- Provide greater transparency and enhance public reporting.

3.1 Ministers receive required information in a timely manner

Performance criterion 3.1 (Corporate Plan)

2021-22 TARGET

The Annual Report on the operations of the National Health Funding Pool is submitted to each Health Minister for tabling as per the NHR Act.

MET

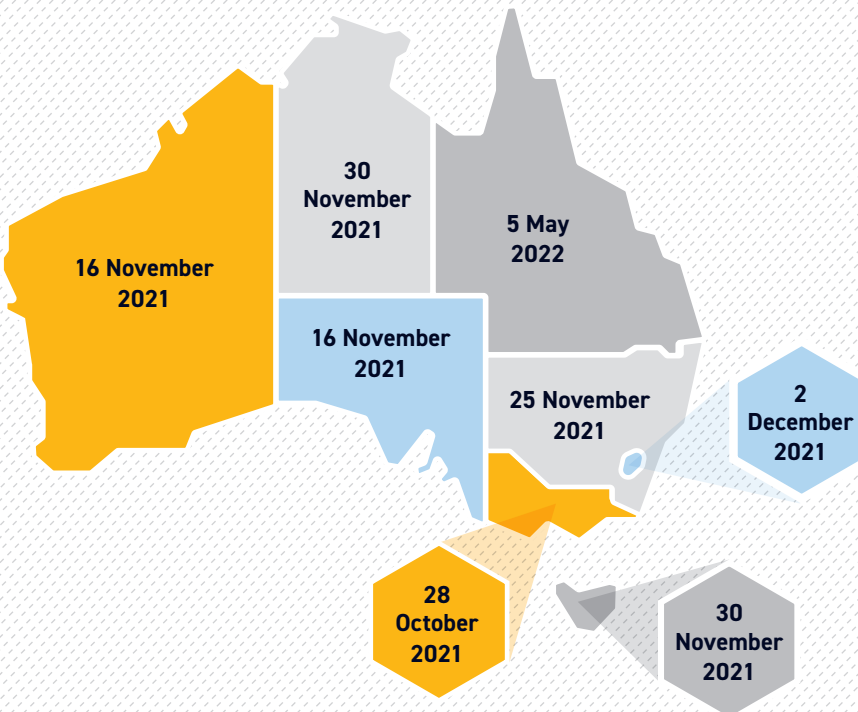
ANALYSIS

We produced nine sets of financial statements for the National Health Funding Pool in 2020-21; one combined statement and one statement for each State and Territory Pool Account.

The report was then distributed to State and Territory health ministers and health departments. The report was tabled in each State and Territories respective Parliaments.

Each year, the Annual Report on the operations of the National Health Funding Pool has to be tabled in Federal Parliament and each State and Territory parliament.

We successfully tabled the Administrator's 2020-21 Annual Report on time in Federal Parliament on 19 October 2021.



3.2 Monthly and annual reporting of funding, payments and services

Performance criterion 3.2 (Corporate Plan) and PBS 2019–20 page 335

2021-22 TARGET

Monthly and annual reporting is uploaded to the website within three weeks of period close.



MET

ANALYSIS

Throughout 2021-22, we reviewed our end of month processing and identified opportunities to achieve further efficiencies in our processes. All reports from July 2021 were released within three weeks of period close. Prior to the systems improvements we've made in recent years, this process took up to 20 weeks.

We have now published all monthly and annual reports for 2021-22 detailing funding and payments (\$59 billion) and services (over 9 million NWAU) to publichospitalfunding.gov.au

SPOTLIGHT ON Maintenance of Effort

Parties to the Addendum agreed to, at a minimum, 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, while having regard to new, appropriate models of care that may change the setting in which care is delivered.

This requirement, and the assessment of Maintenance of Effort, is only against funding and payments for in-scope public hospital services under the NHR Agreement.

This work has identified some historical inconsistencies in approach to funding transacted through the Pool, information detailed in Service Agreements, and public hospital expenditure reporting.

To provide a meaningful annual report on Maintenance of Effort for 2021-22, the Administrator will continue to work with all Parties to the Addendum towards achieving more consistency and transparency in the reporting of public hospital funding.

3.3 Quarterly and annual reporting of Commonwealth, State and Territory compliance with the Administrator's Data Plan

Performance criterion 3.3 (Corporate Plan)

2021-22 TARGET

Increase public access to information on Commonwealth, State and Territory compliance with the Administrator's Data Plan.



MET

ANALYSIS

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, we produce a compliance report that details whether States, Territories and the Commonwealth have met their obligations under the Data Plan.

In 2021-22, we published all compliance reports to publichospitalfunding.gov.au within six weeks of the end of the reporting period.

Compliance with the Administrator's Data Plan has improved over time, including the timeliness of data submissions, however there are some areas of concern that require more work, such as transparency of out-of-scope activity.

Timeliness of annual data submissions to support the annual reconciliation improved on the prior year with six of eight States and Territories providing Submission A files on time, and six of eight providing Submission B files on time.

Timeliness of the six-month data submissions remained consistent between 2020-21 and 2021-22 for Submission A, with seven of eight States and Territories having provided files on time for the 2021-22 Six-month Reconciliation. Timeliness of Submission B improved in 2021-22 with seven of eight providing data on time, compared to five of eight in the prior year.



Objective Four

Productive relationships
with stakeholders and partners

Analysis of performance in 2021-22

We achieved our purpose by maintaining and strengthening productive and collaborative relationships with stakeholders to support the obligations and responsibilities of the Administrator.

The Administrator, NHFB CEO and NHFB staff participated in a number of Commonwealth, State and Territory and portfolio agency forums in 2021–22, including:

- the Administrator's Jurisdictional Advisory Committee
- IHACPA's Jurisdictional Advisory Committee
- IHACPA's Technical Advisory Committee
- AIHW's Health Expenditure Advisory Committee.

Our capacity to improve the transparency of funding for public hospital services depends on us maintaining productive relationships and regular communication with our stakeholders and partners. Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, gives us time to discuss and resolve issues in a collaborative manner.

We further invested in our tiered approach to stakeholder engagement and improved our relationships through bilateral and multilateral engagement with States and Territories, the Commonwealth and portfolio agency partners (including monthly discussions with the Commonwealth, IHACPA and AIHW).

Year Ahead (2022-23)

In 2022-23, we will:

- Implement improvements to our communication and engagement following stakeholder survey feedback
- Increase the awareness and profile of the role of the Administrator and the NHFB
- Actively engage and collaborate with other national bodies (IHACPA, AIHW, ACSQHC).

4.1 Provide trusted and impartial advice

Performance criteria 4.1 (Corporate Plan)

2021-22 TARGET

Strategic communication and stakeholder engagement is fit for purpose and caters to stakeholder needs.

MET

ANALYSIS

In 2021-22, we invested more time in engaging with our stakeholders, ensuring our communication and engagement was fit for purpose and catered to the needs of our stakeholder. We undertook our annual stakeholder benchmarking survey in late 2021-22 and achieved an average satisfaction score of 4.5 out of 5, up from 4.3 in 2020-21 and 4.2 in 2019-20.

2021-22 TARGET

Provide advice on the implementation of funding arrangements.

MET

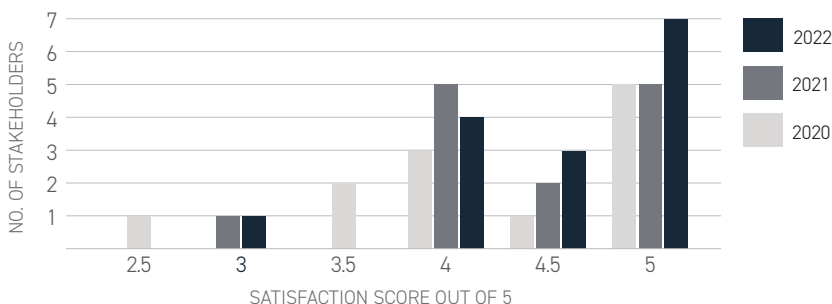
ANALYSIS

We continue to provide advice to States and Territories on the implementation of the Addendum to the National Health Reform Agreement, signed on 29 May 2020. This includes the introduction of a single Commonwealth Contribution Rate for each State and Territory, pricing parity for private and public patients in public hospitals, and progression of funding integrity measures such as data matching.

SPOTLIGHT ON Engagement with stakeholders

Since late 2018, we have been working to improve our approach to communication and engagement with our stakeholders. We have aimed to deliver transparent and user centred communication to our stakeholders including providing additional technical assistance across our core calculate, pay and report functions. Regular bilaterals with each State and Territory ahead of the more formal Administrator's JAC has been a key feature of our engagement approach.

We asked our stakeholders to rate their overall satisfaction with our agency's communication and engagement in 2020, 2021 and again in 2022. We were pleased to see the positive results from our investment in stakeholder engagement, and we plan to build on this further in 2022-23. We will do this through more frequent workshops with the Commonwealth, States and Territories to discuss topics such as data, reconciliation and to share our insights on public hospital funding in Australia.



4.2 Work plans and information requirements are developed in collaboration and consultation with stakeholders

Performance criteria 4.2 (Corporate Plan)

2021-22 TARGET

Three Year Data Plans are completed on time, endorsed by the Administrator and agreed with stakeholders.

MET

ANALYSIS

In 2021-22, we co-chaired, with the Administrator, a series of bilateral meetings with each State and Territory in:

- August 2021
- November 2021
- December 2021
- February 2022
- May 2022.

We scheduled the bilaterals ahead of each Administrator's JAC meeting to consult with States and Territories on key work packages ahead of sharing final draft documents for feedback. Agenda items in the bilaterals included:

- Commonwealth NHR Funding
- NPCR Funding
- Administrator's Calculation of NHR Funding Policy
- Administrator's Guidance on NPCR Funding
- Data Matching results and analysis, including business rules
- Administrator's Three Year Data Plan
- Administrator's Data Compliance Policy
- 2021-22 Service Agreements
- monthly and annual NHR Reporting
- consistency and transparency of NHR funding and payments.

The bilateral discussions also provided us the opportunity to work one on one with States and Territories on key activities early, provide additional support and work through questions raised on the implementation of the Addendum and the Administrator's policies.

In reviewing the Administrator's Three Year Data Plan, we engaged with the IHACPA (who are also required to develop a three year data plan under the Addendum), to align our data requirements, data standards and timelines that we will both use to collect data over the three years covered by the plans.

Following a period of consultation with States and Territories (via the Administrator's JAC and bilateral discussions), the Administrator's Three Year Data Plan 2022-23 to 2024-25 was presented at the Administrator's JAC meeting on 2 March 2022, and circulated to health ministers with IHACPA's data plan for a 45 day consultation period on 6 April 2022. It was then published (without a direction to change or amend) on publichospitalfunding.gov.au.

For further information on compliance with the Administrator's Data Plan, refer to performance criteria 3.3.



Objective Five

Operate as a high performing organisation

Analysis of performance in 2021-22

We achieved our purpose through embedding a positive workplace culture where 'how' we do things is just as important as 'what' we do.

We set out a clear Strategic Direction, supported by our Corporate Plan, Risk Tolerance Statement and Risk Management Policy and Framework, section plans and performance agreements. This provided a clear line of sight for our staff between their individual roles and the Strategic Direction.

We continue to monitor our organisational performance through monthly discussions on our organisational performance, risk management and budget position.

We collaborated between teams to achieve outcomes. In summary, we:

- enhanced our approach to organisational performance reporting, compliance reporting, audit and assurance, as well as broader policy reviews
- reviewed and further enhanced our approach to risk management (including updates to our Risk Tolerance Statement, Risk Policy, Instructions, assessment worksheets, register and quarterly performance report)
- updated our workplace diversity strategy, workforce capability plan and learning and development strategy
- made further progress toward sustaining a strong agency culture based on our United

Leadership behaviours (One NHFB, Enhanced Trust, Open Communication, and Own It).

We are extremely proud of the work of our small agency, and the results we achieved in 2021-22. Some of these achievements were recognised though:

- a silver award in the 2021 Commonwealth Awards for Excellence in Risk Management for our enterprise-wide approach to risk management
- a gold Australasian Reporting Award for our 2020-21 Annual Report.

In 2022, we built on the success of our inaugural Graduate Program, by recruiting two Graduates to the Agency. We have provided them with a diverse range of experiences, including two internal rotations and a third rotation externally. We also facilitated their participation in a major project at the Department of Finance and Department of Veterans' Affairs with other 2022 Graduates.

Year Ahead (2022-23)

In 2022-23, we will:

- Monitor our performance against our Corporate Plan 2022-23
- Apply enhancements to our risk management practices
- Apply enhancements to our audit and assurance approach
- Apply enhancements to our business continuity planning
- Implement our Workforce Capability Plan 2022-2026

- Implement our Learning and Development Strategy 2022-2026
- Publish the NHFB's 2021-22 Annual Report.

