Improving the transparency of public hospital funding in Australia
OUR VISION
To improve transparency of public hospital funding in Australia

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

OUR FIVE OBJECTIVES

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accurate and timely calculation of Commonwealth funding contributions</td>
<td></td>
</tr>
<tr>
<td>Best practice financial administration of the National Health Funding Pool (the Pool)</td>
<td></td>
</tr>
<tr>
<td>Effective reporting of public hospital funding</td>
<td></td>
</tr>
<tr>
<td>Productive relationships with stakeholders and partners</td>
<td></td>
</tr>
<tr>
<td>Operate as a high performing organisation</td>
<td></td>
</tr>
</tbody>
</table>

OUR BEHAVIOURS

<table>
<thead>
<tr>
<th>Behaviour</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>One NHFB</td>
<td>We contribute as a united team and are empowered to do our best work</td>
</tr>
<tr>
<td>Enhance Trust</td>
<td>We treat others as equals and collaborate openly across boundaries</td>
</tr>
<tr>
<td>Open Communication</td>
<td>We listen actively to the views of others and share information</td>
</tr>
<tr>
<td>Own It</td>
<td>Everyone has ownership of their performance by knowing, accepting and performing their role to the best of their ability</td>
</tr>
</tbody>
</table>

OUR APS VALUES

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impartial</td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td></td>
</tr>
<tr>
<td>Accountable</td>
<td></td>
</tr>
<tr>
<td>Respectful</td>
<td></td>
</tr>
<tr>
<td>Ethical</td>
<td></td>
</tr>
</tbody>
</table>
OUR ROLE IN AUSTRALIA’S HEALTH SYSTEM

WHO WE SUPPORT

PRIME MINISTER, PREMIES AND CHIEF MINISTERS

COMMONWEALTH, STATE AND TERRITORY HEALTH MINISTERS

COMMONWEALTH TREASURER

ADMINISTRATOR OF THE NATIONAL HEALTH FUNDING POOL

Michael Lambert, Administrator

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

THE NATIONAL HEALTH FUNDING BODY

Shannon White, CEO

Led by a CEO, the 21 staff in the NHFB support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the National Health Reform Agreement.

WHO WE WORK WITH

PORTFOLIO AGENCIES

COMMONWEALTH, STATE AND TERRITORY STAKEHOLDERS

INDUSTRY PARTNERS
The agency

The National Health Funding Body (NHFB) and the Administrator of the National Health Funding Pool were established through the National Health Reform Agreement (NHR Agreement) of August 2011 (see page 13).

The NHFB operates as a Commonwealth non-corporate entity under the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and is funded as a micro agency under the Commonwealth Department of Health Portfolio.

The NHFB is an independent agency with 21 staff that support the Administrator to oversee the administration of Commonwealth, State and Territory public hospital funding and payments under the NHR Agreement.

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

The functions of the Administrator are set out in the National Health Reform Act 2011 (NHR Act) and common provisions in relevant State and Territory legislation.

What we do

The NHFBs primary functions are to assist the Administrator in:

- Calculating and advising the Commonwealth Treasurer of the Commonwealth’s contribution to public hospital funding in each State and Territory
- Reconciling estimated and actual public hospital services, and adjusting Commonwealth payments
- Undertaking funding integrity analysis to identify public hospital services that potentially received funding through other Commonwealth programs
- Monitoring payments of Commonwealth, State and Territory public hospital funding into the National Health Funding Pool (the Pool)
- Making payments from the Pool to each Local Hospital Network (LHN)
- Reporting publicly on funding, payments and services
- Developing and providing three-year data plans to the Commonwealth, States and Territories
To assist the Administrator and achieve our vision of improving the transparency of public hospital funding in Australia, we work collaboratively across four key functions outlined in Figure 1.

**FIGURE 1 The National Health Funding Body’s four key functions**

<table>
<thead>
<tr>
<th>CALCULATE</th>
<th>PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Calculate funding and issue payment advice</td>
<td>- Payments System administration</td>
</tr>
<tr>
<td>- Data collection and analysis</td>
<td>- Timely payments and bank reconciliations</td>
</tr>
<tr>
<td>- Reconcile actual activity</td>
<td>- End of month processing</td>
</tr>
<tr>
<td>- Funding integrity</td>
<td>- Funding Pool Financial Statements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REPORT</th>
<th>ORGANISATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Funding, payment and activity reporting</td>
<td>- Corporate planning</td>
</tr>
<tr>
<td>- Trend analysis and reporting</td>
<td>- Organisational performance</td>
</tr>
<tr>
<td>- Data plan and compliance reporting</td>
<td>- Leadership and culture</td>
</tr>
<tr>
<td>- Website reporting</td>
<td>- Risk management, assurance and governance</td>
</tr>
</tbody>
</table>
WE ADMINISTERED...
$55 BILLION
in public hospital funding

