



National Health
Funding Body

The background is a grayscale photograph of an office interior. Several people are visible, some standing and talking, others working at desks. The office has a modern feel with large windows and a grid ceiling. A dark blue semi-transparent horizontal band is overlaid across the middle of the image, containing the text.

ANNUAL REPORT 2013-14

74

BILLION

FUNDING AND PAYMENTS

TOTAL VALUE OF TRANSACTIONS PROCESSED
THROUGH THE NATIONAL HEALTH FUNDING POOL
AND STATE MANAGED FUNDS

36 BILLION
FUNDING PAID TO LOCAL
HOSPITAL
NETWORKS

14 BILLION
COMMONWEALTH
CONTRIBUTION
TO STATES AND
TERRITORIES FOR
PUBLIC HOSPITALS

4020
TRANSACTIONS PROCESSED
THROUGH THE
NATIONAL HEALTH FUNDING POOL

1824 MONTHLY
REPORTS
PRODUCED

9378 WEBSITE
PAGE
VIEWS

4.5 MILLION
BUDGET
APPROPRIATION

18 STAFF

LETTER OF TRANSMITTAL

NATIONAL
HEALTH
FUNDING
BODY

**ANNUAL
REPORT
2013-14**



**National Health
Funding Body**

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28 October 2014

The Hon Peter Dutton MP
Minister for Health
Parliament House
CANBERRA ACT 2600

Dear Minister,

National Health Funding Body Annual Report 2013-14

In accordance with section 63 of the *Public Service Act 1999*, I am pleased to provide you with the National Health Funding Body Annual Report and Financial Statements for the year ended 30 June 2014, for presentation to Parliament.

This report has been prepared in accordance with the *Requirements for Annual Reports* as issued by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the *Public Service Act 1999*.

The Financial Statements are general purpose financial statements as required by section 49 of the *Financial Management and Accountability Act 1997*. They have been prepared in accordance with the:

- a) Finance Minister's Orders for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that apply for the reporting period.

As per section 267(2) of the *National Health Reform Act 2011* a copy of this Annual Report and Financial Statements will be provided to each state and territory Health Minister.

Yours sincerely,

Lynton Norris
Chief Executive Officer
National Health Funding Body

Proudly assisting the Administrator of the National Health Funding Pool

FOREWORD

The Annual Report details the activities of the National Health Funding Body (NHFB) from 1 July 2013 to 30 June 2014.

The NHFB Chief Executive Officer (CEO) is required to prepare and present this report of operations to the Commonwealth Parliament pursuant to section 267 of the *National Health Reform Act 2011* (the Act) and section 70 of the *Public Service Act 1999*.

The CEO is also required to provide a copy of this report to each state and territory Health Minister under section 267(2) of the Act.

This Annual Report is prepared in accordance with the *Requirements for Annual Reports* issued by the Department of the Prime Minister and Cabinet, and approved by the Joint Committee of Public Accounts and Audit under subsection 70(2) of the *Public Service Act 1999*.

FURTHER INFORMATION

If you require further information or have any queries in relation to this Annual Report, please contact:

National Health Funding Body

GPO Box 1252, Canberra ACT 2601

Phone: 1300 930 522

Email: nhfb.enquiries@nhfb.gov.au.

This Annual Report is also available online at www.nhfb.gov.au.

ABOUT THIS REPORT

The National Health Funding Body Annual Report 2013–14 records the activities of the National Health Funding Body in 2013–14.

This report comprises:

- + narrative that describes our organisation, achievements and governance arrangements in 2013–14; and
- + the National Health Funding Body's financial statements for 2013–14.

To help readers search for specific information, an index (page 100) and a disclosure index (page 88) for specific reporting requirements have been included.

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CHIEF EXECUTIVE OFFICER'S MESSAGE

The National Health Funding Body commenced operation in July 2012. Our primary function is to assist the Administrator of the National Health Funding Pool (the Administrator) to calculate the amount of the Commonwealth contribution to public hospital funding in each state and territory under the National Health Reform Agreement and to administer the National Health Funding Pool (the Pool).

During 2013–14, the NHFB has undertaken 4020 transactions to enable the processing of over \$37 billion of Commonwealth, state and territory funding to local hospital networks (LHNs) and other providers. Nearly \$74 billion in funding and payment transactions was processed through the Pool and state managed funds.



**MR LYNTON NORRIS
CHIEF EXECUTIVE OFFICER
NATIONAL HEALTH FUNDING BODY**

This year we have prepared and published 1824 monthly reports on national health reform funding and payment flows (including national, state/territory and LHN reports) on the www.publichospitalfunding.gov.au website. These reports have been used widely across government, academia and the media in understanding the investment made by the Commonwealth, states and territories in the provision of public hospital services.

We have continued to adopt a collaborative approach in progressing our work and have been rewarded by productive working relationships with all jurisdictions. The NHFB has been active in national committees during 2013–14 and has been working consultatively to improve transparency in hospital funding and financing arrangements. The 2014–15 Commonwealth Budget papers flagged the intention of government to create a new health productivity and performance commission by merging several existing bodies including NHFB and the Administrator. I am confident that our excellent stakeholder relationships provide a sound foundation moving forward.

The success of the NHFB reflects the professionalism, capability and enthusiasm of our staff. We are a micro–agency that has achieved significant outcomes in a very short time. This is the result of consistent and sustained hard work from our small team, who continue to exhibit an extraordinary level of diligence as we transition from an establishment phase to business as usual.

Finally, I would like to take this opportunity to recognise the direction and professionalism of the Administrator, Mr Bob Sendt. His integrity, technical ability and sound judgment have provided the NHFB with every chance of success.



Mr Lynton Norris

Chief Executive Officer
National Health Funding Body

28 October 2014



OUR ORGANISATION



NATIONAL HEALTH FUNDING BODY

The NHFB is part of the Commonwealth Health portfolio. It was a prescribed agency under the previous *Financial Management and Accountability Act 1997* (and is now a Commonwealth entity under the new *Public Governance, Performance and Accountability Act 2013*). NHFB staff are employed under the *Public Service Act 1999*.

The Act mandates that the NHFB is independent of both Commonwealth and state/territory governments when assisting the Administrator in the exercise or performance of his functions.

WHAT WE DO

The principal function of the NHFB is to support the Administrator in the performance of his functions. Those functions are set out in the National Health Reform Agreement (the Agreement) and the Act.

The Administrator is required to:

- + Calculate and advise the Commonwealth Treasurer of the Commonwealth contribution to hospital funding in each state and territory (*National Health Reform Act 2011 s.238*).
- + Oversee the payment of Commonwealth hospital funding into State Pool Accounts (*National Health Reform Act 2011 s.238*).

- + Make payments from each State Pool Account in accordance with the directions of the State concerned (common provisions of the National Health Funding Pool legislation in each state and territory).¹
- + Monitor state payments into each State Pool Account (common provisions of National Health Funding Pool legislation in each state and territory).²
- + Reconcile estimated and actual service delivery volumes and calculate any necessary payment adjustments so that Commonwealth payments can be adjusted to reflect the actual level of services provided (*National Health Reform Act 2011 s.238*).
- + Undertake data matching to determine if hospital services otherwise in scope for activity based funding are ineligible for Commonwealth funding because the service has been paid for by the Commonwealth under the Medical Benefits Schedule (MBS) or the Pharmaceutical Benefits Scheme (PBS) (Clause A6 of the National Health Reform Agreement).
- + Report publicly on the national health reform funding and payments (*National Health Reform Act 2011 s.240*).

¹ A list of the relevant state/territory legislation containing the common provisions can be found at page 5.

² As above.

PUBLIC HOSPITAL FUNDING

Table 1 provides an overview of the public hospital funding (including activity based, block and public health funding) for 2013–14 relating to each state and territory.

Table 1: National health reform funding by source — 2013–14

STATE/TERRITORY	AMOUNT PAID BY STATE/TERRITORY (\$'000)	AMOUNT PAID BY COMMONWEALTH (\$'000)	TOTAL FUNDING (\$'000)
NSW	6,449,417	4,342,849	10,792,266
VIC	4,481,171	3,483,176	7,964,347
QLD	5,394,654	2,814,967	8,209,622
WA	2,768,835	1,518,400	4,287,236
SA	2,083,070	1,007,904	3,090,974
TAS	635,683	292,447	928,130
ACT	552,438	275,181	827,618
NT	661,393	134,590	795,983
TOTAL	23,026,661	13,869,514	36,896,175

Of the total funding provided by the Commonwealth, states and territories, Figure 1 shows the relative proportions of each funding stream.

Figure 1: National health reform funding streams — 2013–14 proportions



Table 2 shows the total value of national health reform funding and payments in 2013–14.

Table 2: National health reform funding and payments — 2013–14

TRANSACTION TYPE	(\$'000)
Total public hospital funding	36,896,175
Total payments for public hospital services	37,000,111
Total value of transactions processed	73,896,287

The values in Tables 1 and 2 are rounded to the nearest thousand dollars. As such, the figures may not add to the totals shown due to rounding.

Further information on national health reform payments into and out of the National Health Funding Pool and state managed funds, is available in the Administrator's monthly reports and Annual reports, available at www.publichospitalfunding.gov.au.

OUR HISTORY

NATIONAL HEALTH REFORM AGREEMENT

In August 2011, the Council of Australian Governments (COAG) agreed to major structural reforms to the organisation, funding and delivery of public hospitals. Following the COAG meeting, the Commonwealth and all state and territory governments entered into the Agreement.

Under the Agreement, the Commonwealth, state and territory governments are jointly responsible for funding public hospital services through both activity based and block funding arrangements.

The creation of the Administrator and the NHFB supported the agreed independence and transparency arrangements of the Agreement. These roles incorporate funding determination, administration and reporting.

TRANSITION TO ESTABLISHMENT

The NHFB commenced operations from 1 July 2012. The (then) Department of Health and Ageing (DoHA) managed the NHFB's appropriation until it was able to directly receive and manage these arrangements as a stand-alone independent agency.

The NHFB's transition occurred in two phases:

- + Following a determination under section 24.1 of the *Public Service Act 1999* on 3 May 2013 that provided the terms and conditions of employment enabling the NHFB to employ staff in its own right; and
- + Following a determination under section 32 of the *Financial Management Act 1997* on 24 June 2013 enabling the NHFB to receive and manage its own appropriation.

The *National Health Funding Body Annual Report 2012–13* described the operations of the NHFB in its first year of operation and includes the Financial Statements for the year 1 July 2012 to 30 June 2013. The report is available at: www.nhfb.gov.au.

OUR ENABLING LEGISLATION

Our enabling legislation is the *National Health Reform Act 2011* (Cwlth) as amended by the *National Health Reform Amendment (Administrator and National Funding Body) Act 2012* (Cwlth).

This Commonwealth legislation is supported by common provisions in statutes in each state and territory which create the Administrator's position and set out their functions:

Table 3: State and territory legislation that supports the *National Health Reform Act 2011*

NEW SOUTH WALES	<i>Health Services Act 1997</i>
VICTORIA	<i>Health (Commonwealth State Funding Arrangements) Act 2012</i>
QUEENSLAND	<i>Hospital and Health Boards Act 2011</i>
SOUTH AUSTRALIA	<i>National Health Funding Pool Administration (South Australia) Act 2012</i>
WESTERN AUSTRALIA	<i>National Health Funding Pool Act 2012</i>
TASMANIA	<i>National Health Funding Administration Act 2012</i>
AUSTRALIAN CAPITAL TERRITORY	<i>Health (National Health Funding Pool and Administration) Act 2013</i>
NORTHERN TERRITORY	<i>National Health Funding Pool and Administration (National Uniform Legislation) Act 2012</i>

WHO WE ARE

OUR WORKFORCE

The NHFB has a professional and highly qualified workforce of 18. Five staff members are Certified Practising Accountants, two are Chartered Accountants and a further two hold general accounting qualifications.

Four staff members hold a Master of Business Administration, one holds a PhD in data mining and one a post-graduate qualification in actuarial studies.