5.1 A positive workplace culture where people adopt best practice approaches to achieve results

Performance criteria 5.1 (Corporate Plan)



MET

2021-22 TARGET

APS Census results show a positive trend on prior year.

ANALYSIS

We participated in the *Australian Public Service Employee Census 2022*, and performed exceptionally well in our staff survey. The NHFB achieved a record result, coming 1st out of 98 agencies across five categories; leadership (SES), leadership (supervisor), innovation, communication and wellbeing.

Our results highlight the efforts we have made to embed our United Leadership behaviours and improve our workplace culture – with an emphasis on 'how' we do things being just as important as 'what' we do. We are proud that:

- 100% of staff feel the SES promotes cooperation within and between agencies (compared to an APS average of 67%)

- 96% of staff feel their supervisor engages with staff on how to respond to future challenges (compared to an APS average of 79%).
- 100% of staff identified their supervisor encourages their team to regularly review and improve their work (compared to an APS average of 81%)
- 92% of staff agreed that their supervisor encourages them to come up with new or better ways of doing things (compared to an APS average of 73%).

Further detail on our results, including trend information can be found in Employee Census, pages 69-70.

SPOTLIGHT ON **Jawun Indigenous Secondment Program**

Jawun is a not-for-profit organisation which aims to build the capacity of Indigenous communities, placing people from corporate and government organisations into Indigenous communities in twelve regions across Australia. In early 2022, one of our Finance Managers participated in a six-week (virtual) secondment, focussed on helping strengthen indigenous organisations within the Central Coast region.

2021-22 TARGET

Our forward work plans are developed in consultation with staff.



MET

ANALYSIS

The platform to our success is operating as a high performing organisation that is professional, capable, flexible and technology enabled. In 2021-22, through a number of all-staff sessions, team-based discussions and internal governance committees, we developed our:

- Strategic Direction 2022-2026
- Risk Tolerance Statement 2022-23
- Corporate Plan 2022-23.

- Section Plans and Individual Performance and Development Agreements.

We ensure our Executive meetings, fortnightly discussions on core functions (calculate, pay, report) and monthly all-staff discussions align to our Strategic Direction and agency objectives. This enables us to maintain a clear line of sight between individual contributions and agency outcomes.

2021-22 TARGET

100% of compliance reporting requirements for the NHFB as a non-corporate entity are met within timelines.



MET

ANALYSIS

We proactively manage our responsibilities as a PGPA agency, monitoring our forward work plan to ensure all our obligations are met.

In 2021-22, all compliance obligations under the PGPA Act were met, including:

- publishing the 2021-22 Corporate Plan
- an unmodified audit opinion for the 2021-2022 Financial Statements
- legal services expenditure reporting
- contract expenditure reporting (Murray Motion)
- internal file listings (Harradine Order)
- Protective Security Policy Framework reporting
- Public Interest Disclosure reporting
- fraud reporting
- freedom of information.

5.2 An agile and responsive workforce ready to adapt to new developments

Performance criteria 5.2 (Corporate Plan)

2021-22 TARGET

APS Census results show innovation is promoted and change is well managed through a positive trend on prior-year.

MET

ANALYSIS

The innovation section of the APS Census assesses both, whether employees feel willing and able to be innovative, and whether their agency has a culture which enables them to do so. We are incredibly proud of coming 1st out of 98 agencies for innovation in 2021 and again in 2022, in particular:

- 85% of staff agreed that the agency inspires them to come up with new or better ways of doing things (4 percentage points higher than last year, and 32 percentage points higher than the APS overall)
- 96% of all staff agreed that they suggest ideas to improve our way of doing things (the Agency recognises and supports the notion that failure is a part of innovation (6 percentage points higher than last year, and 10 percentage points higher than the APS overall))
- 92% of staff agreed they are consulted about change at work (compared to an APS average of 49%).

2021-22 TARGET

100% of corporate policies are fit for purpose for a small Agency and approved by the CEO.

MET

ANALYSIS

In 2021-22, we continued to review and identify opportunities to streamline our policy suite. This ensures all policies are fit for purpose, understood by staff and reflect current priorities and needs of the agency. We monitor our policy review forward work plan through our monthly organisational performance report, as well as reporting to the independent Audit and Risk Committee on a quarterly basis.

MANAGEMENT & ACCOUNTABILITY

This part of our report details the corporate governance structures we have in place, how we support our workforce and how we have met our obligations as a PGPA agency.





In this section

Human resources	65
Risk management	81
Governance	84
Other accountabilities	91



HUMAN RESOURCES

We are agile, innovative, responsive and unique. We have a small and specialised workforce that is capable, diverse and balanced.

Our workforce is supported by a flexible legislative framework under the *Public Service Act 1999* with terms and conditions governed by the *National Health Funding Body Enterprise Agreement 2016–2019*.

Our people are critical to the achievement of our objectives. In 2021-22, we:

- attracted new, skilled and versatile people to support our core functions
- continued to promote a culture where people work within and across teams to maximise their expertise and produce results that benefit the agency as a whole
- invested in learning activities to complement the skills and experience of our team
- refined our organisational approaches to reflect the requirements of a dynamic, small-sized agency, positioning us to respond quickly and flexibly to meet emerging requirements.

2021-22 highlights



We implemented a range of new HR strategies, including Workforce Diversity and Learning and Development.



Our APS Census survey results show we enjoy a respectful workplace, with collaboration across teams growing day by day.



We implemented a more flexible recruitment approach to source skills that can be utilised across the organisation.



We commenced our second year of the APS Graduate Program, recruiting two graduates for a 12 month program.



We participated in the Jawun Indigenous Secondment Program for the first time.



We continued to support flexible working arrangements.

Capability

In 2021-22, we reviewed and updated our Workforce Capability Plan to reflect whole of APS strategies communicated by the Australian Public Service Commission, including the *APS Workforce Strategy 2025*. We implemented the full suite of complementing HR strategies; including Workforce Diversity and our Learning and Development Strategy. These strategies provide tailored, best practice and fit-for-purpose policies that support our staff.

In 2021-22 we continued to focus on learning and development for our people and our United Leadership behaviours. We monitored our team and individual performance under our Performance and Development Framework (the Framework) which highlights our approach that focuses on 'how we do things' just as much as 'what we deliver'. This has helped us to strengthen our high performing environment, where everyone is valued and performs their role to the best of their ability. The Framework also supports each employee's Performance Agreement, drawing a clear 'line of sight' from our Strategic Direction to each individual's role.

Workforce Capability Plan

The NHFB Workforce Capability Plan 2021-2025 sets out the strategies to build and strengthen our people capability based on:

- understanding our staffing profile
- identifying our strengths, weaknesses, areas of risk and opportunities for development
- understanding and planning for future staffing requirements
- aligning our people strategies to reflect whole of APS themes and maximise productivity.

We have thought about the internal and external factors that may impact our staffing profile, and how we can build our organisational capability to improve the transparency of public hospital funding in Australia. We have three objectives in the Workforce Capability Plan that help guide our decision making:

1. Managing the workforce composition - through continual review of core functions, critical skills and experience, monitoring of turnover trends and, attracting and retaining the right people.
2. Building people capability - ensuring role clarity for staff, increasing Learning and Development opportunities, and investing in career development.
3. Continued focus on culture and leadership - regular communication and engagement with staff as well as celebrating success together.

In our 2022 census, 100% of staff agreed that their job gives them the **oppourtunity to utilise their skills**

Workforce Diversity Plan

We are an inclusive organisation that values fairness, equity and diversity consistent with the APS Values and Code of Conduct.

Our Workforce Diversity Plan 2021-2025 recognises and appreciates the differences in our employees and outlines our commitment to reflecting the diversity of the Australian community within our own workforce. Our staff are encouraged to join a wide range of diversity communities made available through APS-wide Communities of Practice and the Department of Health and Aged Care's diversity and inclusion networks. The networks include:

- Culturally and Linguistically Diverse Network
- Disability and Carers' Network
- Gender and Equality Network
- Health Pride Network
- National Aboriginal and Torres Strait Islander Staff Network.

We aim to attract talent from the widest range of people - regardless of their background, gender, age, religious beliefs or personal circumstances.

We embed diversity and inclusion in all aspects of our workplace culture, recruitment processes, career development, stakeholder engagement and our policies and procedures. As a result, we are very proud of our workforce that has an enhanced understanding of - and service to - stakeholders, embraces innovation, provides an enriched working environment and delivers very high quality work.

Learning and development

We are committed to investing in our people through learning and development that is tailored to individual, team and agency requirements. Through the implementation of our Learning and Development Strategy, we remained focused on developing peoples capabilities and careers through identifying a broad range of learning methods to best support our workforce. In providing a diverse learning environment and respecting different learning styles, we are better equipped to achieve agency outcomes.

In 2021-22, our staff accessed learning and development activities through:

- APS Learning Academy
- Department of Health and Aged Care's e-Learning platform
- APS Graduate Development Program
- Institute of Public Administration Australia (IPAA) ACT forums
- SAS coding and analytics courses
- Technology One e-Learning

Employee census results

We continue to perform exceptionally well in our staff survey results.

The 2022 census results showed that 100% of staff feel the direction and priorities for the agency are clearly communicated, and 100% of staff felt they understood how their role contributes to achieving an outcome for the Australian public

FIGURE 11 NHFB Census results: 2018 compared to 2022

	2022 Results (%)	2018 Results (%)
My SES manager clearly articulates the direction and priorities for our area	96 (+24)	72
My agency supports and actively promotes an inclusive workplace culture	92 (+3)	89
I think my agency cares about my health and wellbeing	88 (+11)	77
My workgroup has the tools and resources we need to perform well	92 (+9)	83
My SES manager encourages innovation and creativity	92 (+20)	72
Satisfied with the non-monetary employment conditions	92 (+14)	78
I am satisfied with my job	92 (+8)	84

These results highlight our success in embedding our United Leadership behaviours and strengthening our excellent people culture. Our work on our census implementation plan, initially rolled out in 2019, focusses our efforts against where our staff feel we are doing well and where we could do better. We report on our progress in our monthly Organisational Performance discussions, where we monitor progress on our plans for improvement.

While we're incredibly proud of our results, we must not take this for granted. It is important that we sustain our positive workplace culture underpinned by our United Leadership behaviours. We have identified results we'd like to improve on in 2022-23:

- communicating what we can offer our staff in terms of health and wellbeing (no change from 2021)
- providing clarity on non-salary benefits to our staff (down 9% from 2021).

CASE STUDY

2022 Australian Public Service Employee Census

The Australian Public Service (APS) Employee Census is an annual opinion survey sent to all APS employees. The survey asks respondents a range of questions such as employee engagement, wellbeing, innovation, performance management, leadership, and general impressions of the APS.

Each year following the release of the census results, we discuss our results openly as an agency. We have discussions on 'what are we proud of' and 'what could we do better' i.e. areas for improvement. We use the outcomes of these discussions to develop a census implementation plan.

In 2020-21, we achieved a result better than we'd hoped for, scoring higher than any other agency for both employee engagement and innovation, and third highest for wellbeing.

In 2021-22, the Plan highlighted key activities that we would undertake as an agency under seven themes:

- strategy, vision and clarity
- achievements
- communication
- learning and development
- innovation and efficiency

We then review and monitored our performance against each of the activities outlined in the Plan through our monthly organisational performance discussion.