WITH $53 BILLION PAID TO...
145 Local Hospital Networks (LHNs)

COMPRISING OF
692 public hospitals

THAT DELIVERED...
39 MILLION
PUBLIC HOSPITAL SERVICES
WE SAW AN $18 BILLION INCREASE in public hospital funding

$37 BILLION IN FY 2013-14

$55 BILLION IN FY 2019-20

$32B in State and Territory funding

$23B in Commonwealth funding

WE LAUNCHED A NEW PAYMENTS SYSTEM streamlining the processing of 3,505 banking transactions

WE IMPLEMENTED An updated Commonwealth Contribution Model (CCM) THAT CALCULATED 9 MILLION National Weighted Activity Units (NWAU)

WE ALSO PAID $3 BILLION in Commonwealth funding to States and Territories for COVID-19

WE COMPLETED PHASE 2 OF publichospitalfunding.gov.au

New 5 year trend tables added to interactive funding reports

JURISDICTIONS SIGNED THE Addendum to the National Health Reform Agreement 2020–21 to 2024–25 over $131 BILLION in Commonwealth FUNDING TO PUBLIC HOSPITALS over the NEXT FIVE YEARS
## 2019-20 SNAPSHOT

### HOW WE PERFORMED

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>MEASURE</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commonwealth funding calculations are accurate</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Funding entitlements reconcile to actual services delivered</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Public hospital services are funded through the appropriate Commonwealth program</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>The Treasurer of the Commonwealth is advised by the Administrator in a timely manner</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Maintain the integrity of the Administrator’s Payments System in accordance with policies and procedures</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Monthly and annual reporting of payments made into and from each State Pool Account and State Managed Fund</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Monthly and annual reporting of public hospital services</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>All relevant Ministers receive required information in a timely manner</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Work plans and information requirements are developed in collaboration and consultation with stakeholders</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Provide trusted and impartial advice to enable effective health reform</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>A positive workplace culture where people adopt best practice approaches and good governance principles to achieve results</td>
<td>Met</td>
</tr>
<tr>
<td></td>
<td>Policies and procedures comply with relevant statutory and legislative requirements</td>
<td>Met</td>
</tr>
</tbody>
</table>

All performance measures required to meet our strategic objectives, legislative requirements and obligations of the Administrator and Commonwealth, States and Territories were achieved in 2019-20.
Dear Minister,

National Health Funding Body Annual Report 2019–20

In accordance with section 46 of the Public Governance, Performance and Accountability Act 2013, I am pleased to provide you with the National Health Funding Body Annual Report and Financial Statements for the year ended 30 June 2020, for presentation to Parliament.

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

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

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

Yours sincerely,

Shannon White
Chief Executive Officer
National Health Funding Body
About this report

This Annual Report details the activities of the National Health Funding Body from 1 July 2019 to 30 June 2020.

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

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

This Annual Report should be read in conjunction with the National Health Funding Body Corporate Plan 2019-20 and the Administrator’s National Health Funding Pool Annual Report 2019-20.

FURTHER INFORMATION

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

GPO Box 1252 Canberra ACT 2601
Phone 1300 930 522
Email nhfb.enquiries@nhfb.gov.au
Web publichospitalfunding.gov.au

An accessible copy of this report is available online at publichospitalfunding.gov.au
## CONTENTS

### INTRODUCTION
- Our Vision
- Our Role in Australia’s Health System
- About Us
- Financial Year 2019-20 Highlights
- 2019-20 Snapshot
- Letter of Transmittal

### AGENCY OVERVIEW
- Message from the Administrator
- Chief Executive Officer’s Review
- Finance Year in Review
- Key Moments in Public Hospital Funding History
- Environment
- Our Stakeholders and Partners
- Organisational Structure

### ANNUAL PERFORMANCE
- Annual Performance Statement
- Performance in 2019–20

### MANAGEMENT & ACCOUNTABILITY
- Human Resources
- Risk Management
- Governance
- Other Accountabilities

### FINANCIAL STATEMENTS
- Summary of Financial Performance
- Independent Auditor’s Report
- Statement by the Accountable Authority and Chief Financial Officer
- Financial Statements

### ENDNOTES
IN THIS SECTION
Message from the Administrator ............................................................ 3
Chief Executive Officer’s Review ............................................................ 5
Finance Year in Review ........................................................................ 9
Key Moments in Public Hospital Funding History .................................... 11
Environment .......................................................................................... 13
Our Stakeholders and Partners ............................................................... 17
Organisational Structure ........................................................................ 21
MESSAGE FROM THE ADMINISTRATOR

MR MICHAEL LAMBERT

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

2019-20

The year was challenging with the COVID-19 pandemic requiring new funding arrangements to be quickly put in place in response to the outbreak, at the same time the Commonwealth, States and Territories were negotiating a new National Health Reform Agreement.