We are also a culturally diverse workplace. Our staff come from a range of countries and backgrounds. Our workforce age range spans 25–59 years.

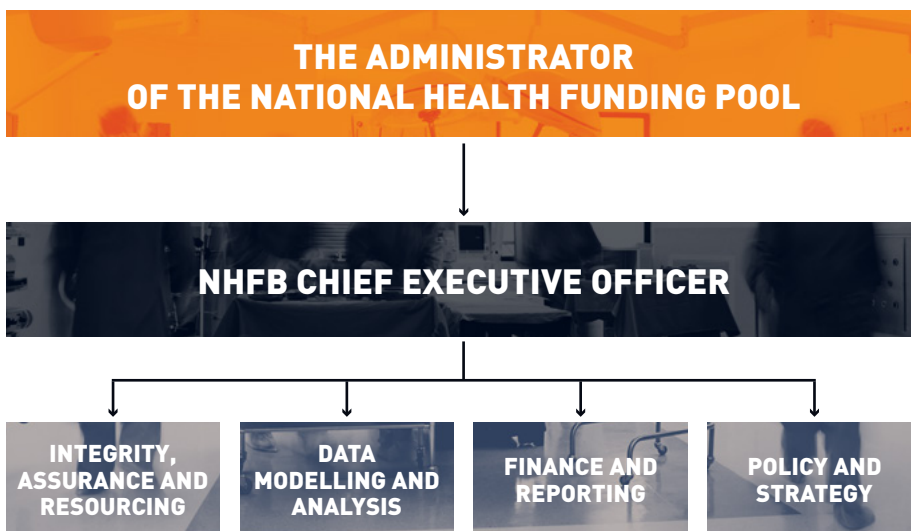


(From left to right) First row: Bessie Zhou, Peta Hunt, Val Price-Beck, Susan Bateman, Svetlana Angelkoska. Second row: Chao Luo, Beth Gubbins, Heather Grant, Naini Singh. Third row: Andrew Hai, Vincent Lorimer, Kartikay Sharma, Lynton Norris. Not pictured: Gitanjali Kaura, Joanne Krueger, Fiona Lonergan, Nilusha Moses.

OUR STRUCTURE

The NHFB comprises four functional units supporting the Administrator through the CEO.

Figure 2: Structure of the National Health Funding Body



OUR EXECUTIVE

LYNTON NORRIS, CHIEF EXECUTIVE OFFICER

Lynton Norris was appointed as the inaugural CEO of the National Health Funding Body. Mr Norris has over 20 years of experience in government and the private sector. Prior to his appointment to the NHFB, Mr Norris was a senior executive in the Victorian State Government responsible for the budget management and funding arrangements for all Health sector agencies.

Mr Norris has significant experience in public sector finance and policy development, and is a Certified Practising Accountant.

EXECUTIVE COMMITTEE

Our Executive Committee comprises the NHFB Directors and invited experts. The Executive Committee provides the NHFB CEO with strategic advice on policy, direction, and emerging issues.

OUR TEAMS

INTEGRITY, ASSURANCE AND RESOURCING

The Integrity, Assurance and Resourcing unit provides the NHFB with essential business support services including human resources management, internal audit, organisational compliance, procurement and risk management functions.

Human resources functions include the coordination of the selection, training and development, and performance management of NHFB staff.

This unit is responsible for organisational assurance, security, facilities management and records management.

This unit also has responsibility for organisational compliance including preparation and dissemination of required public service agency documentation and meeting the requirements of Senate orders.



Val Price-Beck has over 20 years public service experience and has managed the corporate areas of several Commonwealth agencies.

Ms Price-Beck has experience in corporate services and related functions. Prior to joining the NHFB Ms Price-Beck worked for a number of years in Indigenous economic development.

DATA MODELLING AND ANALYSIS

The Data Modelling and Analysis unit develops financial models that enable the Administrator to accurately calculate the Commonwealth funding contribution to LHNs. This includes reconciling the estimated and actual service delivery volumes to adjust the Commonwealth funding contribution.

This unit also develops programs and models to determine services eligible for Commonwealth funding.

The unit determines, collects and processes the data required to support this modelling.

Data Modelling and Analysis works collaboratively with the Administrator and all jurisdictions to ensure that modelling and analytics are accurate and well understood by stakeholders.

The unit is responsible for the preparation and publication of the Administrator's monthly reports that record the Commonwealth, state/territory public hospital funding and payments for the month and year to date, at national, state/territory and LHN levels. These reports are available from: www.publichospitalfunding.gov.au.



DIRECTOR
SVETLANA
ANGELKOSKA

Svetlana Angelkoska has extensive experience in analysing, modelling and reporting health and related data. Prior to joining the NHFB, Ms Angelkoska worked for the Commonwealth Department of Health and the Private Health Insurance Administration Council.

Ms Angelkoska holds a Bachelor of Science and a Graduate Certificate of Actuarial Techniques.

FINANCE AND REPORTING

The Finance and Reporting unit provides financial services to the Administrator and the Pool. This includes managing the payments system, processing Commonwealth, state/territory deposits and payments into and out of the Pool.

This unit produces the Pool financial statements for auditing by the Auditor-General from each respective state and territory.

Finance and Reporting facilitates the authorisation by the Administrator for payments to LHNs and other providers. Other responsibilities of this unit include the preparation of NHFB financial statements under the *Financial Management and Accountability Act 1997* (now superseded by the *Public Governance, Performance and Accountability Act 2013*) and the strategic financial management of the departmental appropriation for the NHFB.

During 2013–14 this unit actively supported stakeholder management with state/territory Chief Finance Officers (CFOs) through regular jurisdictional CFO committee meetings.



CHIEF FINANCE OFFICER
NAINI SINGH

Naini Singh has over 13 years federal government experience in implementing strategic budgets, project management, taxation, financial statements and devising quality assurance solutions.

Ms Singh holds a Bachelor of Commence, majoring in Information Systems and Finance, a Postgraduate Certificate in Taxation and is a Certified Practising Accountant. Prior to joining the NHFB, Ms Singh was the Chief Accountant at the Department of Infrastructure.

POLICY AND STRATEGY

The Policy and Strategy unit provides strategic policy advice to the NHFB and the Administrator. Responsibilities include researching, developing, monitoring and reviewing current and proposed policy decisions that relate to the functions of the Administrator and the NHFB.

The Policy and Strategy unit develops external policy documentation. This includes the Administrator's rolling Three Year Data Plan, the associated funding reconciliation framework and policy statements on matters such as growth and funding guarantees, privacy, secrecy and security, and other organisational and strategic documents. These policy statements are developed in consultation with the Commonwealth and states and territories through jurisdictional committees.

This unit is also responsible for writing and/or coordinating briefing material for consideration by inter-jurisdictional committees and the preparation and approval of a range of parliamentary reporting material.

In 2013–14, Policy and Strategy provided secretariat services for the Administrator's Jurisdictional Advisory Committee and the Reconciliation Advisory Group and was responsible for web content and presentation on the Administrator's Public Hospital Funding website and the NHFB website: www.publichospitalfunding.gov.au www.nhfb.gov.au.



Beth Gubbins has experience in finance and public policy as well as project development, management and delivery. Before joining the NHFB Ms Gubbins worked for the Victorian Department of Health in a number of strategic finance and policy roles.

Ms Gubbins is a Certified Practising Accountant with 15 years public sector experience in Australia and the United Kingdom.

WHAT WE AIM FOR

Our *Strategic Plan 2013–16* describes the intended direction of our organisation: our vision, mission, values, strategic objectives and key deliverables.

OUR STRATEGIC PLAN: AN OVERVIEW

OUR VISION

Improved health outcomes for all Australians, sustainability of a nationally unified and locally controlled Australian health system, and increased transparency in public hospital funding.

OUR MISSION

To support the obligations and responsibilities of the Administrator of the National Health Funding Pool by providing transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system.

OUR VALUES

Our core values underpin our approach and practice when interacting, and collaborating with colleagues, stakeholders and the wider community.

Accountability—to comply with national health reform legislative requirements and the National Health Reform Agreement according to the parameters set.

Collaboration—to maintain effective working relationships with all stakeholders to instil continued confidence.

Integrity—to conduct business and make decisions in a manner, which demonstrates the principles of honesty, consistency, accuracy and ethics.

Leadership—to ensure leadership, effective policy advice and best practice in the management of major national health funding reform.

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

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



OUR STRATEGIC OBJECTIVES

We have adopted five high-level strategic objectives, which capture the scope of our responsibilities and serve the Vision and Mission of our organisation.

ACHIEVE BEST PRACTICE AND ACCOUNTABILITY

To achieve best practice and accountability through assisting the Administrator in implementing and overseeing a nationally consistent public hospital funding arrangement through the National Health Funding Pool.

PROVIDE INCREASED TRANSPARENCY AND EFFECTIVE REPORTING

To provide increased transparency and effective reporting on the local hospital networks that are funded for the services they deliver to the community.

ENABLE ACCURATE COMMONWEALTH CONTRIBUTION CALCULATIONS

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

DEVELOP PRODUCTIVE AND EFFECTIVE PARTNERSHIPS

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

OPERATE AS A FULLY FUNCTIONAL AND COMPLIANT AGENCY

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

Our *Strategic Plan 2013–16* is available from: www.nhfb.gov.au/publications.



National Health
Funding Body

Growth and Funding Guarantee QLD workshop

Lyndee Beavis

Chief Executive Officer

Michael Morley

Chief Minister

30 August 2013

Health Services Queensland
170 St George Street Brisbane

SAMSUNG

OUR ACHIEVEMENTS IN 2013-14



MAJOR MILESTONES

NHFB permanent recruitment round July–October 2013
Completion of inaugural appointments for permanent staff. Final staff member from the permanent recruitment round arrived 28 October 2013
First reconciliation (for six-month period July to December 2012) of estimates to actuals undertaken. Adjustments made in the October to December 2013 payments
Inaugural NHFB Annual Report tabled out-of-session 31 October 2013
NHFB website www.nhfb.gov.au went live 1 November 2013
December 2013 functionality enhancement of the National Health Funding Administrator Payments System
2012–13 Annual reconciliation of estimates to actuals, adjustments made in the March to May 2014 payments
April 2014 functionality enhancement of the National Health Funding Administrator Payments System
Revised Determination under Section 24.1 of the <i>Public Service Act 1999</i> — Terms and Conditions of employment approved 8 May 2014
2014–15 Portfolio Budget Statement and performance measures for the NHFB 15 May 2014
June 2014 functionality enhancement of the National Health Funding Administrator Payments System
Development of the Commonwealth contribution model for 2014–15 including governance and assurance Feb–June 2014
NHFB two years in operation from its inception on 1 July 2012. 30 June 2014

TWO YEARS IN OPERATION

In 2013–14 the NHFB consolidated the achievements of the previous year. Significant progress was made in implementing the operational arrangements of the Administrator and the organisational infrastructure of the NHFB.

This year saw the first determination of public hospital funding by the Commonwealth Treasurer based on the advice of the Administrator—the 2012–13 determination subsequent to the Final Budget Outcome (FBO).

The initial permanent recruitment round was completed, and on 28 October 2013 the final appointee from the round arrived to work at the NHFB.

Our first six-month and annual reconciliation of service estimates and actual activity—in relation to 2012–13 data—were successfully completed in October 2013 and March 2014, respectively.

Functionality upgrades of the National Health Funding Administrator Payments System (Payments System) were undertaken in December 2013 (cross border processing), April 2014 (bulk payment instructions and state deposit advices) and June 2014 (funds return).

The NHFB website was launched in November 2013 and provided a new communications channel for our stakeholders and the general public. The website also enables us to meet our obligations with regard to Senate Order reporting and Freedom of Information requests. The NHFB website is available at www.nhfb.gov.au.



The NHFB website had 9,378 page views in the period from its release until 30 June 2014. The NHFB *Strategic Plan 2013-16* was downloaded 598 times.