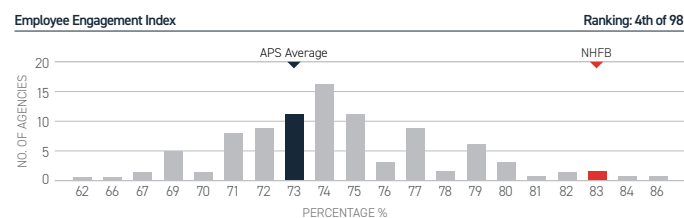
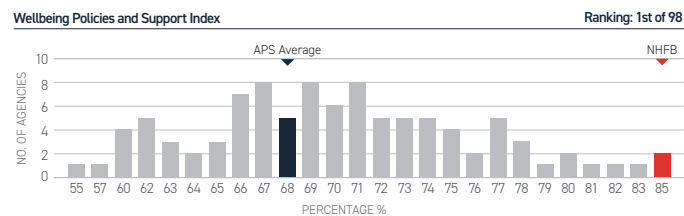
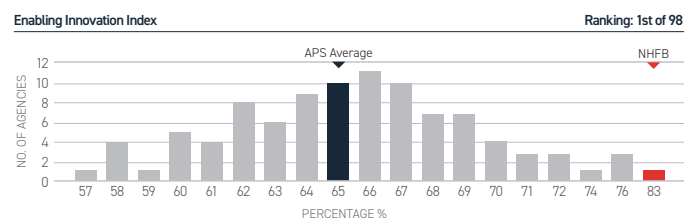
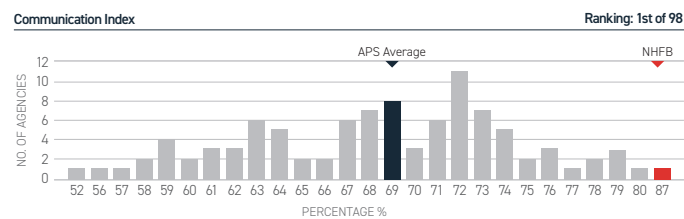
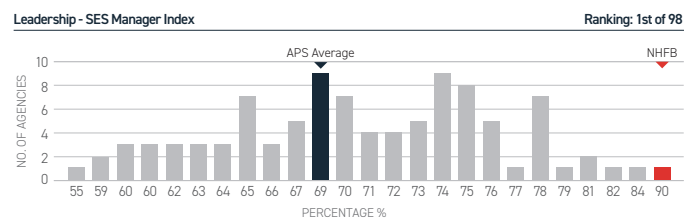
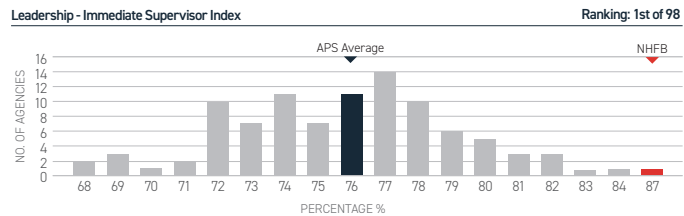
In 2021-22, we are extremely proud that we ranked 1st out of 98 public sector organisations in 5 out of the 6 key areas, including leadership (SES), leadership (supervisor), innovation, communication and wellbeing. This is an outstanding result and reflects the contribution our staff make every day to support a positive workplace culture.

	2019 out of 97 agencies	2020 out of 97 agencies	2021 out of 101 agencies	2022 out of 98 agencies
Engagement	20th	2nd	1st	1st
Wellbeing	36th	2nd	3rd	1st
Innovation	8th	Not collected	1st	1st

CASE STUDY

2022 Australian Public Service Employee Census

The graphs below show the APS average compared to NHFB's high scores.



Employee Profile

All NHFB employees in 2021-22 were based in our Canberra office in Acton.

Our Average Staffing Level (ASL) allocation for 2021-22 was 29 employees, including the Administrator of the National Health Funding Pool. The Administrator is 0.6 of a full-time equivalent (FTE) and for the purpose of this Annual Report, is not included in the following tables.

Key highlights of our 2021-22 employee profile:

- our headcount remained stable from 2017-18 to 2020-21 before increasing in 2021-22
- we've improved certainty through ongoing employment
- we've sustained our gender balance for the third consecutive year

TABLE 1 Headcount, FTE and ASL 2016-17 to 2021-22

Year	ASL Cap	Headcount	FTE	ASL
2021-22	28.4	27	25.9	23.7
2020-21	20.4	22	21.4	20.8
2019-20	20.4	22	19.6	18.9
2018-19	20.4	22	20.2	18.0
2017-18	20.4	23	19.4	18.3
2016-17	18.4	21	18.5	17.3

TABLE 2 Headcount by employment status and gender 2015-16 to 2021-22

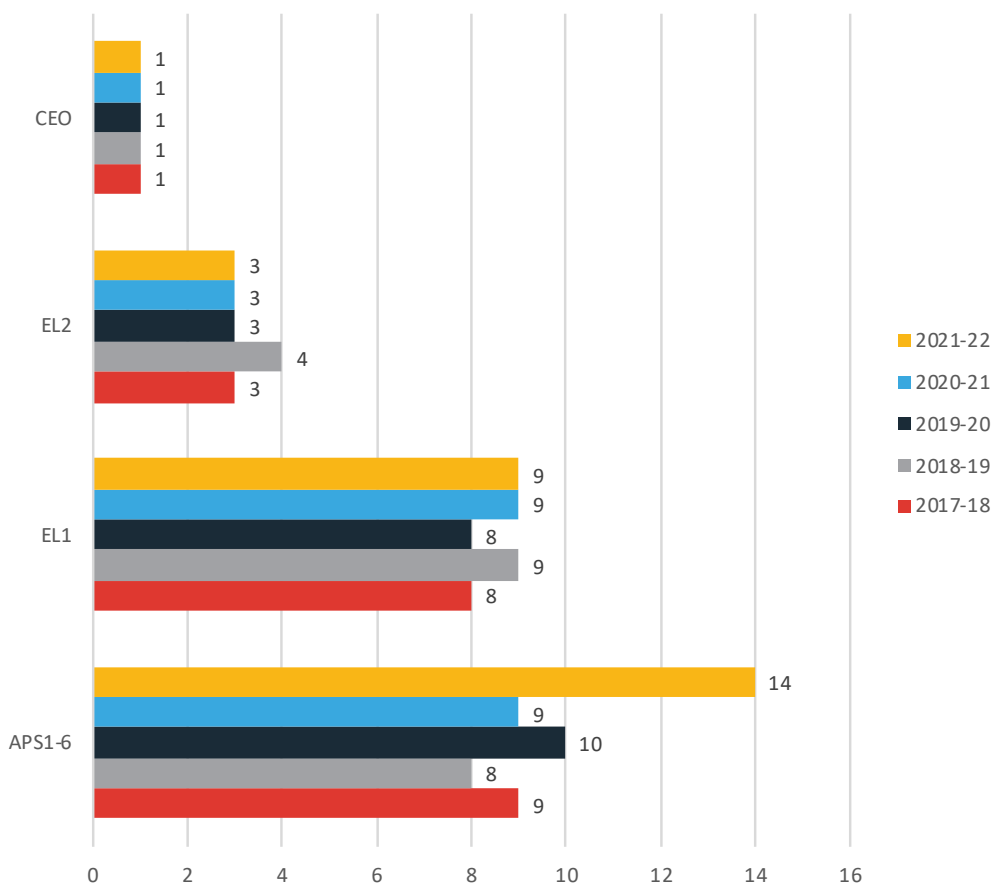
Employment Status	2017-18		2018-19		2019-20		2020-21		2021-22	
	M	F	M	F	M	F	M	F	M	F
Ongoing	5	11	7	13	8	9	10	12	12	15
Non-ongoing	4	3	1	1	3	2	0	0	0	0

TABLE 3 Senior Executive - holders of Public Office

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

TABLE 4 Details of Accountable Authority

Name	Position	Date of Commencement	Date of Cessation
Shannon White	Chief Executive Officer	3 April 2018	N/A

FIGURE 12 Headcount by classification 2017-18 to 2021-22

Workforce Diversity

Our commitment to recruiting and retaining a diverse workforce is reflected in our Workforce Diversity Plan 2021-2025. As reported in our 2022 Census:

- our gender demographic was 55% female and 44% male, with no staff identifying as non-binary or intersex
- 27% of our staff speak a language other than English at home
- 4% of our staff identify as an Australian Aboriginal and/or Torres Strait Islander person
- 12% of our workforce identifies as Lesbian, Gay, Bisexual, Transgender and/or gender diverse, Intersex, Queer, Questioning and/or Asexual (LGBTIQ+)
- our age profile spans from between 20 - 62 years
- 72% have a formal qualification.

TABLE 5 Headcount by classification and gender 2021-22

Classification	2021-22	
	M	F
APS1-6	6	8
EL1	3	6
EL2	2	1
CEO	1	0
TOTAL	12	15

Workforce planning, employee retention and turnover

We have been operational since 2012-13 and have continued to grow our ASL over time, from 15 in 2012-13 (against an allocation of 21) to 27 in 2021-22 against an allocation of 29. This number is expected to grow in early 2022-23 following planned recruitment activity.

TABLE 6 Turnover rate 2016-17 to 2021-22

Year	Rate
2021-22	25.3
2020-21	29.0
2019-20	32.1
2018-19	30.1
2017-18	40.6
2016-17	14.0

TABLE 7 Average length of service 2016-17 to 2021-22

Year	Average length of service
2021-22	1.6
2020-21	1.7
2019-20	2.6
2018-19	2.8
2017-18	2.3
2016-17	2.0

TABLE 8 Key Management Personnel

Name	Position title	Term as KMP
Michael Lambert	Administrator	4
Shannon White	Chief Executive Officer	5

CASE STUDY

Jawun APS secondment program

About Jawun

Jawun, in Kuku Yalanji language of Cape York, means 'to be a friend'. Working with Indigenous communities and leaders, Jawun facilitates long-term engagement through partnership between government, the private sector and Indigenous Australia, driving Indigenous-led change as well as 2-way transfer of knowledge and skills. Since Jawun was established, more than 3,500 government and corporate employees have lived and worked in Indigenous communities in 11 regions across the country.

The secondment

The Jawun APS Secondment Program offers a 6-week secondment to high-performing, highly skilled APS Executive Level employees, who are flexible, resilient and prepared to be taken out of their comfort zone to work in an Indigenous organisation. Jawun secondments can be either in-place or virtual.

Staff Experience

In March 2022, one of NHFB's Finance Managers participated in a six-week virtual secondment across two regions; East Kimberly and South Western Australia

"It was a very unique and humbling experience. I learned a lot about the Aboriginal and Torres Strait Islander people, their culture, their history and the current challenges faced by Indigenous people in different regions across Australia. I also had the privilege to meet many Indigenous leaders who are doing outstanding work in their communities. I feel very privileged to be able to participate in this program. I am very grateful to National Health Funding Body for sponsoring me and to the APS Academy for providing this secondment program."

Remuneration framework

Through to October 2022, NHFB will continue operating under its current Non-SES Employees Determination 2019, under Public Service Subsection 24(1). This Determination provided staff with general remuneration increases (2% per annum) for three years beyond the conclusion date for the National Health Funding Body Enterprise Agreement 2016-2019, while maintaining the existing employment conditions.

In our 2022 Census:

- 96% of staff were satisfied with the stability and security of their jobs, 15 percentage points higher than the APS overall and an increase of 6 percentage points from 2021
- 77% of staff agreed (and 15% were neutral) they are fairly remunerated for the work they do, 16 percentage points higher than the APS overall
- 92% of staff reported being satisfied with non-monetary employment conditions (e.g. leave, flexible work arrangements), 15 percentage points higher than the APS overall however a decrease of 3 per cent from 2021.

Following the outcome of the Federal election in May 2022, the current Government is considering its public sector workplace relations policy settings. Once the new policy position is known, staff will be consulted in relation to their preference to undergo the bargaining process to implement a new Enterprise Agreement, or select to put into place another Determination under Subsection 24.

Our agency appoints only one SES-level employee, the CEO for the National Health Funding Body, who is a Holder of Public Office. The remuneration and employment conditions for the CEO are set by the Commonwealth Remuneration Tribunal.

TABLE 9 Key Management Personnel remuneration

Name	Position title	Short-term benefits				Post-employment benefits			Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits					
Michael Lambert	Adminstrator	189,496	-	-	18,591	7,399	-	-	-	-	215,486	
Shannon White	Chief Executive Officer	262,510	-	-	38,179	5,037	-	-	-	-	305,276	
TOTAL		452,006	-	-	56,770	12,436	-	-	-	-	521,212	

Salary ranges for non-SES employees are at the table below. No employees received performance pay in 2021-22, and four non-SES employees were covered by the Enterprise Agreement (EA) and an Individual Flexibility Arrangement.

TABLE 10 Salary range by classification

Classification	Salary Range \$
EL2	127,235 – 150,641
EL1	106,643 – 121,628
APS6	86,781 – 97,903
APS5	77,521 – 83,835

Non-Salary Benefits

The NHFB provides for a range of non-salary benefits that are incorporated into our HR policies. Any changes to these policies are reviewed by our internal Workplace Consultative Committee and cleared by the CEO. HR policies that include non-salary benefits are:

- allowances (including leave and travel)
- home based work
- studybank
- workplace health, safety and wellbeing.

These policies cover a number of artefacts that are not included in our EA and provide for:

- flexible working locations and home-based work
- business tools such as mobile phones and mobile computing devices
- influenza vaccinations
- blood donation leave
- financial assistance to access financial advice for staff aged 54 years and older
- leave for Australian Defence Force Reserve and continuous full-time service.

Learning and Development

Each year we undertake a training needs analysis in order to provide tailored learning and development opportunities to support our people to do their best work. The implementation of our 2021-2025 Learning and Development Strategy will continue to address learning needs to expand our knowledge and skill sets through a diverse range of training methods. In 2020-21, we provided Studybank or Professional Membership assistance to 20% of our workforce. Our Study Assistance Scheme offers financial assistance, paid leave for study purposes, or a combination of both.

TABLE 11 Employee qualifications

Qualification	Number of employees
Professional Industry Qualification	5
Post Graduate Qualification	6
Undergraduate Qualification	11
TOTAL	21

We also utilised a variety of other channels of learning, including:

- leadership programs
- APS and private sector conferences
- Communities of Practice forums
- participation in Commonwealth, State and Territory technical and advisory committees.

In 2021-22, NHFB employees received training (classroom and online) for:

- risk management
- fraud control
- integrity
- security
- work, health and safety
- well-being, resilience, mental health and first aid.

Performance management

In 2021-22, we continued to ensure our employees understood how their own role contributed to the strategic direction of the organisation, with these links reflected throughout our performance agreements. This is reflected in our 2022 APS Census results with 100% of staff agreeing the direction and priorities for our agency are clearly defined (37% higher than the APS overall).

We have maintained our focus on connecting individual performance with our agency's five Strategic Objectives and our United Leadership Behaviours. In support of our excellent people culture, throughout 2021-22, we implemented our updated HR strategies and plans, highlighting that the way we do things (our behaviours) is equally as important as what we deliver (our outcomes). Our performance agreements capture our emphasis on individual professional development and reflect increased opportunities for targeted learning.

During 2021-22, there were no instances of employees requiring management for underperformance.

Unscheduled absences

Our unscheduled absence rate remains below the APS average. Over time, our unscheduled absence rate continues to decline. The slight increase from 2019-20 to 2020-21 was due to planned and active management of known medical requirements.

TABLE 12 Unscheduled absences (days) 2016-17 to 2021-22

Year	NHFB	APS
2021-22	7.5	12.8
2020-21	9.3	12.2
2019-20	8.9	11.2
2018-19	9.8	11.4
2017-18	9.5	11.4
2016-17	10.8	11.4

Code of conduct

As an agency covered by the *Public Service Act 1999*, our employees are bound by the APS Values and Code of Conduct. The APS values and Code of Conduct are reinforced through day-to-day behaviour by all employees within the agency.

In 2021-22, we had zero Code of Conduct investigations and zero claims of bullying and harassment.

Productivity gains

We encourage and promote a culture of innovation where our people feel willing and able to suggest new ideas, which is reflected in our APS Census results:

- 95% of our staff agree that one of their responsibilities is to continually look for new ways to improve the way we work

- 90% of staff agree that we recognise and support the notion that failure is a part of innovation (54 percentage points higher than the APS overall)
- 90% of our staff agreed that their supervisor encourages their team to regularly review and improve work
- 100% of staff agreed our CEO encourages innovation and creativity (36 percentage points higher than the overall APS).

We also reduced beige tape and streamlined a number of our internal policies, improving collective and individual productivity as a result.

Work, Health and Safety

We are committed to providing and maintaining a safe and healthy workplace for all our employees and visitors, and achieving high standards of health, safety and wellness through a range of initiatives, policies and procedures.

We recognise that providing a safe and healthy workplace positively impacts workplace morale, productivity and culture, and reduces workplace injuries. We consult with our staff on health and safety matters and monitor our WHS performance through our Workplace Consultative Committee (see page 85). This provides a forum for communication with our staff in line with our Enterprise Agreement (Part J - Consultation and Communication). The WCC reports to the CEO on matters including:

- workplace conditions (e.g. Enterprise Agreement, HR policies and change management)
- workplace health and safety (e.g. policies, procedures and hazard identification).

The WCC also serves as a forum to ensure we meet the legislative requirements of the *Work Health and Safety Act 2011* (WHS Act), the *Work Health and Safety Regulation 2011* (the WHS Regulation) and the *Safety, Rehabilitation and Compensation Act 1988*. In 2021-22, no directions or notices were issued to the NHFB under the WHS Act 2011.

We have a rehabilitation management system in line with Comcare's Guidelines for Rehabilitation Authorities 2019; these Guidelines provide a framework for our health and safety management arrangements.

Online Work Health and Safety training is mandatory for all employees, and this training is linked to individual performance agreements. This assists us to meet our WHS obligations and provide for a workplace that is safety conscious. Health and wellbeing awareness is also promoted by the provision of a healthy lifestyle program developed in consultation with employees through the WCC. In 2021-22, our employees had access to:

- workplace assessments and ergonomic equipment, including sit-to-stand desks
- virtual workstations assessments to support people working from home
- rest break guidance
- an Employee Assistance Program providing confidential counselling to employees and their families on a broad range of issues, at no cost to employees
- corporate fitness memberships at discounted rates
- eye sight testing and partial reimbursement for spectacles
- family care assistance
- use of taxis after hours to provide safe transport to and from work.

Health and safety outcomes

Through our active management and health promotion practices, we aim to eliminate all preventable work related injuries and illnesses. In our 2022 APS Census, 88% of staff agreed the agency cares about their health and wellbeing (down 7% from 2021).

In 2021-22, there were no workers compensation claims submitted to Comcare. Due to the expansion of our workforce (from 21 in 2020-21 to 28 in 2021-22, our premium increased in 2021-22. Even with the staffing increase, our premium it still remains lower than 2019-20 (against a staffing profile of 21).

TABLE 13 Comcare premium rates

Year	Premium (\$)
2021-22	19,153
2020-21	18,165
2019-20	19,920
2018-19	26,710
2017-18	35,976
2016-17	44,447

Disability Strategy

Australia's Disability Strategy 2021-2031 (the Strategy) is Australia's national disability policy framework. It sets out a plan for continuing to improve the lives of people with disability in Australia over the next ten years.

The Strategy's vision is for an inclusive Australian society that ensures people with disability can fulfill their potential, as equal members of the community. The purpose of the Strategy is to:

- provide national leadership towards greater inclusion of people with disability
- guide activity across all areas of public policy to be inclusive and responsive to people with disability
- drive mainstream services and systems to improve outcomes for people with disability
- engage, inform and involve the whole community in achieving a more inclusive society.

In accordance with Australia's Disability Strategy 2021-2031, we are committed to providing any of the following adjustments to:

- the workplace, equipment or facilities, including provision of additional software or equipment
- work-related communications, including the form or format in which information is available
- work methods
- work arrangements, including in relation to hours of work - for example, part-time or flexible work arrangements.

CASE STUDY

Comcover Awards



2021 Commonwealth awards for excellence in risk management

The Comcover Awards for Excellence in Risk Management help to raise the profile and significance of risk management across the Commonwealth by supporting and sharing the promotion of best practice approaches.

We have embedded a robust organisational culture that continues to support risk-aware decision-making and encourages innovation and creativity. As a united team, we collaborate when defining our risk tolerance in order to set objectives, allocate resources, comply with legal obligations, and improve transparent decision making. We manage risk across our five strategic objectives and work with the Administrator to assess and monitor risks in relation to the successful operation of the Pool.

Our Risk Tolerance Statement articulates the amount of risk that we are willing to accept to successfully achieve our objectives.

Being a small agency, managing risk is everyone's responsibility. We encourage early engagement and open conversations about risk - seeing this as an essential factor in identifying emerging risks or near misses impacting on business activities.

When the COVID-19 pandemic arrived in 2020, we focussed on maximising benefit from our digital platforms, focussing on core business and investing in our people. We demonstrated resilience and agility through having a fit-for-purpose approach to managing risk. Our approach resulted in being awarded Silver in the 2021 Excellence in Enterprise-wide Risk Management category.

RISK MANAGEMENT

Risk management is an essential component of sound business management and good corporate governance. Understanding risks and managing them appropriately enhances our ability to make better decisions, deliver on objectives and improve our performance.

As a PGPA Act agency our Risk Management Policy and Framework aligns with the Commonwealth Risk Management Policy and is based on the International Standard on Risk Management (ISO 31000:2018 - Risk Management guidelines).

Our Risk Tolerance Statement and Risk Management Instructions support the Policy and Framework. These fundamental documents are reviewed annually to ensure we maintain an appropriate system for risk oversight and the management of internal controls.

The NHFB oversees risks associated with assisting the Administrator to fulfil their obligations under the NHR Act and Agreement, as well as those relevant to our status as a non-corporate entity under the PGPA Act and the PGPA Rule 2014.

Culture and risk tolerance

We have embedded a robust organisational culture that continues to support risk-aware decision-making and encourages innovation and creativity.

As a united team, we collaborate when defining our risk tolerance in order to set objectives, allocate resources, comply with legal obligations, and improve transparent decision making.

We manage risk across our five strategic objectives and work with the Administrator to assess and monitor risks in relation to the successful operation of the Pool.

Our Risk Tolerance Statement articulates the amount of risk that we are willing to accept to successfully achieve our objectives.

Managing and identifying opportunities

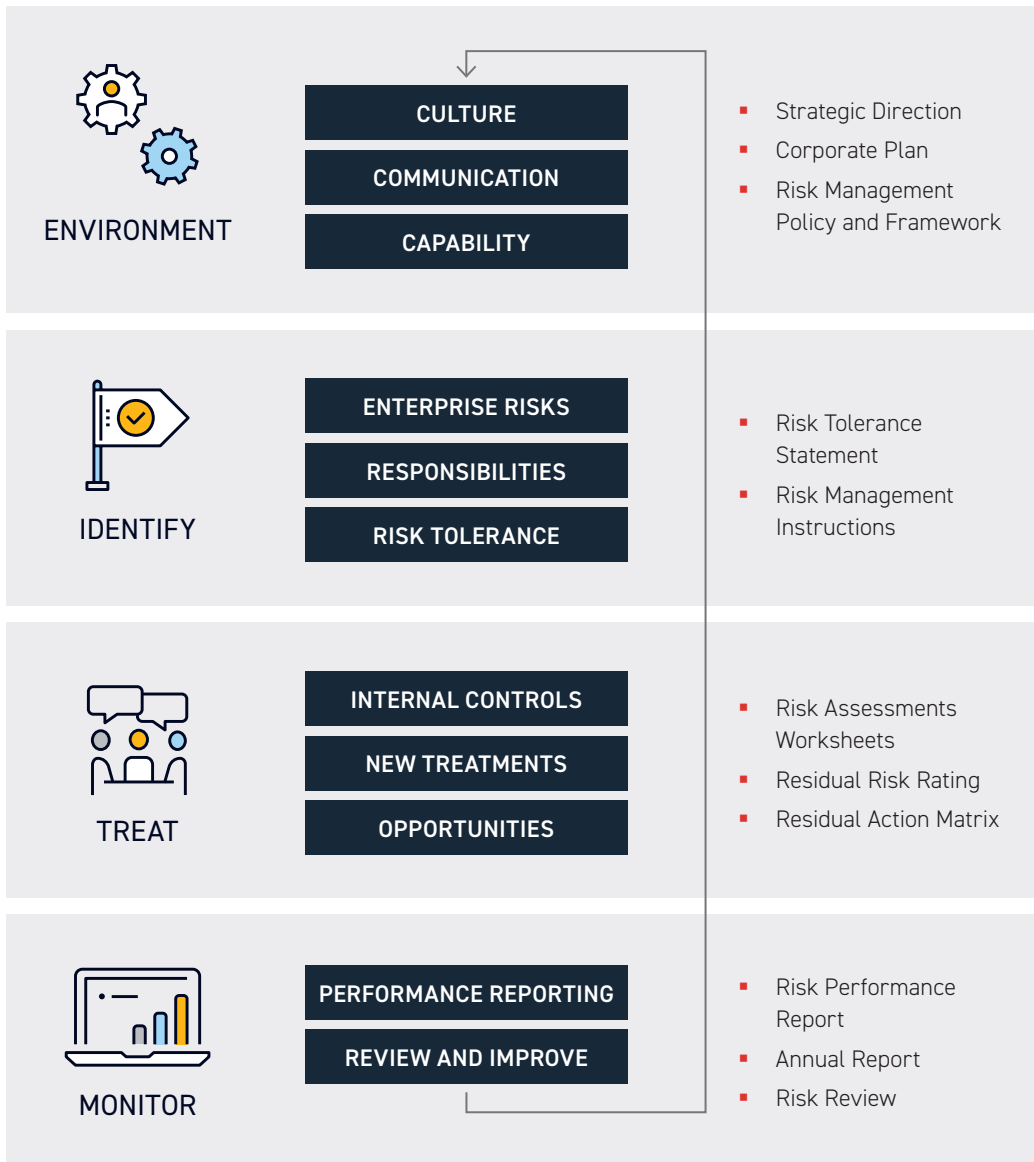
Being a small agency, managing risk is everyone's responsibility. We encourage early engagement and open conversations about risk - seeing this as an essential factor in identifying and assessing emerging or new risks impacting on business activities that could hinder us from achieving our objectives.