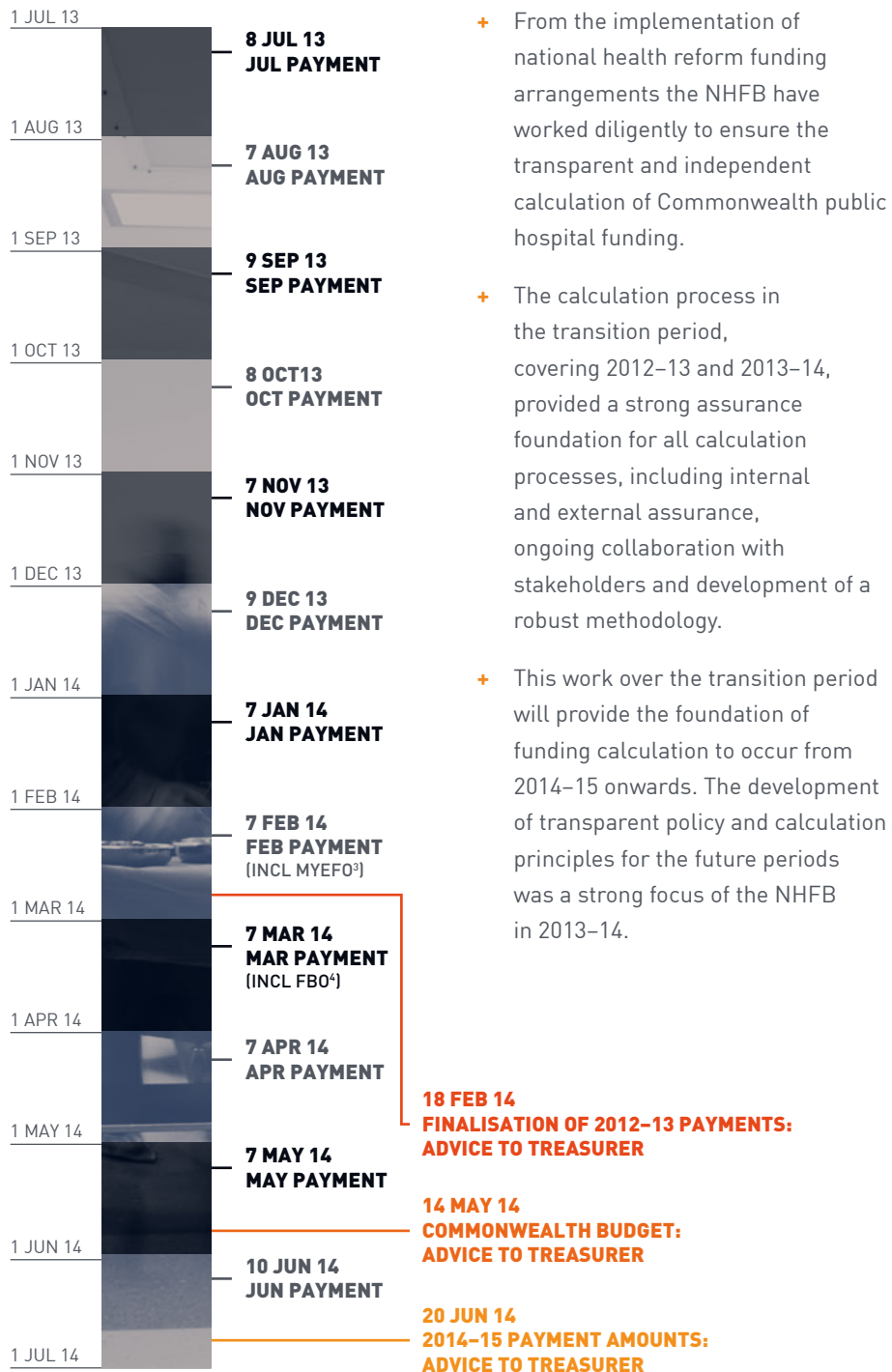
In order to ensure that the NHFB had in place a current determination covering conditions of employment, a Determination under Section 24 (1) of the *Public Service Act 1999* was put in place which will remain in force until an Enterprise Agreement commences. No terms, conditions or salaries were varied in this update.

The NHFB continued to work steadily on the content and layout of the Administrator's Public Hospital Funding website, found at www.publichospitalfunding.gov.au.



The Public Hospital Funding website had 63,771 page views in 2013-14. Monthly reports for local hospital networks (LHNs) were the most frequently viewed pages.

Figure 3: NHFB payments timeline



³ Mid-Year Economic and Fiscal Outlook. This is a mid-year budget report that provides updated information on the Government's fiscal position.

⁴ The Final Budget Outcome (FBO) is a report produced no later than three months after the end of financial year and describes Australian Government fiscal outcomes for the preceding financial year. The Administrator's 2012–13 reconciliation outcomes and adjustment of contributions in March, April and May 2014 was based on the FBO and actual hospital service volumes.

CHANGE IN FUNDING CALCULATION 2013–14

The 2013–14 calculation of the Commonwealth contribution to public hospital funding differed from 2012–13 due to:

1. the requirement that the Administrator calculate the Commonwealth block funding component (agreed between Commonwealth and state/territory Ministers in 2012–13); and
2. the broader scope of activity funding services in 2013–14, due to the inclusion of the sub-acute and admitted mental health classifications.

MAJOR PUBLICATIONS



Our inaugural Annual Report, and the inaugural Annual Report of the Administrator were tabled in the Commonwealth Parliament in October 2013 and circulated to all Health Ministers.

The NHFB continued to work closely with stakeholders from the Commonwealth, states and territories to implement national health funding arrangements.

A suite of documents were produced on behalf of the Administrator and widely reviewed through the NHFB and Administrator’s jurisdictional committees.

The Administrator’s *Three Year Data Plan 2014–15 to 2016–17* sets out the Administrator’s determination of the minimum level of data required from jurisdictions.

The content and layout of the plan was aligned with those of the Independent Hospital Pricing Authority (IHPA) and the National Health Performance Authority (NHPA).

The technical detail for the supply of this data is found in the *Data Plan File Specifications*.

The *2012–13 Reconciliation Framework* details reconciliation of actual to estimated activity and adjustment requirements and guidelines for those public hospital functions funded by the Commonwealth on an activity basis.

The *Data Privacy, Secrecy and Security Policy* describes the NHFB and Administrator’s data protocols relating to the collection, use, storage, disclosure and destruction of data. This policy was updated to reflect the provisions of the *Privacy Amendment (Enhancing Privacy Protection) Act 2012*.

Growth and Funding Guarantees sets out the approach and process for calculating the growth and funding guarantee arrangements of the Agreement.

The NHFB provided a series of 14 briefings and a feedback roadshow across all Australian jurisdictions during the development phase of the *Growth and Funding Guarantees* document.

Business Rules for determining hospital services eligible for Commonwealth Funding — Volume 2: Proof of Concept provides stakeholders with a detailed description of data matching rules to support clause A6 of the Agreement.⁵

The *Data Compliance Policy* is the Administrator’s policy for publishing details of Commonwealth, state/territory compliance with the data requirements of the Administrator’s Data Plan.

Linked to the policy are the quarterly *Compliance Reports* that detail information on jurisdictional compliance with the Data Plan.

Documents developed on behalf of the Administrator

	<i>2013–14 Data Plan File Specifications</i> 22 July 2013
	<i>2012–13 Reconciliation Framework</i> 30 July 2013
	Administrator of the National Health Funding Pool: <i>Annual Report</i> 30 October 2013
	<i>Data Compliance Policy</i> 29 November 2013
	<i>Data Privacy, Secrecy and Security Policy</i> 3 December 2013
	<i>Business Rules for determining hospital services eligible for Commonwealth Funding — Volume 2: Proof of Concept</i> 18 December 2013
	September quarter <i>Compliance Report</i> 19 December 2013
	December quarter <i>Compliance Report</i> 25 February 2014
	<i>Data Plan 2014–15 to 2016–17</i> 14 March 2014
	<i>Growth and Funding Guarantees</i> 2 May 2014
	March quarter <i>Compliance Report</i> 28 May 2014

MONTHLY REPORTS

In 2013–14 the NHFB produced a total of 1824 monthly reports for the Administrator.

Each month a National report and a state report for each state and territory and a report for each LHN are produced.

⁵ Clauses A6 and A7 of the Agreement state that the Commonwealth will not fund patient services through the Agreement if the same service is funded through the MBS or the PBS.

Section 240 of the *National Health Reform Act 2011* requires that the Administrator provide monthly reports to the Commonwealth and each state and territory and make them publicly available. The reports must contain:

- a. the amounts paid into each State Pool Account and state managed fund by the relevant State and the basis on which the payments were made;
- b. the amounts paid into each State Pool Account by the Commonwealth and the basis on which the payments were made;
- c. the amounts paid from each State Pool Account to local hospital networks, a state managed fund or other organisations or funds and the basis on which the payments were made;
- d. the amounts paid from each state managed fund to local hospital networks or other organisations or funds and the basis on which the payments were made;
- e. the number of public hospital services funded for each local hospital network (including as a running financial year total) in accordance with the system of activity based funding; and
- f. the number of other public hospital services and functions funded from each State Pool Account or State Managed Fund (including a running financial year total).

Table 4 shows the release dates for the Administrator’s monthly reports published in 2013–14.

Table 4: Monthly Report Publication Dates for 2013–14

MONTH	DATE RELEASED
May 2013	10 July 2013
June 2013	28 August 2013
July 2013	30 October 2013
August 2013	13 November 2013
September 2013	5 December 2013
October 2013	30 January 2014
November 2013	20 February 2014
December 2013	
January 2014	28 March 2014
February 2014	
March 2014	7 May 2014
April 2014	5 June 2014

The Administrator’s monthly reports are available from:
www.publichospitalfunding.gov.au/reports.

NHFB FUTURE PRIORITIES

The foundation of the NHFB’s role is supporting the obligations and responsibilities of the Administrator and providing transparent and efficient administration of Commonwealth, state/territory funding of the Australian public hospital system.

Our future priorities reflect our objectives and our role:

- + **Maintain rigour and discipline in undertaking transactions into and out of the National Health Funding Pool**—the NHFB will continue to effectively manage the largest financial contribution to Australia’s public health system.
- + **Continue to use best-practice accounting standards in our work**—the NHFB will continue to maintain robust financial frameworks.
- + **Further develop the calculation of the Commonwealth contribution to Commonwealth public hospital funding**—the NHFB built significant expertise in the development of the Commonwealth Contribution Model for 2013–14 and will use this expertise in the development of Commonwealth Contribution Models for future years.
- + **Achieving an Enterprise Agreement**—the NHFB has begun to develop an Enterprise Agreement in line with the requirements of the *Australian Public Service Bargaining Framework 2014*. The NHFB will continue to operate as a fully functional and compliant agency in 2014–15.
- + **Progressing data matching**—the NHFB will continue to refine data matching processes and work towards the implementation of matching hospital activity data and MBS/PBS data to support clause A6 of the Agreement.

- + **Contribute to strategic national work on health data standards, collection, access and usage**—through national committees and working groups such as the National Health Information and Performance Principal Committee (NHIPPC) and its subcommittee the National Health Information Standards and Statistics Committee (NHISSC).
- + **Further collaborate with stakeholders**—the NHFB values the collaborative relationships built with stakeholders and will endeavour to maintain and strengthen these relationships.

REPORT ON PERFORMANCE

The NHFB Agency Budget Statement for 2013–14 included outcomes, objectives, deliverables and key performance indicators.

The NHFB’s outcome is:

Provide transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system, and support the obligations and responsibilities of the Administrator.

Table 5 describes our performance outcomes.

Table 5: NHFB outcomes against the 2013–14 Portfolio Budget Statement

Objective: Assist the Administrator to develop the Three Year Data Plan and associated funding reconciliation frameworks	
QUALITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Develop the Three Year Data Plan</p> <p>Determine minimum level of data required to calculate the Commonwealth’s contribution, conduct reconciliation activities and ensure national comparability under the Agreement.</p>	<p>The 2014–15 to 2016–17 Data Plan was provided for finalisation to the Standing Council on Health on 11 April 2014.</p> <p>The layout and structure of plan was harmonised with those of the Independent Hospital Pricing Authority and the National Health Performance Authority.</p>
Objective: Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible state or territory Minister, and are in line with the Agreement	
QUANTITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Maintain proper records and reporting in relation to the administration of the National Health Funding Pool, including records of all payments made to and from those accounts and the basis on which the payment were made</p> <p>Monthly publication and verification from the states and territories in relation to the operations of the National Health Funding Pool and state managed funds.</p>	<p>Payments for hospital services through the National Health Funding Pool were overseen and authorised. Appropriate protocols and procedures are in place to manage payments.</p> <p>All payments made in accordance with authorised documentation at the direction of Ministers and/or their delegates.</p> <p>Monthly verification of transactions through the National Health Funding Pool and state managed funds provided via monthly reporting data submissions received from all states and territories.</p>

Continued.

Objective: Assist the Administrator to transparently report on the operations of the National Health Funding Pool and State Managed Funds

QUANTITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Annual report of the National Health Funding Pool to the Commonwealth and each state and territory government</p> <p>Produce and table a single annual report and accompanying financial statement on the operation of the National Health Funding Pool in the Commonwealth Parliament and each state and territory parliament.</p> <p>The financial statement will combine the audited financial statements for each state pool account within the National Health Funding Pool.</p>	<p>The 2012–13 Annual Report for the Administrator of the National Health Funding Pool was submitted to all Australian Health Ministers for tabling and is available from: www.publichospitalfunding.gov.au/publications/annual-reports.</p> <p>Financial Statements were prepared for each State Pool Account and were audited by the relevant Auditor-General.</p>
<p>Publicly reporting on the operations of the state managed funds and National Health Funding Pool</p> <p>Produce monthly reports on the operation of the National Health Funding Pool and state managed funds.</p>	<p>Monthly reports were produced and published for all months of 2013–14.</p> <p>1824 monthly reports were produced in total for 2013–14, including National reports, a report for each state and territory and a report for each LHN, for each month.</p> <p>The Administrator’s monthly reports are available from: www.publichospitalfunding.gov.au/reports.</p>

Objective: Assist the Administrator to calculate the Commonwealth Contribution to the National Health Funding Pool

QUANTITATIVE DELIVERABLE	PERFORMANCE OUTCOME
<p>Calculate the Commonwealth contribution to the National Health Funding Pool</p> <p>2013–14 provided a baseline for which the Commonwealth will provide efficient growth funding for hospitals to 45% in 2014–15.</p>	<p>2013–14 and 2014–15 Commonwealth Contribution Models were developed and presented to stakeholders and used by the Administrator to calculate the Commonwealth funding contribution for each state and territory.</p> <p>The Administrator advised the Commonwealth Treasurer and state and territory Health Ministers of the Commonwealth funding calculation amounts throughout the year.</p> <p>All funding and payment transactions were effectively monitored and managed.</p>

Objective: Support the Administrator in authorising payment instructions in accordance with directions from the responsible state or territory Minister, and in line with the Agreement

QUANTITATIVE DELIVERABLE

Oversee and authorise all payments for public hospital services through the National Health Funding Pool

Improvements within the payments system allow the NHFB, states and territories greater flexibility in managing payments.

PERFORMANCE OUTCOME

During 2013-14 three upgrade releases of the payments and banking systems were made:

December 2013 improved nominated banking arrangements for third party registrations, functionality enhancements to cross border funding transfers and the RBAnet dashboard.

April 2014 improved functionality for third party and LHN payment instructions and state deposit advices for state activity based funding contributions.

June 2014 new functionality to enable jurisdictions to transfer funds back to the Commonwealth to re-coup excess activity based funding or top-up payments, and enhanced control checks for payment instructions.

Objective: Support the Administrator in authorising payment instructions in accordance with directions from the responsible state or territory Minister and in line with the Agreement

QUANTITATIVE DELIVERABLE

Percentage of payments made in accordance with directions from the responsible state or territory Minister

2013-14 Budget Target: 100%

PERFORMANCE OUTCOME

100%



OUR COMMITTEES



NHFB AUDIT COMMITTEE

OVERVIEW

The NHFB Audit Committee is an assurance body formed in 2013 that comprises four independent members: Carol Holley (Chair), Mark Ridley, Ken Barker and Diane Fielding. All members were appointed for a period of three years.

The objective of the Audit Committee is to provide independent assurance and assistance to the CEO on the NHFB's risk, control and compliance frameworks, and its external accountability and financial reporting responsibilities. Additionally, the Audit Committee supports the process of auditing the financial statements of both the NHFB and the Pool.

The Audit Committee met six times during 2013–14, in July 2013, September 2013, October 2013, December 2013, February 2014 and May 2014.

AUDIT COMMITTEE MEMBERS

CAROL HOLLEY

Carol Holley was appointed as Chair of the NHFB Audit Committee on 1 March 2013.

Ms Holley is a Non-Executive Director and Chair of the Audit Committee of Australian Pharmaceutical Industries Limited, a Non-Executive Director of the Defence Housing Australia (DHA) Board, Chair of DHA Investment Management Limited and a member of the Property Committee of DHA. She is also the Independent Chair of the Risk Management and Audit Committees of NSW Police Force Service NSW, and the NSW Land and Housing Corporation and a member of the Risk and Audit Committee of the Department of Family and Community Services.

Ms Holley is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

MARK RIDLEY

Mark Ridley is a former senior partner with Pricewaterhouse Coopers, where he held a number of leadership roles focused on assurance and risk management.

Mr Ridley is currently Chairman of the Audit Committee for the Department of Human Services, encompassing Centrelink, Medicare and Child Support, and Chair of the Audit Committee for the Clean Energy Regulator and the Royal Australian Mint. Mr Ridley is also an Independent member of the Audit and Risk Committee of the Australian National University and the Audit Committee for the Australian Financial Security Authority.

Mr Ridley is a Chartered Accountant (FCA), a graduate member of the Australian Institute of Company Directors, and holds a certification in Risk and Information Systems Control (CRISC).

DIANE FIELDING

Diane Fielding joined the Australian Public Service in 1982 and retired in 2006 as First Assistant Secretary (Finance) for the Department of Defence. She had previously been the Chief Financial Officer of the Departments of Veterans' Affairs and Social Security and Centrelink.

Ms Fielding was a member of the CPA Australia Public Sector Committee for 14 years and was a member of the Australian Institute of Management ACT Advisory Council from 2008 to 2013. She is currently the Chair of the Downer Community Association.

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

KEN BARKER

Ken Barker has 42 years of experience in public sector management and finance, previously working across four large NSW Government agencies (NSW Police, the former Public Works, Corrective Services and NSW Health).

Mr Barker has a number of Board/Committee appointments including Deputy Chair of NSW Justice Health and Forensic Mental Health Network, Board member of NSW Clinical Excellence Commission and Agency for Clinical Innovation and Chair of National Blood Authority Audit Committee. Prior to his retirement in 2009 he had been Chief Financial Officer of NSW Health for over 20 years.

Mr Barker was awarded the Public Service Medal in 2002 for Outstanding Public Service in public sector financial management. Mr Barker is a Fellow of the Institute of Public Accountants and a graduate member of the Australian Institute of Company Directors.

OTHER ADVISORY COMMITTEES

ADMINISTRATOR'S JURISDICTIONAL ADVISORY COMMITTEE

CHAIR: ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL

The Administrator's Jurisdictional Advisory Committee (the JAC) is a strategic advisory committee of senior representatives of states and territories and relevant Commonwealth portfolio departments and agencies. The JAC considers strategic issues associated with those elements of national health reform for which the Administrator has responsibility.

The JAC enables collaboration between the Administrator (and the NHFB) and the Commonwealth, state and territory Health Departments on operational arrangements and priorities under the Agreement and the *National Health Reform Act 2011*.

RECONCILIATION ADVISORY GROUP

CHAIR: NHFB CHIEF EXECUTIVE OFFICER

The Reconciliation Advisory Group (the RAG) is a technical advisory group convened by the NHFB on behalf of the Administrator.

The RAG supports and informs the JAC. The RAG considers the hospital service reconciliation and data matching requirements outlined in the Agreement and enables technical collaboration between the relevant stakeholders. Membership includes representatives from each jurisdiction who have expertise in data and processes related to hospital activity data.

JURISDICTIONAL CFO COMMITTEE

CHAIR: NHFB CHIEF EXECUTIVE OFFICER

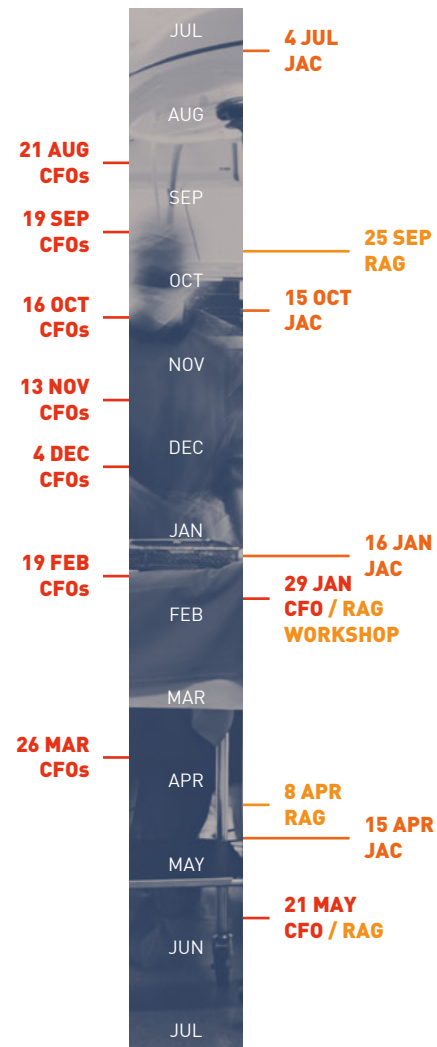
The Jurisdictional CFO Committee is a consultation body. It comprises CFOs, or the equivalent representative from the state and territory Health Departments, and representatives from the Commonwealth Department of Health and the Commonwealth Treasury.

The CFO Committee considers:

- + Material relating to service estimates and monthly reporting; and
- + Operational finance arrangements (including payment systems issues) and priorities under the Agreement and Act.

2013–14 COMMITTEE MEETINGS

Figure 4: NHFB Advisory Committee Meetings in 2013–14



EXTERNAL COMMITTEE PARTICIPATION

The NHFB participates in a number of external committees in order to contribute to strategic national work on data standards, collection and usage.

Table 6 shows the NHFB's external committee participation.

Table 6: NHFB external committee participation

NAME	FUNCTION
NATIONAL HEALTH INFORMATION AND PERFORMANCE PRINCIPAL COMMITTEE (NHIPPC)	<p>NHIPPC provides advice to the Australian Health Ministers' Advisory Council (AHMAC) and the (then) Standing Council on Health (SCoH)⁶ on:</p> <ul style="list-style-type: none"> + eHealth, information management and reporting development, and + information governance and strategies. <p>NHIPPC facilitates collaboration between the Commonwealth, states and territories and other key health information stakeholders.</p>
NATIONAL HEALTH INFORMATION STANDARDS AND STATISTICS COMMITTEE (NHISSC)	<p>NHISSC is a sub-committee of NHIPPC. NHISSC provides advice to NHIPPC on national health information needs and priorities. NHISSC oversees the development of National Minimum Datasets, data standards and Data Set Specifications for inclusion in the National Health Data Dictionary.</p>
STANDING COMMITTEE ON PERFORMANCE AND REPORTING (SCPR)	<p>SCPR is a sub-committee of NHIPPC. SCPR contributes to a work plan for SCoH, to consider health data collection and reporting issues and identifies opportunities to rationalise/streamline health data collection and reporting.</p>
INDEPENDENT HOSPITAL PRICING AUTHORITY JURISDICTIONAL ADVISORY COMMITTEE (IHPA JAC)	<p>The IHPA JAC provides advice to the Pricing Authority on matters relating to IHPA's work program.</p>
INDEPENDENT HOSPITAL PRICING AUTHORITY ACTIVITY BASED FUNDING TECHNICAL ADVISORY COMMITTEE (IHPA TAC)	<p>The IHPA TAC is a sub-committee of the IHPA JAC. It was established to oversee the technical options for the delivery of a robust system of clinical costing, clinical classification, data processing and modelling that underpins the development of activity based funding.</p>
INDEPENDENT HOSPITAL PRICING AUTHORITY NON-ADMITTED CARE ADVISORY WORKING GROUP (NACAWG)	<p>NACAWG reports to the IHPA JAC. NACAWG is the IHPA consultation committee for the non-admitted hospital services classification.</p>

⁶ The SCoH is now known as the COAG Health Council.