By using consistent language, methodologies and documentation across the organisation, managing risk has become a natural part of core business activities. Having regular risk discussions at all levels ensures every member of our organisation raises potential risks in their business area, as well as identifying any potential opportunities, as part of their day-to-day activities.

We continue to develop and improve our risk management capability through 'best practice, fit-for-purpose' initiatives. We achieve this through strong leadership who promote and influence a proactive risk culture, empowering and supporting our staff in understanding their role in managing risk and exploring potential opportunities.

Figure 13 shows the NHFB's approach to risk management and the policies, frameworks and guidelines that support staff to maintain robust systems for risk and controls.

FIGURE 13 Risk management approach



Treating and monitoring

With an \$8 million operating budget and 29 staff administering over \$59 billion in public hospital payments, it is critical that we have effective and robust systems for risk management and assurance activities.

Proactive risk management is an important component of our governance arrangements that we have embedded into our day-to-day work. We have done this through regularly engaging our staff and providing opportunities to share and discuss risks openly, including through:

- monthly performance meeting with all staff covering risk, strategic objectives, budget and culture
- fortnightly risk management updates
- weekly Executive Committee meetings

These discussions provide risk owners with the opportunity to regularly review and discuss the risks they are responsible for, including updates on preventative, detective and recovery controls and any new treatments. We also use these discussions to discuss any 'near miss' events, as this is an opportunity to learn and work together to manage our risks and strengthen controls if required. Our controls are regularly tested, both internally and externally and we have a clear line of sight between our audit and assurance activities and our risks.

Our risk management performance is then formally reported (quarterly) to our internal Risk, Assurance and Governance Committee through to our Independent Audit and Risk Committee.

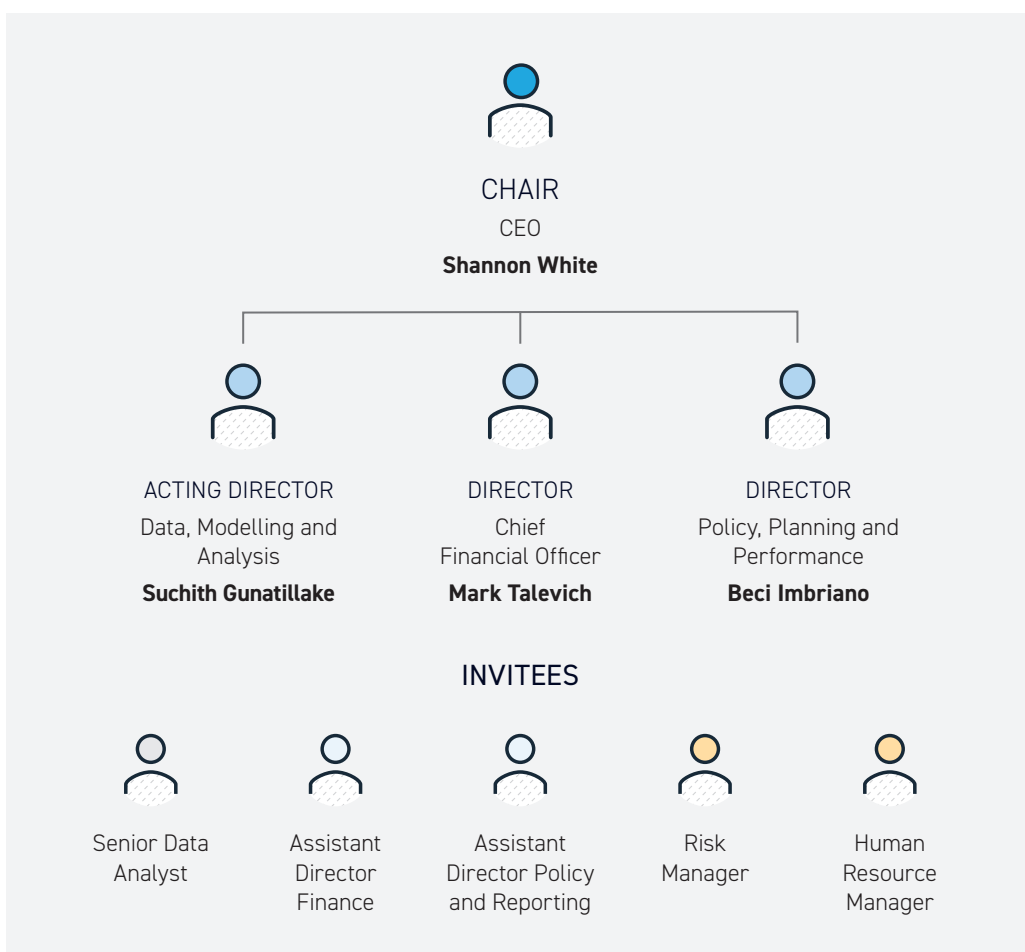
This approach reflects how the NHFB provide assurance over the effectiveness of our risk management activities, including risk controls and the implementation of new treatments. This aligns to the 'Three Lines Model' from the Institute of Internal Auditors and ensures that we have robust, independent and objective oversight at all levels.

GOVERNANCE

Our governance and management practices play an integral role in ensuring the Administrator and NHFB deliver on our NHR Agreement responsibilities, strategic objectives and statutory obligations.

We are subject to legislation, regulations, standards and guidelines applicable to our status as a non-corporate entity under the PGPA Act and the PGPA Rule. We are also subject to both Commonwealth, State and Territory legislation when assisting the Administrator to fulfil their obligations under the NHR Act and Agreement. In 2021-22 we reviewed and updated our Accountable Authority Instructions, Financial Delegation and Human Resource Delegations to ensure we commenced the new financial year fully compliant.

FIGURE 14 National Health Funding Body Executive Committee



Executive Committee

The Executive Committee (see pages 34-36 for profiles) meets weekly and is our internal forum for engagement and discussion, including providing advice and recommendations to the CEO on strategic direction, key initiatives, agency policies, as well as immediate and emerging issues.

Risk, Assurance and Governance Committee

The Risk, Assurance and Governance Committee (RAGC) provides assurance to the CEO, Executive Committee and the Independent Audit and Risk Committee on the adequacy, effectiveness and performance of our governance arrangements including:

- risk management (including fraud control)
- PGPA Compliance
- audit and assurance
- information governance
- security
- business continuity.

The RAGC is comprised of the following members:

- Chair (currently the Director, Policy, Planning and Performance)
- CFO
- Director Data, Modelling and Analysis
- Risk Manager
- Enterprise Information Architect
- Work, Health and Safety Representative.

The RAGC met four times in 2021-22:

- 2 August 2021
- 18 November 2021
- 22 February 2022
- 19 May 2022.

Key area of focus for the RAGC in 2021-22 included:

- Recommending the CEO approve the 2021-22 Tolerance Statement, providing updates to critical controls, reviewing risk performance reporting, and oversight of the Agency's 2021 risk review
- reviewing and recommending the CEO endorse the National Health Funding Pool Payments System Internal Controls Framework
- working with National Archives to establish the NHFB's first Records Authority
- reviewing the Agency's approach to Data Governance
- reviewing and recommending the CEO endorse the Accountable Authority Instructions and Financial Delegations
- Reviewing and recommending the CEO endorse the NHFB's Procurement and Contract Management Policy.

Workplace Consultative Committee

The Workplace Consultative Committee (WCC) is our consultative body for communication, consultation and employee participation in the management of Work Health and Safety, including all HR policies and procedures.

The WCC is comprised of the following members:

- Chair (currently the Director Policy, Planning and Performance)
- CFO
- Management Representative
- Human Resource Manager
- Health and Safety Representative
- Employee Representative.

The WCC met four times in 2021-22:

- 7 July 2021
- 3 November 2021
- 14 February 2022
- 2 June 2022.

Key area of focus for the WCC in 2021-22 included:

- monitoring the implementation of the agency's workforce capability and workforce diversity plans and *Learning and Development Strategy*
- reviewing, streamlining and recommending the CEO endorse updates to the following policies:
 - » Recruitment, Selection and Probation Guidelines
 - » Human Resources Delegations:
 - » Performance Development Agreement Framework
 - » Work Health, Safety and Wellbeing Policy (includes Domestic Violence Policy)
 - » Working Guidelines (including remote work arrangements)
 - » Leave, Travel and Allowances Policy
 - » Study Bank Guidelines
 - » Dispute Resolution Policy
 - » Managing Underperformance
 - » Preventing Bullying, Harassment and Discrimination in the Workplace
- monitoring the agency's COVID-19 response and ensuring the workplace adhered to COVIDsafe protocols.

Independent Audit and Risk Committee

The Independent Audit and Risk Committee (ARC) is an integral component of our corporate governance and a valuable source of independent advice for the CEO. In providing advice, the ARC reviews and comments on the appropriateness of the NHFB's:

- performance reporting
- financial reporting
- system of risk oversight and management
- system of internal control

The ARC also provides advice to the CEO and Administrator on the operation, management and financial reporting of the Pool (however, the ARC is not responsible for the executive management of functions related to the Pool).

The ARC met five times in 2021-22:

- 12 August 2021
- 23 September 2021
- 9 December 2021
- 24 March 2022
- 30 June 2022.

The ARC comprises of four independent Members, including the Chair. Members taken collectively, have a broad range of skills and experience relevant to the operations of the NHFB, including the functions of the Administrator. Full details on the functions of the ARC are available from the NHFB Audit and Risk Committee Charter available from <https://www.publichospitalfunding.gov.au/publications/audit-and-risk-committee-charter>

Audit and Risk Committee members 2021-22



MR STEPHEN HORNE – CHAIR

(September 2020 – Present)

As a Non-Executive Director since 2015, Mr Horne has developed a portfolio of audit committee experience spanning the Commonwealth, NSWG, NSW Local Government and Victorian Local Government sectors, with a diverse range of entity types. Mr Horne previously served for 38 years in the NSW public sector, including roles of Assistant Auditor-General for NSW, looking after Performance Audits, and the Chief Executive of IAB, a Government Trading Enterprise undertaking internal audits and misconduct investigations

Mr Horne is a qualified Company Director (GAICD), Governance Professional (FGIA, FCG, CGP), certified internal auditor (PFIIA, CIA, CGAP), is certified in risk management assurance (CRMA), has a business degree and postgraduate qualifications in management, management communications and fraud control.

Mr Horne chaired five NHFB ARC meetings in 2021-22.



MS JEANETTE BARKER – MEMBER

(September 2020 – Present)

Ms Barker has worked and held appointments on boards and committees associated with the NSW public health system for over 20 years. She is a former senior executive of NSW Health where she was employed in executive roles specialising in governance and risk, policy and health regulation.

Ms Barker is an independent member and/or chairperson of the audit & risk committees for three large NSW Local Health Districts and the Cancer Institute of NSW. Ms Barker is also a hearing member in the Occupational Division of the NSW Civil and Administrative Tribunal.

Ms Barker has a Bachelor of Arts from the University of Sydney (History & Government) and a Masters of Criminal Justice and Criminology from the University of New South Wales.

Ms Barker attended five NHFB ARC meetings in 2021-22.



MR MARK JENKIN – MEMBER

(October 2020 – Present)

Mr Jenkin served as the Chief Financial Officer of the Australian Department of Human Services (Services Australia) from May 2015 to January 2020. In that capacity he managed the CFO Division providing budget, accounting, financial systems, treasury, project and financial governance and services for the Department as well as direct financial management support to each of the business lines.

Prior to joining Services Australia, Mr Jenkin spent 29 years in the Department of Defence, his last job being Head of Defence Support Operations Division with responsibility for delivering a range of base support and facilities services around Australia.

Mr Jenkin has a Bachelor of Commerce, a Master of Financial Management and is a Fellow Certified Practising Accountant, a Member of the Australian Institute of Company

Directors and a past member of the Australian Accounting Standards Board. Mr Jenkin currently serves on the board of two ACT-based registered not for profit charities.

Mr Jenkin attended five NHFB ARC meetings in 2021-22.

MR CHRIS BROOK PSM – MEMBER

(June 2019 – May 2022)

Mr Brook attended three NHFB ARC meetings in 2021-22.

Name	Number of meetings	2021-22 total remuneration
Stephen Horne (Chair)	5	\$9,750
Chris Brook	3	\$6,900
Jeanette Barker	5	\$5,020
Mark Jenkin	5	\$9,500
TOTAL 2021-22 ARC REMUNERATION		\$31,170

Audit and assurance

NHFB's *Audit and Assurance Strategy*

2021-22 outlined the role of audit in addressing our assurance requirements, as well as the approaches used. The Strategy was developed through the RAGC, before being considered by our Independent Audit and Risk Committee. It was then signed off by the CEO in consultation with the Administrator.