MANAGEMENT AND ACCOUNTABILITY

GOVERNMENT APPROPRIATION

The financial statements that form part of this Annual Report disclose the total appropriation funding and related expenditure for the NHFB for the 2013–14 financial year.

CORPORATE GOVERNANCE

STRATEGIC PLANNING

The NHFB *Strategic Plan 2013–16* is in place. It describes what we are aiming for as an organisation: our vision, mission, values, strategic objectives and key deliverables.

Our *Strategic Plan 2013–16* is available from: www.nhfb.gov.au/publications.

See page 11 for an overview of the Strategic Plan.

SENIOR EXECUTIVE COMMITTEE

The NHFB Executive Committee is the primary decision making body in the NHFB. The Committee provides advice and makes recommendations to the Chief Executive Officer on policies, direction, initiatives and immediate and emerging issues. The Committee also acts as a forum for discussion, prioritisation and forward planning. See page 7 for further information on this committee.

RISK MANAGEMENT

The NHFB integrates its risk management practices with broader management and operational processes to achieve optimal business outcomes.

The NHFB uses a suite of risk management tools including a Risk Management Framework, a Risk Register and a Risk Management Plan which comply with AS/NZS ISO31000: Risk Management.

FRAUD CONTROL

The NHFB has:

- + prepared fraud risk assessments and a fraud control plan;
- + appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes in place; and
- + taken all reasonable measures to minimise the incidence of fraud, including the provision of fraud awareness training to all staff in 2013–14.

The NHFB's Fraud Control Plan was developed in accordance with the *Commonwealth Fraud Control Guidelines*.

AUDITS AND REVIEWS

During 2013–14 the NHFB engaged CT Alliance to undertake a reasonable assurance review of the control and governance model underpinning the National Health Funding Administrator Payments System, inclusive of the December 2013, April 2014 and June 2014, system releases.

The review was conducted in accordance with the Framework for Assurance Engagements issued by the Auditing and Assurance Standards Board (AUASB) and concluded that Payment System controls are effective in all material aspects.

PUBLIC SERVICE CODE OF CONDUCT

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

EXTERNAL SCRUTINY

Audit committee members, including the Chair, are independent and external to the NHFB. See page 28 for further information on the Audit Committee.

No judicial or tribunal decisions have been made or are pending with regard to the NHFB.

No reports on the operations of the NHFB have been released by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman.

ASSETS MANAGEMENT

In 2013–14 the NHFB leased all assets from the Commonwealth Department of Health.

PURCHASING

The NHFB's purchasing activities were conducted in line with the Commonwealth Procurement Guidelines and the NHFB Chief Executive Instructions.

CONSULTANTS

No consultants were engaged by the NHFB in 2013–14.

AUSTRALIAN NATIONAL AUDIT OFFICE ACCESS CLAUSES

The NHFB did not enter into any contracts precluding access by the Auditor-General.

EXEMPT CONTRACTS

The NHFB did not enter into any contracts that were exempt from publication on the AusTender website.

WORK HEALTH AND SAFETY

The NHFB is committed to ensuring a safe and healthy work environment for all employees, contractors and visitors, together with return to work opportunities for ill or injured employees, as consistent with the legislative requirements of the *Work Health and Safety Act 2011* and the *Safety, Rehabilitation and Compensation Act 1988*.

The NHFB has adopted and continues to utilise the Work Health and Safety framework of the portfolio department, the Department of Health. This framework includes the Health and Safety Management Arrangements, which outline the responsibilities of executive management, supervisors and employees in maintaining and promoting effective health and safety practices, and appointing health and safety representatives.

In 2013–14 the NHFB:

- + appointed and trained formal health and safety representatives;
- + arranged for staff workplace assessments to be conducted and, based on recommendations, purchased chairs and additional appropriate workplace equipment;
- + provided free influenza vaccinations to employees;
- + provided stress management and support through access to an Employee Assistance Provider; and
- + encouraged employees to adopt healthy work and lifestyle practices by:
 - + provision of eyesight testing and reimbursement of prescribed eyewear costs specifically for screen based equipment;
 - + flexible working locations and home-based work including, where appropriate, access to the internet, laptop computers, tablets and mobile phones; and
 - + encouraging employees to participate in a range of healthy eating and healthy living activities in Health Week, 31 March to 4 April 2014.

HEALTH AND SAFETY OUTCOMES

In 2013–14 the NHFB had no reportable incidents or serious personal injury incidents and no notices or directions under the *Work Health and Safety Act 2011*.

ADVERTISING AND MARKET RESEARCH

The NHFB did not undertake any advertising campaigns or market research during 2013–14.

ECOLOGICAL AND ENVIRONMENTAL REPORTING

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

In 2013–14 the NHFB has continued to minimise its environmental impact by:

- + encouraging all staff members to reduce the volume of printing;
- + turning off lights and computers when the office is not in use; and
- + utilising waste recycling stations.

DISABILITY REPORTING

Commonwealth agencies have previously reported in Annual Reports on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy.

This has been replaced by reporting under the National Disability Strategy 2010–2020. This strategy sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society.

Information and reporting on the National Disability Strategy is available at: www.dss.gov.au/our-responsibilities/disability-and-carers/program-services/government-international/national-disability-strategy.

INFORMATION PUBLICATION SCHEME

The *Freedom of Information Act 1982* (the FOI Act) gives members of the public a right to access copies of documents, other than exempt documents, held by the NHFB.

Agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS).

In accordance with the FOI Act requirements, the NHFB publishes FOI information on its website at: www.nhfb.gov.au/contact-us/freedom-of-information.

No FOI requests were received by the NHFB in 2013–14.

GRANT PROGRAMS

There were no grant programs undertaken by the NHFB in 2013–14.



MANAGEMENT OF HUMAN RESOURCES



WORKFORCE PLANNING

The NHFB became a stand-alone agency on 24 June 2013. The NHFB employment framework is an Authority Determination 24(1) pursuant to the *Public Service Act 1999*.

The Determination provides additional entitlements to those that the employee enjoys under the *Australian Public Service Award 1998*. The Determination will continue in force until the commencement of an Enterprise Agreement for non-Senior Executive Service employees.

The NHFB has in place a Human Resources delegations manual, a recruitment and selection framework, work level standards, and a Workplace Diversity Plan 2014–16.

Tables 7 and 8 detail staff numbers and aggregated information on non-salary benefits provided to staff as at 30 June 2014.

Table 7: NHFB employee numbers at 30 June 2014

SECTION	FEMALE		MALE		TOTAL
	ONGOING	NON-ONGOING	ONGOING	NON-ONGOING	
Office of CEO	1	0	0	0	1
Finance and Reporting	4	0	2	0	6
Integrity, Assurance and Resourcing	3	0	1	0	4
Data Modelling and Analysis	1	0	2	0	3
Policy and Strategy	3	0	0	0	3
TOTAL	12	0	5	0	17

Table 8: Senior Executive — Holders of Public Office

SENIOR EXECUTIVE	MALE	TOTAL
Holder of Public Office — Office of the CEO	1	1
Holder of Public Office — Administrator of the National Health Funding Pool ⁷	1	1

The Administrator and the NHFB Chief Executive Officer are Holders of Public Office. Their remuneration (salary and benefits) is determined by the Remuneration Tribunal.

The NHFB applied the Commonwealth Department of Health's APS salary classification ranges for the 2013–14 financial year.

NON-SALARY BENEFITS FOR NON-SENIOR EXECUTIVE SERVICE STAFF

The following benefits were available for non-senior executive service staff:

- + access to Employee Assistance program
- + access to paid leave at half pay and leave without pay
- + use of taxis after hours to provide safe transport to and from work
- + allowances (travel, disturbance, overtime meal break, disruption, workplace responsibility, etc.)
- + annual close down for Christmas
- + annual leave
- + breastfeeding facilities
- + community service leave
- + compensation leave (including bereavement leave)
- + blood donation leave
- + eye sight testing
- + extended purchased leave
- + family care assistance
- + financial assistance to access financial advice for staff 54 years and older
- + flexible work arrangements for parents
- + flextime scheme (APS staff only)
- + flexible working locations and home-based work including, where appropriate, access to laptop computers and mobile phones
- + influenza vaccinations
- + leave for Australian Defence Force reserve and continuous full time service
- + long service leave
- + maternity leave
- + miscellaneous leave with pay e.g. Study bank, moving house, participation in major international sporting events, jury duty etc.
- + parental (partner) leave
- + personal/carers leave
- + pre-adoption/adoption or foster leave
- + school holiday family care subsidy
- + war service sick leave.

NON-SALARY BENEFITS — SENIOR EXECUTIVE SERVICE STAFF

- + All of the above benefits apart from flextime
- + Airline lounge membership

TRAINING AND DEVELOPMENT

The NHFB actively encourages all staff members to take full advantage of the training programs available by the Commonwealth Department of Health, Australian Public Service Commission and external providers, and to participate in training and development opportunities where possible.

PERFORMANCE PAY

There were no performance payments provided by the NHFB in the 2013–14 financial year.



FINANCIAL STATEMENTS







**NATIONAL HEALTH FUNDING BODY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

I have audited the accompanying financial statements of the National Health Funding Body for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive Officer and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments and Notes to and forming part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the National Health Funding Body is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the National Health Funding Body's preparation of the financial statements that give a true and fair view 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 National Health Funding Body's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the National Health Funding Body, as well as evaluating the overall presentation of the financial statements.

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

Independence

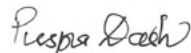
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the National Health Funding Body:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the National Health Funding Body's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Puspa Dash
Executive Director

Delegate of the Auditor-General

Canberra
9 October 2014

STATEMENT BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed



Lynton Norris

Chief Executive Officer

9 October 2014

Signed



Naini Singh

Chief Financial Officer

9 October 2014

**National Health Funding Body
Statement of Comprehensive Income
for the period ended 30 June 2014**

	Notes	2014 \$	2013 \$
EXPENSES			
Employee benefits	3A	(2,489,145)	(1,825,007)
Suppliers	3B	(1,677,921)	(3,338,896)
Write-down of impairment of assets — Long Service Leave Debtor	3C	(16,250)	-
TOTAL EXPENSES		(4,183,316)	(5,163,903)
LESS:			
Own-source Income			
Gains			
Other gains	4A	40,000	32,000
TOTAL GAINS		40,000	32,000
TOTAL OWN-SOURCE INCOME		40,000	32,000
NET (COST OF)/CONTRIBUTION BY SERVICES		(4,143,316)	(5,131,903)
Revenue from Government	4B	4,360,000	5,520,000
SURPLUS ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		216,684	388,097
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		216,684	388,097

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

National Health Funding Body
Statement of Financial Position
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	12,000	–
Trade and other receivables	5B	1,280,964	5,657,392
TOTAL FINANCIAL ASSETS		1,292,964	5,657,392
Non-Financial Assets			
Other non-financial assets	6	5,400	–
TOTAL NON-FINANCIAL ASSETS		5,400	–
TOTAL ASSETS		1,298,364	5,657,392
LIABILITIES			
Payables			
Suppliers	7A	(193,754)	(4,993,758)
Other payables		(66,463)	(80,513)
TOTAL PAYABLES		(260,217)	(5,074,271)
Provisions			
Employee provisions	8A	(433,366)	(195,024)
TOTAL PROVISIONS		(433,366)	(195,024)
TOTAL LIABILITIES		(693,583)	(5,269,295)
NET ASSETS		604,781	388,097
EQUITY			
Retained surplus		604,781	388,097
TOTAL EQUITY		604,781	388,097

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

National Health Funding Body
Statement of Changes in Equity
for the period ended 30 June 2014

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
OPENING BALANCE								
Balance carried forward from previous period	388,097	-	-	-	-	-	388,097	-
ADJUSTED OPENING BALANCE	388,097	-	-	-	-	-	388,097	-
COMPREHENSIVE INCOME								
Surplus for the period	216,684	388,097	-	-	-	-	216,684	388,097
TOTAL COMPREHENSIVE INCOME	216,684	388,097	-	-	-	-	216,684	388,097
CLOSING BALANCE ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT	604,781	388,097	-	-	-	-	604,781	388,097

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

National Health Funding Body
Cash Flow Statement
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		8,614,079	-
Net GST received		94,165	58,805
Other		116,679	-
TOTAL CASH RECEIVED		8,824,923	58,805
Cash used			
Employees		(2,186,266)	(8,742)
Suppliers		(6,400,770)	(50,063)
Section 31 receipts transferred to OPA		(225,887)	-
TOTAL CASH USED		(8,812,923)	(58,805)
NET CASH FROM OPERATING ACTIVITIES	9	12,000	-
NET INCREASE (DECREASE) IN CASH HELD		12,000	-
Cash and cash equivalents at the beginning of the reporting period		-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	5A	12,000	-

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

**National Health Funding Body
Schedule of Commitments
for the period ended 30 June 2014**

	2014 \$	2013 \$
BY TYPE		
Commitments receivable		
Net GST receivable on commitments	247,029	22,781
TOTAL COMMITMENTS RECEIVABLE	247,029	22,781
Commitments Payable		
Operating Leases ¹	(2,083,161)	-
Other ²	(691,814)	(227,810)
TOTAL OTHER COMMITMENTS	(2,774,975)	(227,810)
NET COMMITMENTS BY TYPE	(2,527,946)	(205,029)
BY MATURITY		
Other commitments receivable		
Within one year	71,771	22,781
From one to five years	175,258	-
Over five years	-	-
TOTAL OTHER RECEIVABLE ON COMMITMENTS	247,029	22,781
TOTAL COMMITMENT RECEIVABLE	247,029	22,781
Commitments payable		
Operating Lease Commitments		
One year or less	(374,946)	-
From one to five years	(1,708,215)	-
Over five years	-	-
TOTAL OPERATING LEASE COMMITMENTS	(2,083,161)	-
Other Commitments		
One year or less	(452,224)	(227,810)
From one to five years	(239,590)	-
Over five years	-	-
TOTAL OTHER COMMITMENTS	(691,814)	(227,810)
TOTAL COMMITMENTS PAYABLE	(2,774,974)	(227,810)
NET COMMITMENTS BY MATURITY	(2,527,945)	(205,029)

Note: Commitments are GST inclusive where relevant.

¹ The NHFB took over the lease of a new premises from 1 July 2014. The lease is for a period of five years, expiring on the 31st of August 2019 and has a fixed 4% increase each year.

² Other commitments payable, comprises amounts committed under signed agreements where the contracted organisation has yet to perform the services required.

This schedule should be read in conjunction with the accompanying notes.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 OBJECTIVES OF THE NATIONAL HEALTH FUNDING BODY

The National Health Funding Body (NHFB) is an Australian Government controlled not-for-profit entity. The NHFB was established on 1 July 2012.

The NHFB's roles and functions are set out in the *National Reform Act 2011*.

The objective of the NHFB is to assist the Administrator of the National Health Funding Pool to:

- + calculate the Commonwealth contribution to the National Health Funding Pool;
- + develop the *Three Year Data Plan* and associated funding reconciliation frameworks;
- + ensure the National Health Funding Pool operations are in accordance with directions from the responsible state or territory Minister, and in line with the National Health Reform Agreement (NHRA);
- + authorise payment instructions in accordance with directions from the responsible state or territory Minister, and in line with the NHRA ensure public hospitals receive funding based on need; and
- + transparently report on the operations of the National Health Funding Pool and State Managed Funds as outlined in the NHRA.

NHFB is structured to meet one outcome:

Outcome 1: Provide transparent and efficient administration of Commonwealth, state and territory funding of the Australian public hospital system, and support the obligations and responsibilities of the Administrator of the National Health Funding Pool.

The NHFB activities contributing to this outcome are classified as Departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the NHFB in its own right.

The NHFB does not conduct any administered activities on behalf of the Government.

The Australian Government continues to have regard to developments in case law, including the High Court's recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2014) HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

The continued existence of the NHFB in its present form and within its present programs is dependent on Government policy and continuing funding by Parliament for the NHFB's administration and programs. The 2014–15 Budget proposes the merger of the NHFB with a number of other Commonwealth entities to create a new Health Productivity and Performance Commission. This is subject to consultation with the States and Territories and currently no details are provided on the role or timeframe for creation of the merge entity.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by s.49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a. Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the NHFB or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 NEW AUSTRALIAN ACCOUNTING STANDARDS

ADOPTION OF NEW AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board and apply to the current reporting period:

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 13	Fair Value Measurement — December 2012 (Principal) — this will result in an increased level of disclosure for items carried at fair value.
AASB 119	Employee Benefits — September 2011 (Principal) — this will result in an increased level of disclosure.
AASB 2011-8	Amendments to Australian Accounting Standards arising from AASB 13
AASB 2011-10	Amendments to Australian Accounting Standards arising from AASB 119

FUTURE AUSTRALIAN ACCOUNTING STANDARD REQUIREMENTS

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date and apply to the future reporting period, they are not expected to have a financial impact on the NHFB:

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 1055	Budgetary Reporting — March 2013 (Principal) — this new requirement will require the NHFB to explain significant variances between budget and actual expenditure
AASB 9	Financial Instruments — may impact on recognition and measurement of financial instruments
AASB 2012–3	Amendments to Australian Accounting Standards — Offsetting Financial Assets and Liabilities (AASB 132) — this is expected to have a minimal impact on the NHFB's financial statements.
AASB 2010–7	Amendments to Australian Accounting Standards arising from AASB 9
AASB 2012–2	Amendments to Australian Accounting Standards — Disclosures — Offsetting Financial Assets and Financial Liabilities (AASB7 and AASB 132) — this is not expected to have an impact on the NHFB's financial statements.
AASB 2012–3	Amendments to Australian Accounting Standards — Offsetting Financial Assets and Financial Liabilities (AASB 132) — this is not expected to have an impact on the NHFB's financial statements.

1.5 REVENUE

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.

1.6 GAINS

RESOURCES RECEIVED FREE OF CHARGE

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

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

1.7 TRANSACTIONS WITH THE GOVERNMENT AS OWNER

EQUITY INJECTIONS

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year. The NHFB has not received any DCB.

1.8 EMPLOYEE BENEFITS

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months at 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 estimate of the present value of the liability takes into account attrition rates, pay increases and inflation.

SUPERANNUATION

Staff of the NHFB are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or employee nominated superannuation funds.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and employee nominated superannuation funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The NHFB makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The NHFB accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 LEASES

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The NHFB had not entered into any operating leases as at 30 June 2014.

1.10 CASH

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

- + cash on hand.

1.11 FINANCIAL ASSETS

NHFB classifies its financial assets as loans and receivables.

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

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for impairment at the end of each reporting date.

1.12 PROPERTY, PLANT AND EQUIPMENT

Under the 'shared services arrangements' with the Department of Health all IT, infrastructure and major office equipment is provided to the NHFB. Other Property, Plant and Equipment purchased by NHFB have not been capitalised as at 30 June 2014, as they are low value items.

1.13 FINANCIAL LIABILITIES

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

1.14 CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised in the statement of financial position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of an asset or liability, 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.

1.15 TAXATION

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

Revenues, expenses, assets and liabilities are recognised net of GST except:

- a. where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- b. for receivables and payables.

1.16 FAIR VALUE MEASUREMENT

NHFB's financial assets and liabilities are measured at nominal amounts or amortised cost. No fair value measurement disclosures are required.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 3: EXPENSES

	2014 \$	2013 \$
NOTE 3A: EMPLOYEE BENEFITS		
Wages and salaries	(1,724,996)	(1,305,387)
Superannuation:		
Defined contribution plans	(298,211)	(219,141)
Defined benefit plans	(11,541)	(11,955)
Leave and other entitlements	(454,397)	(288,524)
TOTAL EMPLOYEE BENEFITS	(2,489,145)	(1,825,007)
NOTE 3B: SUPPLIERS		
Goods and services		
Consumables, printing, recruitment and training	(121,342)	(78,144)
Contractors	(956,804)	(2,561,831)
Information technology and communications	(153,214)	(63,372)
Professional fees	(69,613)	(103,648)
Property and utilities	(178,137)	(218,253)
Travel	(76,135)	(107,188)
Other	(73,369)	(175,634)
TOTAL GOODS AND SERVICES	(1,628,614)	(3,308,070)
Goods and services are made up of		
Provision of goods — external parties	(18,635)	(26,609)
Rendering of services — related parties	(698,122)	(776,735)
Rendering of services — external parties	(911,857)	(2,504,726)
TOTAL GOODS AND SERVICES	(1,628,614)	(3,308,070)
Other supplier expenses		
Workers compensation expenses	(49,307)	(30,826)
TOTAL OTHER SUPPLIER EXPENSES	(49,307)	(30,826)
TOTAL SUPPLIER EXPENSES	(1,677,921)	(3,338,896)
NOTE 3C: WRITE-DOWN AND IMPAIRMENT OF ASSETS		
Other — Write-down of other receivables	(16,250)	-
TOTAL WRITE-DOWN AND IMPAIRMENT OF ASSETS	(16,250)	-

NOTE 4: INCOME

	2014 \$	2013 \$
OWN-SOURCE REVENUE		
Gains		
NOTE 4A: OTHER GAINS		
Resources received free of charge	40,000	32,000
TOTAL OTHER GAINS	40,000	32,000
NOTE 4B: REVENUE FROM GOVERNMENT		
Appropriations		
Departmental appropriations	4,360,000	5,520,000
TOTAL REVENUE FROM GOVERNMENT	4,360,000	5,520,000

NOTE 5: FINANCIAL ASSETS

	2014 \$	2013 \$
NOTE 5A: CASH AND CASH EQUIVALENTS		
Cash on hand or on deposit ¹	12,000	–
TOTAL CASH AND CASH EQUIVALENTS	12,000	–
NOTE 5B: TRADE AND OTHER RECEIVABLES		
Good and Services:		
Goods and services — related parties	–	78,587
Goods and services — external parties	15,070	–
TOTAL RECEIVABLES FOR GOODS AND SERVICES	15,070	78,587
Appropriations receivable:		
For existing program — receivable from the Official Public Account	1,265,921	5,520,000
TOTAL APPROPRIATIONS RECEIVABLE	1,265,921	5,520,000
Other receivables:		
GST receivable from the Australian Taxation Office	15,043	58,805
TOTAL OTHER RECEIVABLES	15,043	58,805
TOTAL TRADE AND OTHER RECEIVABLES (GROSS)	1,296,034	5,657,392
Less impairment allowance		
Goods and services	(15,070)	–
TOTAL IMPAIRMENT ALLOWANCE	(15,070)	–
TOTAL TRADE AND OTHER RECEIVABLES (NET)	1,280,964	5,657,392
Receivables are expected to be recovered in:		
No more than 12 months	1,280,964	5,657,392
More than 12 months	–	–
TOTAL TRADE AND OTHER RECEIVABLES	1,280,964	5,657,392

Continued

National Health Funding Body
Notes to and forming part of the Financial Statements
for the period ended 30 June 2014

	2014 \$	2013 \$
Receivables are aged as follows:		
Not overdue	1,280,964	5,657,392
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	15,070	-
More than 90 days	-	-
TOTAL RECEIVABLES	1,296,034	5,657,392
Impairment allowance aged as follows:		
Not overdue	-	-
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	(15,070)	-
More than 90 days	-	-
TOTAL IMPAIRMENT ALLOWANCE	(15,070)	-

Credit terms for goods and services were within 30 days.