In 2021-22, NHFB's audit and assurance functions were provided by external resources to provide assurance to the CEO that the NHFB's risk management, governance and internal control processes are operating effectively.

TABLE 14 Audit and assurance activities undertaken in 2021-22

Strategic Objective	Activity	Provider
Calculate	External assurance review of the CCM including the integrity of the methodology, formulas and inputs	PwC
Calculate	External assurance review of the completeness and accuracy of the NWAU calculation	Taylor Fry
Pay	Assurance review of Payments System Control Framework and proposed actions	RSM
Pay	Assurance review of Payments System documentation	Libratum
Report	Audit of the National Health Funding Pool Special Purpose Financial Statements for each State and Territory	Each State and Territory Auditor-General

External Scrutiny

During 2021-22, there were no reports on the operations of the NHFB including:

- Judicial, tribunal or Australian Information Commissioner reviews
- Auditor-General, Parliamentary Committee or Commonwealth Ombudsman inquiries
- External capability reviews.

Freedom of Information

The *Freedom of Information Act 1982* (The FOI Act) gives members of the public a right to access copies of documents, other than exempt documents, that we hold. However, the NHFB can refuse access to some or part of those documents that have an exemption under the FOI Act.

In 2021-22, no FOI requests were made to the NHFB.

FOI information is available on our website publichospitalfunding.gov.au.

Fraud Control

Consistent with Section 10 of the PGPA Act and the Commonwealth Fraud Control Policy, the NHFB's Fraud Control Plan puts in place a comprehensive program that covers prevention, detection, investigation and reporting.

In 2021-22, the NHFB did not detect or report any suspected or actual instances of fraud.

Certification of Fraud Control Arrangements

I, Shannon White, certify that I am satisfied that for 2021-22, the NHFB has:

- Prepared a fraud control plan and associated fraud risk assessments
- Appropriate fraud prevention, detection, investigation and reporting mechanisms that meet NHFB's needs
- Taken all reasonable measures to appropriately deal with fraud relating to the NHFB.



Shannon White

Chief Executive Officer
National Health Funding Body

OTHER ACCOUNTABILITIES

Data privacy

Our Data Governance Policy was reviewed by the RAGC and circulated to the Administrator's JAC in September 2021 and covers both the Pool and NHFB. It details the information collected, the purpose for the collection, its use, storage, disclosure and disposal, by the Administrator of the National Health Funding Pool.

Our systems and processes used for collection, storage and reporting have been designed to ensure security of information in line with the Commonwealth's Protective Security Policy Framework. Further information can be found in our Data Governance Policy, available on our website, publichospitalfunding.gov.au

Purchasing

With support from the Commonwealth Department of Health and Aged Care Procurement Advisory Service, all our procurement activities in 2021-22 were conducted in line with the Commonwealth Procurement Guidelines, NHFB Accountable Authority Instructions and NHFB Procurement and Contract Management Policy.

Consultants

In 2021-22, the NHFB did not enter into any new consultancy contracts. Any future decisions to engage consultants will be made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and the NHFB internal policies.

Reportable non-consultancy contracts 2021-22

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

TABLE 15 Reportable non-consultancy contracts 2021-22

	Number	Expenditure \$
New contracts entered into during the reporting period	13	914,821
Ongoing contracts entered into during a previous reporting period	9	621,133
TOTAL		1,535,954

TABLE 16 Organisations receiving a share of reportable non-consultancy contract expenditure 2021-22

Organisation	Expenditure \$
Taylor Fry Pty Ltd	644,225
PricewaterhouseCoopers	178,343
Technology One Ltd	160,487
Chartertech Pty Ltd	126,376
Synergy Group Australia Pty Ltd	78,041

Australian National Audit Office access

In 2021-22, the NHFB did not enter into any contracts precluding access by the Commonwealth Auditor-General.

Exempt contracts

In 2021-22, the NHFB did not enter into any contracts that were exempt from publication on the AusTender website.

Grants

There were no grant programs undertaken by the NHFB in 2021-22.

Procurement initiatives to support small business

The NHFB supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

Our measures to support SMEs include:

- complying with the Commonwealth Procurement Framework
- using standardised contracts for low-risk procurements valued under \$200,000
- implementing the Indigenous Procurement Policy, noting that many Indigenous businesses are also SMEs
- using credit cards for procurements valued below \$10,000
- implementing the Government's Supplier Pay-on-Time or Pay Interest Policy.

Advertising and market research

During the 2021-22 reporting period, the NHFB did not conduct any advertising campaigns or market research.

Assets management

We work with industry partners to ensure our assets effectively support our small agency to deliver on our objectives. We continue to invest in new technology to ensure our assets remain fit-for-purpose.

We manage two key ICT assets which align with our core calculate, pay and report functions. These assets have a combined value of \$1.14 million (as at 30 June 2022) and are governed by robust business processes.

Ecological and environmental reporting

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

In 2021-22 the NHFB continued to minimise its environmental impact by:

- encouraging staff and contractors to reduce the volume of printing, for example using laptops for committee meetings instead of printing folders of agenda papers
- turning off lights and computers when the office is not in use
- using a waste recycling station
- limiting travel by using technological solutions whenever possible, for example, holding meetings via videoconference.



FINANCIAL STATEMENTS

This section of our report details our budget and expenditure for 2021-22 and includes our financial statements which have been audited by the Australian National Audit Office.



In this section

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SUMMARY OF FINANCIAL PERFORMANCE

The net operating result as at 30 June 2022 is a surplus of \$0.978 million.

Revenue from Government for the 2021-22 financial year was \$7.488 million which included ongoing funding relating to the 2021-22 Budget Measure Primary Care (\$0.944 million) and one-off funding relating to the 2021-22 Budget Measure COVID-19 Response Package (\$0.902 million).

Total expenses in 2021-22 was \$6.602 million and is primarily driven by employee benefits, supplier costs and amortisation. Actual employee benefits continue to increase year-on-year in line with an increase in the NHFB's budgeted ASL and supplier expenditure remains stable with focus on value for money with our industry partners.

TABLE 17 NHFB Budgeted v Actual Expenditure 2015-16 to 2021-22

	2015-16 \$ millions	2016-17 \$ millions	2017-18 \$ millions	2018-19 \$ millions	2019-20 \$ millions	2020-21 \$ millions	2021-22 \$ millions
Budgeted Expenditure¹	4.4	4.4	5.9	5.5	5.9	6.8	8.0
Employee Benefits	2.0	2.5	2.7	3.1	3.0	3.2	3.6
Supplier Expenses ²	2.4	2.2	2.6	2.2	2.5	2.6	3.0
TOTAL ACTUAL EXPENDITURE	4.5	4.7	5.3	5.3	5.5	5.9	6.6
Surplus (Deficit)	-0.1	-0.3	0.6	0.1	0.4	0.9	1.4

1 Includes 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources' under s74 of the PGPA Act.

2 Includes depreciation, amortisation and asset write-downs.

TABLE 18 NHFB resource statement 2021-22

	Actual available appropriations for 2021-22 \$'000	Payments made in 2021-22 \$'000	Balance remaining in 2021-22 \$'000
ORDINARY ANNUAL SERVICES			
Departmental appropriation ¹	9,994	6,217	3,777
Total ordinary annual services	9,994	6,217	3,777
Special appropriations	-	-	-
TOTAL RESOURCING AND PAYMENTS	9,994	6,217	3,777

1 Appropriation Bill (No. 1) 2021-22, prior year departmental appropriation and section 74 receipts.

TABLE 19 Expenses for outcome 2021-22

	Budget ¹ 2021-22 \$'000	Actual expenses 2021-22 \$'000	Variation 2021-22 \$'000
--	------------------------------------	--------------------------------	--------------------------

Outcome: Improve transparency of public hospital funding in Australia by supporting the obligations and responsibilities of the Administrator of the National Health Funding Pool through best practice administration of public hospital funding.

PROGRAM 1.1: NATIONAL HEALTH FUNDING BODY

Departmental expenses

Departmental appropriation ²	7,992	6,602	1,390
Special appropriation	-	-	-
TOTAL FOR PROGRAM 1.1	7,992	6,602	1,390
TOTAL FOR OUTCOME 1	7,992	6,602	1,390

	2021-22	2020-21
AVERAGE STAFFING LEVEL (NUMBER)³	24	21

1 Full year budget.

2 Departmental appropriations combine 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources' under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

3 Represents the average number of staff paid per fortnight across the financial year.

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Aged Care

Opinion

In my opinion, the financial statements of the National Health Funding Body (the Entity) for the year ended 30 June 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2022 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2022 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office 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 Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other 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.

Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements 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 statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 have nothing to report in this regard.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are 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 National Audit Office 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 statements.

As part of an audit in accordance with the Australian National Audit Office 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 statements, 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 Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority 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.

Australian National Audit Office



Sally Bond
Executive Director
Delegate of the Auditor-General
Canberra
21 September 2022

Statement by the Accountable Authority and Chief Financial Officer



National Health
Funding Body

Statement by the Accountable Authority and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Shannon White
Chief Executive Officer
National Health Funding Body

21 September 2022

Mark Talevich
Chief Financial Officer
National Health Funding Body

21 September 2022

National Health Funding Body Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 \$	2021 \$	Original Budget \$
NET COST OF SERVICES				
Expenses				
Employee benefits	2A	3,647,801	3,228,288	4,652,000
Suppliers	2B	2,088,137	1,806,750	2,564,000
Depreciation and amortisation	5	851,141	818,412	761,000
Interest on lease liability		14,623	17,996	15,000
TOTAL EXPENSES		6,601,702	5,871,446	7,992,000
OWN-SOURCE INCOME				
Own-source revenue				
Resources received free of charge	3A	92,000	90,000	92,000
Other Gains		-	-	-
TOTAL OWN-SOURCE REVENUE		92,000	90,000	92,000
TOTAL OWN-SOURCE INCOME		92,000	90,000	92,000
NET COST OF SERVICES		6,509,702	5,781,446	7,900,000
REVENUE FROM GOVERNMENT	3B	7,488,000	6,258,042	7,488,000
Surplus/(deficit) attributable to the Australian Government		978,298	476,596	(412,000)
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		978,298	476,596	(412,000)

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 15.

National Health Funding Body Statement of Financial Position for the year ended 30 June 2022

	Notes	2022 \$	2021 \$	Original Budget \$
ASSETS				
Financial Assets				
Cash and Cash Equivalents	4A	37,852	46,393	40,000
Trade and Other Receivables	4B	3,853,373	2,161,680	1,542,000
TOTAL FINANCIAL ASSETS		3,891,225	2,208,073	1,582,000
Non-Financial Assets				
Intangible Assets	5	1,138,041	1,626,043	1,410,000
Right-of-use Asset	5	1,251,222	1,614,360	1,241,000
Prepayments		49,058	48,885	42,000
TOTAL NON-FINANCIAL ASSETS		2,438,322	3,289,288	2,693,000
TOTAL ASSETS		6,329,547	5,497,361	4,275,000
LIABILITIES				
Payables				
Suppliers	6A	349,137	222,852	492,000
Other Payables	6B	152,686	185,490	137,000
Lease Liability	6C	1,320,634	1,669,962	1,323,000
TOTAL PAYABLES		1,822,457	2,078,304	1,952,000
Provisions				
Employee Provisions	7A	1,089,049	979,314	935,000
Other provisions	7B	10,500	10,500	11,000
TOTAL PROVISIONS		1,099,549	989,814	946,000
TOTAL LIABILITIES		2,922,006	3,068,118	2,898,000
NET ASSETS		3,407,541	2,429,243	1,377,000
EQUITY				
Retained surplus/ (Accumulated deficit)		3,407,541	2,429,243	1,377,000
TOTAL EQUITY		3,407,541	2,429,243	1,377,000

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 15.

National Health Funding Body Statement of Changes in Equity for the year ended 30 June 2022

	Retained earnings		Total equity		Original Budget \$
	2022 \$	2021 \$	2022 \$	2021 \$	
Opening balance					
Balance carried forward from previous period	2,429,243	1,952,647	2,429,243	1,952,647	1,789,000
Comprehensive income					
Surplus/(Deficit) for the period	978,298	476,596	978,298	476,596	(412,000)
TOTAL COMPREHENSIVE INCOME	978,298	476,596	978,298	476,596	(412,000)
CLOSING BALANCE	3,407,541	2,429,243	3,407,541	2,429,243	1,377,000
CLOSING BALANCE ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	3,407,541	2,429,243	3,407,541	2,429,243	1,377,000

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 15.