**Reconciliation of the Impairment Allowance
Movements in relation to 2013-14**

	Goods and Services \$'000	Total \$'000
OPENING BALANCE	-	-
Amounts written off	(15,070)	-
CLOSING BALANCE	(15,070)	-

NOTE 6: NON-FINANCIAL ASSETS

	2014 \$	2013 \$
NOTE 6: OTHER NON-FINANCIAL ASSETS		
Prepayments	5,400	-
TOTAL OTHER NON-FINANCIAL ASSETS	5,400	-
Total other non-financial assets — are expected to be recovered in:		
No more than 12 months	5,400	-
More than 12 months	-	-
TOTAL OTHER NON-FINANCIAL ASSETS	5,400	-

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

NOTE 7: PAYABLES

	2014 \$	2013 \$
NOTE 7A: SUPPLIERS		
Trade creditors and accruals	(193,754)	(4,993,758)
TOTAL SUPPLIER PAYABLES	(193,754)	(4,993,758)
Supplier payables expected to be settled within 12 months:		
Related parties ¹	(84,712)	(4,375,667)
External parties	(109,042)	(618,091)
TOTAL	(193,754)	(4,993,758)
<i>Settlement was usually made within 30 days.</i>		
NOTE 7B: OTHER PAYABLES		
Wages and salaries	(56,492)	(73,295)
Superannuation	(9,971)	(7,218)
TOTAL OTHER PAYABLES	(66,463)	(80,513)
Total other payables are expected to be settled in:		
No more than 12 months	(66,463)	(80,513)
TOTAL OTHER PAYABLES	(66,463)	(80,513)

¹ For the year ended 30 June 2014 and 30 June 2013, these amounts relate to payables to the Department of Health under a shared services arrangement and some small payables to other Commonwealth government agencies.

NOTE 8: PROVISIONS

	2014 \$	2013 \$
NOTE 8A: EMPLOYEE PROVISIONS		
Leave	(433,366)	(195,024)
TOTAL EMPLOYEE PROVISIONS	(433,366)	(195,024)
Employee provisions are expected to be settled in:		
No more than 12 months	(245,830)	(156,595)
More than 12 months	(187,536)	(38,429)
TOTAL EMPLOYEE PROVISIONS	(433,366)	(195,024)

NOTE 9: CASH FLOW RECONCILIATION

	2014 \$	2013 \$
RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER BALANCE SHEET TO CASH FLOW STATEMENT		
Cash and cash equivalents as per		
Cash flow statement	12,000	-
Statement of financial position	12,000	-
DIFFERENCE	-	-
RECONCILIATION OF NET COST OF SERVICES TO NET CASH FROM OPERATING ACTIVITIES		
Net cost of services	(4,143,316)	(5,131,903)
Add revenue from Government	4,360,000	5,520,000
Changes in assets / liabilities		
(Increase) / decrease in net receivables	4,376,428	(5,657,392)
(Increase) / decrease in prepayments	(5,400)	-
Increase / (decrease) in employee provisions	238,342	195,024
Increase / (decrease) in supplier payables	(4,800,004)	4,993,758
Increase / (decrease) in other payables	(14,050)	80,513
NET CASH FROM (USED BY) OPERATING ACTIVITIES	12,000	-

NOTE 10: CONTINGENT ASSETS AND LIABILITIES

QUANTIFIABLE CONTINGENCIES

As at 30 June 2014, the NHFB had no quantifiable contingencies. (2013: Nil).

UNQUANTIFIABLE CONTINGENCIES

As at 30 June 2013, the NHFB had entered into an arrangement for an indemnity with the New South Wales Health Administration Council (HAC). No change has occurred during the 2013–14 and this remains current.

Under the National Health Reform Agreement (NHRA), each of the States agreed to open a Reserve Bank of Australia (RBA) account (a 'State pool account') for the purpose of receiving all Commonwealth and activity-based State public hospital funding. The Administrator of the National Health Funding Pool (the Administrator) is responsible for making payments from each State pool account, at the direction of each State Health Minister. This process is supported by the NHFB.

The HAC is a statutory body whose functions include entering into contracts to support the functions of the NSW Minister for Health. HAC has a banking contract for its Pool account with the RBA. HAC has provided the RBA with an indemnity that places obligations upon HAC to accept risks on persons not in its direct control, being the staff of the NHFB. The HAC has in turn sought a 'back to back' indemnity from the Commonwealth. The indemnity is limited to cover the actions of NHFB staff in their capacity as users of Pool account information.

The most probable cost of the indemnity if called upon would be over \$20,000,000 (inclusive of GST).

A risk assessment has been undertaken in accordance with the Department of Finance's Guidelines for Issuing and Managing Indemnities, Guarantees, Warranties and Letters of Comfort. The contingent liability includes risks which are assessed as being significant or non-remote. The NHFB will make every effort to limit the risk to the Commonwealth under the arrangement through the adoption and implementation of appropriate risk management procedures.

SIGNIFICANT REMOTE CONTINGENCIES

As at 30 June 2014, the NHFB had no significant remote contingencies. (2013: Nil).

NOTE 11: SENIOR EXECUTIVE REMUNERATION

	2014 \$	2013 \$
NOTE 11A: SENIOR EXECUTIVE REMUNERATION EXPENSES FOR THE REPORTING PERIOD		
Short-term employee benefits:		
Salary	293,442	320,734
Other	71,984	62,241
TOTAL SHORT-TERM EMPLOYEE BENEFITS	365,426	382,975
Post-employment benefits:		
Superannuation	49,874	40,841
TOTAL POST-EMPLOYMENT BENEFITS	49,874	40,841
Other long-term benefits:		
Annual leave accrued	22,578	18,171
Long-service leave	25,084	3,233
TOTAL OTHER LONG-TERM BENEFITS	47,662	21,404
TERMINATION BENEFITS	-	-
TOTAL EMPLOYMENT BENEFITS	462,962	445,220

1Note 11A is prepared on an accruals basis. Hence, the figures are different from Note 11B which is prepared on a cash basis. No bonuses have been paid to the senior executives.

NOTE 11: SENIOR EXECUTIVE REMUNERATION (CONTINUED)

NOTE 11B: AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO SUBSTANTIVE SENIOR EXECUTIVES DURING THE REPORTING PERIOD

Average annual reportable remuneration ¹	Senior Executives No.	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
		\$	\$	\$	\$	\$
AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO SUBSTANTIVE SENIOR EXECUTIVES IN 2014						
Total remuneration (including part-time arrangements):						
Less than \$195,000	1	160,786	23,144	387	-	184,317
\$225,000 to \$254,999	1	204,432	25,087	-	-	229,519
TOTAL	2					

Average annual reportable remuneration ¹	Senior Executives No.	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
		\$	\$	\$	\$	\$
AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO SUBSTANTIVE SENIOR EXECUTIVES IN 2013						
Total remuneration (including part-time arrangements):						
\$195,000 to \$224,999	2	188,081	19,950	193	-	208,224
TOTAL	2					

Notes:

² 'Reportable salary' includes the following:

- a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
- b) reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits);
- c) exempt foreign employment income; and
- d) salary sacrificed benefits.

³ The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individual's payslips.

⁴ 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

⁵ No bonuses were paid to the senior executives.

NOTE 11C: AVERAGE ANNUAL REPORTABLE REMUNERATION PAID TO OTHER HIGHLY PAID STAFF DURING THE REPORTING PERIOD

During the reporting period, there were no other highly paid staff whose salary was \$195,000 or more. (2013: Nil).

NOTE 12: REMUNERATION OF AUDITORS

	2014 \$	2013 \$
Financial statement audit services were provided free of charge to the NHFB by the Australian National Audit Office (ANAO).		
Fair value of the services provided		
Financial statement audit services	40,000	32,000
TOTAL	40,000	32,000

No other services were provided by the auditors of the financial statements.

NOTE 13: FINANCIAL INSTRUMENTS

	2014 \$	2013 \$
NOTE 13A: CATEGORIES OF FINANCIAL INSTRUMENTS		
FINANCIAL ASSETS		
Loans and Receivables		
Cash and Equivalents	12,000	-
Trade and other receivables	-	78,587
TOTAL	12,000	78,587
CARRYING AMOUNT OF FINANCIAL ASSETS	12,000	78,587
FINANCIAL LIABILITIES		
At amortised cost:		
Trade creditors and accruals	(193,754)	(4,993,758)
TOTAL	(193,754)	(4,993,758)
CARRYING AMOUNT OF FINANCIAL LIABILITIES	(193,754)	(4,993,758)

NOTE 13B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS

There is no income or expense from financial assets in 2013-14. (2012-13: Nil).

NOTE 13C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES

There is no net income or expense from financial liabilities in 2013-14. (2012-13: Nil).

NOTE 13D: FAIR VALUE OF FINANCIAL INSTRUMENTS

	Carrying amount 2014 \$	Fair value 2014 \$	Carrying amount 2013 \$	Fair value 2013 \$
FINANCIAL ASSETS				
Loan and Receivables:				
Cash and cash equivalents	12,000	12,000	-	-
Trade and other receivables	-	-	78,587	78,587
TOTAL	12,000	12,000	78,587	78,587
FINANCIAL LIABILITIES				
Trade creditors and accruals	(193,754)	(193,754)	(4,993,758)	(4,993,758)
TOTAL	(193,754)	(193,754)	(4,993,758)	(4,993,758)

NOTE 13: FINANCIAL INSTRUMENTS (CONTINUED)

NOTE 13E: CREDIT RISK

NHFB is exposed to minimal credit risk as receivables were cash and other receivables. The maximum exposure to credit risk for other receivables is the risk that arises from potential default of a debtor. This amount was equal to the total amount of trade receivables 2013–14: \$0. (2012–13: \$78,587). The NHFB has endorsed policies and procedures for debt management, to reduce the incidence of credit risk. NHFB has no significant exposures to any concentrations of credit risk.

No collateral is held in relation to the NHFB's gross credit risk.

CREDIT QUALITY OF FINANCIAL INSTRUMENTS NOT PAST DUE OR INDIVIDUALLY DETERMINED AS IMPAIRED

	Not past due or impaired 2014 \$	Not past due or impaired 2013 \$	Past due or impaired 2014 \$	Past due or impaired 2013 \$
Receivables for goods and services	–	78,587	15,070	–
Total	–	78,587	15,070	–

Trade Debtors and receivables that are past due are not considered as risky in both credit risk and quality.

AGEING OF FINANCIAL ASSETS THAT WERE PAST DUE BUT NOT IMPAIRED FOR 2014

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total
Receivables for goods and services	–	–	–	–	–
Total	–	–	–	–	–

There are no financial assets which have been individually assessed as impaired.

AGEING OF FINANCIAL ASSETS THAT WERE PAST DUE BUT NOT IMPAIRED FOR 2013

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total
Receivables for goods and services	–	–	–	–	–
Total	–	–	–	–	–

There are no financial assets which have been individually assessed as impaired.

NOTE 13: FINANCIAL INSTRUMENTS (CONTINUED)

NOTE 13F: LIQUIDITY RISK

The NHFB's financial liabilities only include suppliers. Any exposure to liquidity risk is based on the notion that the NHFB will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding from the Australian Government and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

MATURITIES FOR NON-DERIVATIVE FINANCIAL LIABILITIES 2014

	On demand \$	within 1 year \$	1 to 2 years \$	2 to 5 years \$	> 5 years \$	Total \$
Suppliers	(193,754)	-	-	-	-	(193,754)
Total	(193,754)	-	-	-	-	(193,754)

MATURITIES FOR NON-DERIVATIVE FINANCIAL LIABILITIES 2013

	On demand \$	within 1 year \$	1 to 2 years \$	2 to 5 years \$	> 5 years \$	Total \$
Suppliers	(4,993,758)	-	-	-	-	(4,993,758)
Total	(4,993,758)	-	-	-	-	(4,993,758)

13G: MARKET RISK

The NHFB does not participate in any currency dealings including foreign exchange and as such is not exposed to market risk. The NHFB also only has indirect exposure in interest rates and as such the impact on supplier costs is not significant.