National Health Funding Body Cash Flow Statement for the year ended 30 June 2022

	Notes	2022 \$	2021 \$	Original Budget \$
OPERATING ACTIVITIES				
Cash received				
Appropriations		6,216,772	6,232,849	7,488,000
GST received		114,816	128,945	281,000
Other s74 receipts		324,494	409,547	-
TOTAL CASH RECEIVED		6,656,082	6,771,341	7,769,000
Cash used				
Employees		3,770,327	3,446,128	4,652,000
Suppliers		2,081,098	2,161,106	2,768,000
GST Paid		-	-	-
Section 74 receipts transferred to the Official Public Account		450,308	814,122	-
TOTAL CASH USED		6,301,733	6,421,357	7,420,000
NET CASH FROM OPERATING ACTIVITIES		354,349	349,984	349,000
INVESTING ACTIVITIES				
Cash used				
Work in Progress Software		-	260,211	-
TOTAL CASH USED		-	260,211	-
NET CASH USED BY INVESTING ACTIVITIES		-	(260,211)	-
FINANCING ACTIVITIES				
Cash used				
Lease principal repayments		362,890	477,102	349,000
TOTAL CASH USED		362,890	477,102	349,000
NET CASH FROM (USED BY) FINANCING ACTIVITIES		(362,890)	(477,102)	(349,000)
NET INCREASE IN CASH HELD		(8,541)	(387,329)	-
Cash and cash equivalents at the beginning of the reporting period		46,393	433,723	40,000
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4A	37,852	46,393	40,000

The above statement should be read in conjunction with the accompanying notes, including variance analysis in Note 15.

Notes and forming part of the Financial Statements for the year ended June 2022

Note 1: Overview

Note 2: Expenses

Note 3: Income

Note 4: Financial Assets

Note 5: Non-Financial Assets

Note 6: Payables

Note 7: Employee Provisions

Note 8: Aggregate Assets and Liabilities

Note 9: Contingent Assets and Liabilities

Note 10: Key Management Personnel Remuneration

Note 11: Related Party Disclosures

Note 12: Financial Instruments

Note 13: Financial Assets Reconciliation

Note 14: Appropriations

Note 15: Budgetary Reporting – Explanation of Major Variances

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 1: Overview

The NHFB is a Commonwealth non-corporate entity under the PGPA Act and was established to support the obligations and responsibilities of the Administrator of the National Health Funding Pool.

The role and function of the NHFB are set out in the *National Health Reform Act 2011*.

In order to achieve our objectives, our primary functions are to assist the Administrator in:

- a. calculating and advising the Commonwealth Treasurer of the Commonwealth's contribution to public hospital funding in each State and Territory
- b. reconciling estimated and actual hospital services and adjusting Commonwealth payments
- c. undertaking funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- d. monitoring payments of Commonwealth, State and Territory public hospital funding into the Pool, including each State and Territory Pool Account
- e. making payments from each State and Territory Pool Account to each Local Hospital Network
- f. reporting publicly on National Health Reform Agreement funding, payments and services
- g. developing and providing rolling three-year data plans to the Commonwealth, States and Territories.

The NHFB's registered office is 21-23 Marcus Clarke Street, Acton, ACT, 2601.

1.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are required by s42 of the *Public Governance, Performance and Accountability Act 2013* (Cth).

The financial statements have been prepared in accordance with:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FFR)
- b. Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 NEW AUSTRALIAN ACCOUNTING STANDARDS

All new, revised, amended standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the NHFB financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.	AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

1.3 TAXATION

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

1.4 EVENTS AFTER THE REPORTING PERIOD

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

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 2: Expenses

	2022 \$	2021 \$
NOTE 2A: EMPLOYEE BENEFITS		
Wages and salaries	2,629,107	2,195,590
Leave and other entitlements	455,108	546,564
Superannuation:		
Defined contribution plans	362,421	293,892
Defined benefit plans	120,255	102,347
Separation and redundancies	80,910	89,895
TOTAL EMPLOYEE BENEFITS	3,647,801	3,228,288
ACCOUNTING POLICY		
The accounting policy for Employee Benefits is contained in Note 7 Employee Provisions.		
NOTE 2B: SUPPLIERS		
Goods and Services Supplied or Rendered		
Contractors and Support Agreements	1,845,753	1,567,169
Professional fees	98,568	103,609
Travel	21,593	45,991
Consumables, printing and training	78,181	41,086
Other	25,249	32,500
TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED	2,069,344	1,790,355
Other suppliers		
Workers compensation expenses	18,793	16,395
TOTAL OTHER SUPPLIER EXPENSES	18,793	16,395
TOTAL SUPPLIER EXPENSES	2,088,137	1,806,750

ACCOUNTING POLICY

Short-term leases and leases of low-value assets

NHFB has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Settlement Terms for Suppliers

All payables are expected to be settled within 21 days (2021: 30 days).

Note 3: Income

	2022 \$	2021 \$
OWN-SOURCE OTHER REVENUE		
NOTE 3A: RESOURCES RECEIVED FREE OF CHARGE		
Remuneration of auditors	92,000	90,000
TOTAL RESOURCES RECEIVED FREE OF CHARGE	92,000	90,000

ACCOUNTING POLICY

Resources received free of charge

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

NOTE 3B: REVENUE FROM GOVERNMENT

Appropriations

Departmental appropriations	7,488,000	6,258,042
TOTAL REVENUE FROM GOVERNMENT	7,488,000	6,258,042

ACCOUNTING POLICY

Revenue from Government

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

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 4: Financial Assets

	2022 \$	2021 \$
NOTE 4A: CASH AND CASH EQUIVALENTS		
Cash on hand or on deposit	37,852	46,393
TOTAL CASH AND CASH EQUIVALENTS	37,852	46,393

ACCOUNTING POLICY

Cash and Cash Equivalents

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

- a. cash on hand
- b. cash held in respect to employee salary sacrifice arrangements.

NOTE 4B: TRADE AND OTHER RECEIVABLES

Goods and Services receivables in connection with:

Other	31,888	90,432
TOTAL GOODS AND SERVICES RECEIVABLES	31,888	90,432
Appropriations receivable:		
Appropriation receivable	3,777,027	2,055,491
TOTAL APPROPRIATIONS RECEIVABLE	3,777,027	2,055,491
Other receivables:		
GST receivable from the Australian Taxation Office	44,457	15,757
TOTAL OTHER RECEIVABLES	44,457	15,757
TOTAL TRADE AND OTHER RECEIVABLES	3,853,373	2,161,680

ACCOUNTING POLICY

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. No indicators of impairment were identified.

Note 5: Non-Financial Assets

	Right-of-use Asset \$	Intangibles ¹ \$	Total \$
NOTE 5: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES			
As at 1 July 2021			
Gross book value	2,159,065	2,391,662	4,550,727
Accumulated depreciation, amortisation and impairment	(544,705)	(765,619)	(1,310,324)
TOTAL AS AT 1 JULY 2021	1,614,360	1,626,043	3,240,403
Additions	-	-	-
Depreciation and amortisation	(363,138)	(488,003)	(851,141)
TOTAL AS AT 30 JUNE 2022	1,251,222	1,138,041	2,389,262
Total as at 30 June 2022 represented by			
Gross book value	2,159,065	2,391,662	4,550,727
Accumulated depreciation, amortisation and impairment	(907,843)	(1,253,622)	(2,161,465)
TOTAL AS AT 30 JUNE 2022	1,251,222	1,138,041	2,389,262

1. The carrying amount of computer software is comprised of all internally generated software including WIP and software assets at cost

CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

At 30 June 2022, NHFB had no in contractual commitments for the acquisition of intangible assets to be completed in the 2022-23 financial year.

ACCOUNTING POLICY

Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring. The NHFB does not have any Property, Plant and Equipment (PP&E) assets and use of PP&E is paid for under the shared services Memorandum of Understanding (MOU) with the Department of Health as a supplier expense.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Asset recognition threshold

Purchases of Property, Plant and Equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$10,000 (excluding GST), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the NHFB has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

Intangibles

The NHFB's intangibles comprise internally developed software for internal use which have a capitalisation threshold of \$100,000 and external purchased software threshold of \$2,000. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. All software assets were assessed for indications of impairment. No indicators of impairment were identified.

Work in progress (WIP)

All non-financial assets not fully constructed at 30 June 2022 are recorded as work in progress and are valued at cost. Depreciation or amortisation will not commence until the project has been completed to a stage where it can provide service to the agency. The WIP balance at 30 June 2022 was Nil (2021: Nil).

Depreciation and amortisation

Depreciable Property, Plant and Equipment assets are written-off to their estimated residual values over their estimated useful lives to the NHFB using in all cases, the straight-line method of depreciation.

Software assets are amortised on a straight-line basis over its anticipated useful life. Amortisation rates (useful lives), residual values and methods are reviewed at each reporting date. Amortisation rates applying to each class of amortisable asset are based on the following useful lives:

	2022	2021
RIGHT-OF-USE ASSET	Lease Term	Lease Term
INTANGIBLE ASSET	3-5 years	3-5 years

Note 6: Payables

	2022 \$	2021 \$
NOTE 6A: SUPPLIERS		
Trade creditors and accruals	349,137	222,852
TOTAL SUPPLIER PAYABLES	349,137	222,852
Suppliers expected to be settled within 12 months:		
Related entities ¹	145,672	54,789
External parties ²	203,465	168,062
TOTAL	349,137	222,852
Settlement was usually made within 21 days (2021: 30 days).		
NOTE 6B: OTHER PAYABLES		
Wages and salaries	62,481	41,726
Superannuation	11,168	8,198
Leave provisions payable	66,092	45,942
Salary Sacrifice payable	12,945	10,453
Separations and redundancies	-	79,171
TOTAL OTHER PAYABLES	152,686	185,490

1 For the period ended 30 June, amounts relate to payables to the Commonwealth Department of Health and Aged Care and some small payables to other Commonwealth government agencies.

2 For the period ended 30 June, amounts relate to suppliers and contractors.

ACCOUNTING POLICY

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

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

	2022 \$	2021 \$
NOTE 6C: LEASES		
Lease Liabilities	1,320,634	1,669,962
TOTAL LEASES	1,320,634	1,669,962
Total cash outflow for leases for the year ended 30 June 2022 was \$362,890 (2021: \$351,407)		
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	376,965	363,951
Between 1 to 5 years	965,945	1,342,911
More than 5 years	-	-
TOTAL UNDISCOUNTED LEASES	1,342,911	1,706,862
Discount	(22,277)	(36,900)
TOTAL LEASES	1,320,634	1,669,962

The NHFB in its capacity as lessee has entered into a sub-lease arrangement with the Department of Health from January 2020 for 5 years, with the option to extend for an additional 5 years.

ACCOUNTING POLICY

For all new contracts entered into, the NHFB considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Note 7: Employee Provisions

	2022 \$	2021 \$
NOTE 7A: EMPLOYEE PROVISIONS		
Leave	1,089,049	979,314
TOTAL EMPLOYEE PROVISIONS	1,089,049	979,314

	Provision for restoration ¹ \$	Total \$
As at 1 July 2021	10,500	10,500
Additional provisions made	-	-
TOTAL OTHER PROVISIONS	10,500	10,500

1 For the Provision for Restoration, the amount of any expected reimbursement is \$10,500 and the amount of any asset that has been recognised for that expected reimbursement is \$10,500.

ACCOUNTING POLICY

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

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

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

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

Superannuation

Staff of the NHFB are members of the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or employee nominated superannuation funds. The PSS is a defined benefit scheme for the Australian Government. The PSSap and employee nominated superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian government and is settled by the Australian government in due course. This liability is reported by the Department of Finance's administered schedules and notes. The NHFB makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government. The NHFB accounts for the contributions as if they were contributions to defined contribution plans.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 8: Aggregate Assets and Liabilities

	2022 \$	2021 \$
ASSETS EXPECTED TO BE RECOVERED IN:		
No more than 12 months		
Cash and cash equivalents	37,852	46,393
Trade and other receivables	3,853,373	2,161,680
Prepayments	49,058	48,885
Right of Use Asset	363,132	363,132
Intangible Assets	488,003	478,332
TOTAL NO MORE THAN 12 MONTHS	4,791,418	3,098,422
More than 12 months		
Right of Use Asset	888,090	1,251,228
Intangible Assets	650,038	1,147,711
TOTAL MORE THAN 12 MONTHS	1,538,129	2,398,939
TOTAL ASSETS	6,329,547	5,497,361
LIABILITIES EXPECTED TO BE SETTLED IN:		
No more than 12 months		
Suppliers	349,137	222,852
Other payables	152,686	185,490
Employee provisions	337,809	290,667
Leases	365,876	349,328
TOTAL NO MORE THAN 12 MONTHS	1,205,508	1,048,337
More than 12 months		
Employee provisions	751,240	688,647
Leases	954,758	1,320,634
Other provisions	10,500	10,500
TOTAL MORE THAN 12 MONTHS	1,716,498	2,019,781
TOTAL LIABILITIES	2,922,006	3,068,118

Note 9: Contingent Assets and Liabilities

QUANTIFIABLE CONTINGENCIES

As at 30 June 2022, the NHFB had no quantifiable contingencies (2021: Nil).