NOTE 14: FINANCIAL ASSETS RECONCILIATION

	Notes	2014 \$	2013 \$
FINANCIAL ASSETS			
Total financial assets as per balance sheet		1,292,964	5,657,392
Less: non-financial instrument components:			
Appropriations receivable	5B	1,265,921	5,520,000
GST Receivable from the Australian Taxation Office	5B	15,043	58,805
TOTAL NON-FINANCIAL INSTRUMENT COMPONENTS		1,280,964	5,578,805
TOTAL FINANCIAL ASSETS AS PER FINANCIAL INSTRUMENTS NOTE		12,000	78,587

NOTE 15: APPROPRIATIONS

TABLE A — ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

	2014 Appropriations						Appropriation applied in 2014 (current and prior years) \$	Variance ¹ \$
	Appropriation Act		FMA Act		Section 32	Total Appropriation \$		
	Annual Appropriation \$	Appropriations reduced \$	Section 30 \$	Section 31 \$				
DEPARTMENTAL								
Ordinary annual services	4,360,000	-	-	116,679	-	-	4,476,679	(4,254,079)
TOTAL DEPARTMENTAL	4,360,000	-	-	116,679	-	-	4,476,679	(4,254,079)
	2013 Appropriations						Appropriation applied in 2013 (current and prior years) \$	Variance ² \$
	Appropriation Act		FMA Act		Section 32 ²	Total Appropriation \$		
	Annual Appropriation \$	Appropriations reduced \$	Section 30 \$	Section 31 \$				

DEPARTMENTAL								
Ordinary annual services	-	-	-	-	5,520,000	-	5,520,000	5,520,000
TOTAL DEPARTMENTAL	-	-	-	-	5,520,000	-	5,520,000	5,520,000

¹ The variance of \$4,254,079 is due to the NHFB drawing down on its prior year appropriation during 2013-14 to pay its 2012-13 trade creditors and accruals.

² A Determination under s 32 of the Financial Management and Accountability Act 1997 was registered on 24 June 2013 resulting in the transfer of funds from the Department of Health and Ageing to NHFB. The variance of \$5,520,000 is due to the NHFB not drawing down any appropriation by 30 June 2013.

NOTE 15: APPROPRIATIONS (CONTINUED)

**TABLE B — DEPARTMENTAL AND ADMINISTERED CAPITAL BUDGETS
(‘RECOVERABLE GST EXCLUSIVE’)**

There was no Departmental Capital Budget appropriated to NHFB in 2013–14 or in 2012–13.

**TABLE C — UNSPENT ANNUAL APPROPRIATIONS (‘RECOVERABLE GST
EXCLUSIVE’)**

Authority	2014 \$
DEPARTMENTAL	
Appropriation Act (No 1) 2013–14	539,450
Appropriation Act (No 1) 2012–13	738,471
TOTAL	1,277,921

NOTE 16: COMPENSATION AND DEBT RELIEF

	2014 \$	2013 \$
DEPARTMENTAL		
'Act of Grace' expenses were incurred during the reporting period.	-	-
No payments were made under any legislative authority during the reporting period.	-	-
No expenses were made on a periodic basis. None are expected in future years. The estimated amount outstanding in relation to payments being made on a periodic basis at 30 June 2014 was nil.	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
No ex-gratia payments were provided for during the reporting period.	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period.	-	-

NOTE 17: REPORTING OF OUTCOMES

NOTE 17A: NET COST OF OUTCOME DELIVERY

	Outcome 1 ¹ 2014 \$	Outcome 1 ¹ 2013 \$
DEPARTMENTAL		
Expenses	(4,183,316)	(5,163,903)
Own-source income	40,000	32,000
NET (COST)/CONTRIBUTION OF OUTCOME DELIVERY	(4,143,316)	(5,131,903)

¹ Outcome 1 is described in Note 1.1. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget Outcome.
The NHFB had one Outcome in the 2013-14 financial year. All revenues, expenses, assets and liabilities are in relation to achieving this Outcome.



DISCLOSURE INDEX



This report requires the following identified information.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
	Letter of transmittal	Mandatory	I
	Table of contents	Mandatory	III
	Index	Mandatory	100
	Glossary	Mandatory	96
	Contact officer(s)	Mandatory	II
	Internet home page address and Internet address for report	Mandatory	II
REVIEW BY CEO			
	Review by CEO	Mandatory	IV
	Summary of significant issues and developments	Suggested	16-22
	Overview of agency's performance and financial results	Suggested	22, 48-85
	Outlook for following year	Suggested	21-22
	Significant issues and developments — portfolio	Portfolio departments — suggested	N/A
AGENCY OVERVIEW			
	Role and functions	Mandatory	2-5
	Organisational structure	Mandatory	7-10
	Outcome and program structure	Mandatory	22-25
	Where outcome and program structures differ from PB Statements/ PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	N/A
	Portfolio structure	Portfolio departments — mandatory	N/A

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
REPORT ON PERFORMANCE			
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	22-25
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	22-25
	Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	N/A
	Narrative discussion and analysis of performance	Mandatory	16-21
	Trend information	Mandatory	16-21
	Significant changes in nature of principal functions/ services	Suggested	19
	Performance of purchaser/ provider arrangements	If applicable, suggested	N/A
	Factors, events or trends influencing agency performance	Suggested	N/A
	Contribution of risk management in achieving objectives	Suggested	34
	Social inclusion outcomes	If applicable, mandatory	N/A
	Performance against service charter customer service standards, complaints data, and the agency's response to complaints	If applicable, mandatory	N/A
	Discussion and analysis of the agency's financial performance	Mandatory	34
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	N/A
	Agency resource statement and summary resource tables by outcomes	Mandatory	40-43

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
MANAGEMENT AND ACCOUNTABILITY			
CORPORATE GOVERNANCE			
	Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines	Mandatory	34
	Statement of the main corporate governance practices in place	Mandatory	34
	Names of the senior executive and their responsibilities	Suggested	7-10
	Senior management committees and their roles	Suggested	34
	Corporate and operational planning and associated performance reporting and review	Suggested	N/A
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	34
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	N/A
	How nature and amount of remuneration for SES officers is determined	Suggested	N/A
EXTERNAL SCRUTINY			
	Significant developments in external scrutiny	Mandatory	N/A
	Judicial decisions and decisions of administrative tribunals	Mandatory	N/A
	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	N/A
MANAGEMENT OF HUMAN RESOURCES			
	Assessment of effectiveness in managing and developing human resources to achieve agency objectives	Mandatory	40-42
	Workforce planning, staff turnover and retention	Suggested	40
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	41-42

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
	Training and development undertaken and its impact	Suggested	42
	Work health and safety performance	Suggested	35
	Productivity gains	Suggested	N/A
	Statistics on staffing	Mandatory	40
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	40
	Performance pay	Mandatory	42
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	N/A
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	N/A
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	35
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	35
Exempt contracts	Contracts exempt from the AusTender	Mandatory	35
Financial Statements	Financial Statements	Mandatory	48-85

Continued.

PART OF REPORT	DESCRIPTION	REQUIREMENT	LOCATION
OTHER MANDATORY INFORMATION			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	35
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	N/A
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	36
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	N/A
	Grant programs	Mandatory	N/A
	Disability reporting — explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	36-37
	Information Publication Scheme statement	Mandatory	37
	Spatial reporting — expenditure by program between regional and non regional Australia	If applicable, mandatory	N/A
	Correction of material errors in previous annual report	If applicable, mandatory	N/A
	List of Requirements	Mandatory	88-92



ACRONYMS, ABBREVIATIONS AND GLOSSARY



Table 9: Acronyms, abbreviations and glossary

TERM	MEANING
(the) Act	The <i>National Health Reform Act 2011</i> .
activity based funding	A system for funding public hospital services based on the actual number of services provided to patients and the efficient cost of delivering those services. Activity based funding uses national classifications, cost weights and nationally efficient prices to determine the amount of funding for each activity or service.
(the) Administrator	<p>The Administrator of the National Health Funding Pool (the Administrator) is an independent statutory office holder, distinct from Commonwealth and state and territory government departments, established under legislation of the Commonwealth and state and territory governments.</p> <p>The role of the Administrator, with support from the National Health Funding Body, is to administer the payment of public hospital funding according to the <i>National Health Reform Agreement</i>, and to oversee payments into and out of the State pool account for each state and territory, collectively known as the National Health Funding Pool (the Pool).</p>
(the) Agreement	See National Health Reform Agreement.
AHMAC	Australian Health Ministers' Advisory Council.
block funding	<p>A system of funding public hospital functions and services as a fixed amount based on population and previous funding.</p> <p>Under National Health Reform, block funding will be provided to states and territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate, particularly smaller rural and regional hospitals.</p>
CEO	Chief Executive Officer.
CFO	Chief Finance Officer.
Council of Australian Governments (COAG)	The peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, state and territory Premiers and Chief Ministers and the President of the Australian Local Government Association.
COAG Health Council	Previously known as Standing Council on Health (SCoH).
DoHA	The (former) Department of Health and Ageing.
FMA Act	The <i>Financial Management and Accountability Act 1997</i> . This Act provided a framework for the proper management of public money and public property.
Independent Hospital Pricing Authority (IHPA)	An independent statutory body established under Commonwealth legislation to calculate and deliver an annual National Efficient Price (NEP) used in the calculation of national activity based funding for Australian public hospitals.

Continued.

TERM	MEANING
JAC	Administrator's Jurisdictional Advisory Committee, see page 29.
Local hospital networks (LHNs)	Recipients of the payments from the National Health Funding Pool, Commonwealth block funding and state managed funds.
Medicare Benefits Schedule (MBS)	A listing of the Medicare services subsidised by the Australian Government.
National Health Funding Body (NHFB)	An independent statutory body established under Commonwealth legislation to assist the Administrator in carrying out his or her functions under Commonwealth, state and territory legislation.
National Health Funding Pool (the 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 Agreement.
National Health Performance Authority (NHPA)	An independent statutory authority established under Commonwealth legislation to report on the performance of hospitals and primary health care organisations across Australia.
National health reform	National health reform includes reforms to the way in which public hospitals are funded nationally in Australia, as set out in the <i>National Health Reform Agreement</i> entered into by all states, territories and the Commonwealth in August 2011.
National Health Reform Agreement (the Agreement)	The <i>National Health Reform Agreement</i> outlines the funding, governance, and performance arrangements for the delivery of public hospital services in Australia. The Agreement was entered into by all states, territories and the Commonwealth in August 2011.
Payments System (the)	The Administrator's Payments System processes the national health reform Commonwealth, state/territory deposits and payments into and out of the Pool, as required under the Act.
Pharmaceutical Benefits Scheme (PBS)	Details of the medicines subsidised by the Australian Government.
(the) Pool	See 'National Health Funding Pool'
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i> . This act replaced the <i>Financial Management and Accountability Act 1997</i> and the <i>Commonwealth Authorities and Companies Act 1997</i> from 1 July 2014.
RAG	Reconciliation Advisory Group. See page 30.
SCoH	Standing Council on Health. Known as the COAG Health Council from December 2013.
state managed fund	A separate bank account or fund established by a state or territory for the purposes of health funding under the Agreement which must be undertaken in the state or territory through a state managed fund.
state pool account	A Reserve Bank account established by a state or territory for the purpose of receiving all Commonwealth and activity based state and territory public hospital funding, and for making payments under the Agreement. The state pool accounts of all states and territories are collectively known as the National Health Funding Pool or the Pool.



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A photograph of a bookshelf filled with books, overlaid with a semi-transparent blue filter. The word 'INDEX' is written in large, white, bold, sans-serif capital letters in the upper left quadrant. The bookshelf is made of light-colored wood or laminate, and the books are arranged in rows on the shelves. The lighting is soft, and the overall tone is cool and professional.

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