UNQUANTIFIABLE CONTINGENCIES

As at 30 June 2022, the NHFB had no unquantifiable contingencies (2021: estimated \$20,000,000).

SIGNIFICANT REMOTE CONTINGENCIES

As at 30 June 2022, the NHFB had no significant remote contingencies (2021: Nil)

ACCOUNTING POLICY

Contingent assets and liabilities are not recognised in the balance sheet but are reported in this note. They may arise from uncertainty as to the existence of an asset or liability, represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Note 10: Key Management Personnel Remuneration

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the Key Management Personnel to be the Administrator and CEO. Key Management Personnel remuneration is reported in the table below:

	2022 \$	2021 \$
Total expenses recognised in relation to Key Management Personnel		
Short-term employee benefits	452,006	443,257
Post-employment benefits	56,770	55,545
Other long-term employee benefits	12,436	15,052
TOTAL KEY MANAGEMENT PERSONNEL REMUNERATION EXPENSES	521,212	513,854

Notes:

The total number of Key Management Personnel that are included in the above table is 2 (2021: 2).

The above Key Management Personnel remuneration excludes the remuneration and other benefits of the Responsible Minister. The Responsible Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the NHFB.

Note 11: Related Party Disclosures

Related parties for the NHFB are the Key Management Personnel, the Portfolio Ministers, and other Australian Government entities. Significant transactions with related entities include the purchase of goods and services and payments in relation to a Memorandum of Understanding for shared services.

No payments were made outside of the normal course of business. There are no related party transactions by Key Management Personnel or Ministers requiring disclosure.

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

Note 12: Financial Instruments

NOTE 12A: CATEGORIES OF FINANCIAL INSTRUMENTS

	2022 \$	2021 \$
FINANCIAL ASSETS		
At amortised cost:		
Loans and Receivables		
Cash and Equivalents	37,852	46,393
Trade and other receivables	31,888	58,786
Receivable from the Commonwealth Department of Health	-	31,646
TOTAL	69,740	136,825
CARRYING AMOUNT OF FINANCIAL ASSETS	69,740	136,825
FINANCIAL LIABILITIES		
At amortised cost:		
Trade creditors and accruals	203,466	170,498
Payable to the Commonwealth Department of Health	145,672	52,354
TOTAL	349,137	222,852
CARRYING AMOUNT OF FINANCIAL LIABILITIES	349,137	222,852

NOTE 12B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS

There is no income or expense from financial assets in 2022 (2021: Nil)

NOTE 12C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES

There is no net income or expense from financial liabilities in 2022 (2021: Nil)

NOTE 12D: FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of all financial assets and liabilities equals its carrying amount in 2022 and 2021.

ACCOUNTING POLICY

The NHFB classifies its financial assets as loans and receivables.

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

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at their nominal value less impairment. Trade and other receivables consisted wholly of receivables for employee entitlements within Government.

Effective Interest Method

Income is recognised on an effective interest rate basis.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. The NHFB did not impair any of its financial assets.

Financial liabilities

NHFB classifies its financial liabilities as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Note 13: Financial Assets Reconciliation

	Notes	2022 \$	2021 \$
FINANCIAL ASSETS			
TOTAL FINANCIAL ASSETS AS PER THE STATEMENT OF FINANCIAL POSITION		3,891,225	2,208,073
Less: non-financial instrument components:			
Appropriations receivable	4B	3,777,027	2,055,491
GST Receivable from the Australian Taxation Office	4B	44,457	15,757
TOTAL NON-FINANCIAL INSTRUMENTS COMPONENTS		3,821,484	2,071,248
TOTAL FINANCIAL ASSETS AS PER FINANCIAL INSTRUMENTS NOTE		69,740	136,825

National Health Funding Body
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

NOTE 14: Appropriations

TABLE 14A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

2022					
	Annual appropriation \$	Adjustment to appropriation ¹ \$	Total appropriation \$	Appropriation applied in 2022 (current and prior years) \$	Variance ³ \$
DEPARTMENTAL					
Ordinary annual services	7,488,000	335,494	7,823,494	(6,062,116)	1,761,378
TOTAL DEPARTMENTAL	7,488,000	335,494	7,823,494	(6,062,116)	1,761,378

2021					
	Annual appropriation ² \$	Adjustment to appropriation ¹ \$	Total appropriation \$	Appropriation applied in 2021 (current and prior years) \$	Variance ⁴ \$
DEPARTMENTAL					
Ordinary annual services	6,704,000	473,642	7,177,642	(6,172,766)	1,004,876
TOTAL DEPARTMENTAL	6,704,000	473,642	7,177,642	(6,172,766)	1,004,876

- Adjustments to appropriation includes current year annual appropriation PGPA Act section 74 receipts.
- Revenue of \$445,957 related to the 2021 Departmental appropriation was recognised in 2020. This amount was in relation to additional funding provided to support the National Partnership on COVID-19 Response.
- The 2022 variance of \$1,761,378 is due to an underspend on supplier and employee expenses.
- The 2021 variance of \$1,004,876 is due to an underspend on supplier expenses.

TABLE 14B: DEPARTMENTAL AND ADMINISTERED CAPITAL BUDGETS (RECOVERABLE GST EXCLUSIVE)

There was no Departmental or Administered Capital Budget appropriated to the NHFB in 2022 (2021: Nil).

TABLE 14C: UNSPENT ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

	2022 \$	2021 \$
DEPARTMENTAL		
Appropriation Act (No 1) 2021-22	3,777,027	-
Appropriation Act (No 1) 2020-21	-	2,055,491
Appropriation Act (No 1) 2021-22- cash at bank	37,852	-
Appropriation Act (No 1) 2020-21- cash at bank	-	46,393
TOTAL	3,814,879	2,101,884

TABLE 14D: NET CASH APPROPRIATION ARRANGEMENTS

	2022 \$	2021 \$
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	978,298	476,596
Plus: depreciation of right-of-use assets ¹	363,138	363,137
Less: lease principal repayments ¹	(362,890)	(333,412)
NET CASH OPERATING SURPLUS/ (DEFICIT)	978,546	506,321

1. The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 *Leases*, which does not directly reflect a change in appropriation arrangements.

Note 15: Budgetary Reporting – Explanation of Major Variances

The following note provides high level commentary of major variance between budgeted information for the NHFB published in the Department of Health's 2021-22 Portfolio Budget Statements (PBS) and the 2021-22 final outcome as presented in accordance with the Australian Accounting Standards for the NHFB. The budget is not audited.

An explanation for a major variance may not be provided where the item is considered immaterial in the overall context of the financial statements.

As a guide, variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater or less than 10%; and
- the variance between budget and actual is greater or less than 2% of total expenses or total own-source revenue; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity.

THE STATEMENT OF COMPREHENSIVE INCOME HAS THE FOLLOWING VARIANCES:

Employee benefits	The variance in employee benefits largely relates to recruitment delays for additional staff associated with two new budget measures for 2021-22.
Suppliers	The variance in suppliers relates to efficiencies that have been achieved through targeted, multi-year procurement activities and a reduction in expenditure on contractors through investment in employees. There has also been impacts on travel and face to face meetings due to the COVID-19 pandemic.

THE STATEMENT OF FINANCIAL POSITION HAS THE FOLLOWING VARIANCES:

Trade and Other Receivables	The variance in trade and other receivables relates to cash associated with leave balances of new NHFB employees transferring from other Commonwealth entities, as well as the overall cash underspend.
Intangible Assets	The variance in intangible assets relates to a change in accounting treatment of the NHFB website which occurred after the original budget was released.
Suppliers	The variance in suppliers is due to proactive monthly management of supplier invoicing as well as delays in the achievement of milestones in key projects.
Employee Provisions	The variance in employee provisions relates to a number of new employees transferring into the agency with large leave balances.

The above explanations also explain the major variances in the Cash Flow Statement and Statement of Changes in Equity.

End of General Purpose Financial Statements

ENDNOTES

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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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	National Health Reform Act 2011
NHR Agreement	National Health Reform Agreement 2011
NPCR	National Partnership on COVID-19 Response
NWAU	National Weighted Activity Unit
PGPA Act	Public Governance, Performance and Accountability Act 2013
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

Term	Meaning
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.
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.

Continued next page

Term	Meaning
PGPA Act	The Public Governance, Performance and Accountability Act 2013 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

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities' annual reports as an aid of access.

PGPA Rule Reference	Description	Requirement	Location
17AD(g) LETTER OF TRANSMITTAL			
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	8
17AD(h) AIDS TO ACCESS			
17AJ(a)	Table of contents.	Mandatory	10
17AJ(b)	Alphabetical index.	Mandatory	133
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	123-125
17AJ(d)	List of requirements.	Mandatory	126-132
17AJ(e)	Details of contact officer.	Mandatory	9
17AJ(f)	Entity's website address.	Mandatory	9
17AJ(g)	Electronic address of report.	Mandatory	9
17AD(a) REVIEW BY ACCOUNTABLE AUTHORITY			
17AD(a)	A review by the accountable authority of the entity.	Mandatory	13-16
17AD(b) OVERVIEW OF THE ENTITY			
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	2-4
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	33-36
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	43
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	43
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority	Mandatory	41
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority	Mandatory	41

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PGPA Rule Reference	Description	Requirement	Location
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	73
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments - Mandatory	33-36
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	N/A
17AD(c) REPORT ON THE PERFORMANCE OF THE ENTITY			
Annual performance Statements			
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	41-62
17AD(c)(II) REPORT ON FINANCIAL PERFORMANCE			
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	19-20
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	95-96
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	N/A
17AD(d) MANAGEMENT AND ACCOUNTABILITY			
Corporate Governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	90
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	90

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PGPA Rule Reference	Description	Requirement	Location
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	90
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	90
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	84-92
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	N/A
Audit Committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	86
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	87-88
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	87-88
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	87-88
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	88
External Scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	90
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	90

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PGPA Rule Reference	Description	Requirement	Location
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	90
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	90
Management of Human Resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	65-67
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> ▪ statistics on full-time employees; ▪ statistics on part-time employees; ▪ statistics on gender; and ▪ statistics on staff location. 	Mandatory	71-73
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> ▪ Statistics on staffing classification level; ▪ Statistics on full-time employees; ▪ Statistics on part-time employees; ▪ Statistics on gender; ▪ Statistics on staff location; and ▪ Statistics on employees who identify as Indigenous. 	Mandatory	71-73
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	75-76
17AG(4)(c)(i)	Information on the number of SES and non SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	75-76
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	76
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	76
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	N/A
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	N/A

Continued next page

PGPA Rule Reference	Description	Requirement	Location
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	N/A
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	N/A
Assets Management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, Mandatory	92
Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	92
Reportable consultancy contracts			
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	91
17AG(7)(b)	A statement that " <i>During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> "	Mandatory	91
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	91
17AG(7)(d)	A statement that " <i>Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website</i> "	Mandatory	91

Continued next page

PGPA Rule Reference	Description	Requirement	Location
Reportable non-consultancy contracts			
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	91
17AG(7A)(b)	A statement that " <i>Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.</i> "	Mandatory	91
17AD(daa) ADDITIONAL INFORMATION ABOUT ORGANISATIONS RECEIVING AMOUNTS UNDER REPORTABLE CONSULTANCY CONTRACTS OR REPORTABLE NON-CONSULTANCY CONTRACTS			
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	91
Australian National Audit Office Access Clauses			
17AG(8)	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	92
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	92
Small business			

Continued next page

PGPA Rule Reference	Description	Requirement	Location
17AG(10)(a)	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	92
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	86
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory	N/A
Financial Statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	95-120
Executive Remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	75, 116
17AD(f) OTHER MANDATORY INFORMATION			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory	N/A
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	92
17AH(1)(b)	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory	92
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	79
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	90
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, Mandatory	N/A
17AH(2)	Information required by other legislation	Mandatory	71 - 86

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The Administrator is required to prepare an Annual Report of operations and present it to Commonwealth and State and Territory Health Ministers for tabling in their respective Parliaments.

This Annual Report includes:

- An individual financial statement for each State and Territory's State Pool Account and a combined financial statement.
- NHR funding and payments, including number of weighted hospital services delivered.
- State and Territory financial statements are audited by the relevant Auditor-General.

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