Throughout 2019-20, there was regular engagement with all jurisdictions, both through the Jurisdictional Advisory Committee and through one on one meetings with each jurisdiction to review the consistency and transparency of public hospital funding. In addition, there were regular meetings with the national bodies. This will continue in 2020-21.

Funding and Reconciliation

In 2019-20, $53 billion in payments were made to LHNs from a total of $55 billion in Commonwealth, State and Territory funding contributions. The balance was paid to State and Territory Health Departments. The 2018-19 Annual Reconciliation of Commonwealth NHR funding was completed in March 2019 based on actual public hospital services delivered in 2018-19, resulting in a total funding adjustment of $233 million. Therefore the total Commonwealth NHR funding paid in 2019-20 was $22.561 billion, including the $233 million funding adjustment for prior year services.

COVID-19 Payments

The COVID-19 pandemic, in addition to placing enormous pressure on Australian governments, the community, the economy and the health system, required a funding system be put in place dedicated to funding public and private hospitals and public health in response to COVID-19. On 13 March 2020, the Australian governments established a National Partnership on COVID-19 Response (NPCR) under which the Commonwealth committed to provide 50 per cent of the cost of treating COVID-19 patients and associated public health activity. In addition, following
the cancellation of elective surgery, the Commonwealth agreed to provide 100 per cent of the payments to private hospitals that entered into contracts with States and Territories in order to retain and integrate infrastructure, equipment and workforce capacity to fight COVID-19 and until the pandemic is over. The National Health Funding Pool Payments System (Payments System) was upgraded to deliver timely NPCR funding. For the period to 30 June 2020, a total of $2.955 billion in Commonwealth COVID-19 funding was paid to States and Territories.

The Year Ahead

During the coming year Shannon White and I will actively engage with all jurisdictional stakeholders, industry partners, and with allied organisations such as the Independent Hospital Pricing Authority (IHPA), the Australian Institute of Australian Health and Welfare (AIHW), and the Australian Commission on Safety and Quality in Health Care (ACSQHC). Building on our achievements over the last two years, our future priorities include the following:

- Working with all jurisdictions to ensure the successful implementation and operation of the 2020-2025 Addendum to the National Health Reform Agreement (the Addendum);
- Working with the AIHW and all jurisdictions to improve the transparency, consistency and timeliness of public hospital funding information;
- Undertaking data matching, in full consultation with all jurisdictions, to improve financial integrity while at the same time avoiding creating obstacles to coordinated health care;
- Exploring with the ACSQHC and the IHPA ways to encourage and facilitate improved quality and safety in health care and avoiding unnecessary hospitalisations; and
- Working with the IHPA to ensure financial neutrality between private and public patients in public hospitals.

Michael Lambert
Administrator
National Health Funding Pool

"... delivering best practice financial administration of more than $55 billion in public hospital funding."
I am pleased to present this year’s Annual Report for what has been another outstanding year of achievement for the National Health Funding Body, and my third since commencing as Chief Executive Officer on 3 April 2018.

Challenging and changing environment

Australia faces unprecedented challenges in relation to COVID-19 and this pandemic presents an increasingly complex and uncertain environment in the short to medium term. I am proud of my team’s professionalism and resilience in the way they have responded to this crisis including supporting all Governments through the National Partnership on COVID-19 Response. The objective of this agreement is to provide Commonwealth financial assistance for the additional costs incurred by State and Territory health services in responding to the COVID-19 outbreak. In 2019-20, a total of $2.955 billion was paid under this agreement through the Pool to States and Territories.

The Prime Minister, Premiers and Chief Ministers recently agreed to a new five year Addendum to the National Health Reform Agreement (NHR Agreement) which will shape the future of health reform and public hospital funding in Australia.

Improving the transparency of public hospital funding

Our agency performs a unique role in Australia’s health system, delivering best practice financial administration of more than $55 billion in public hospital funding (excluding the additional $3 billion for COVID-19). We perform the calculations, payments and reporting on public hospital funding across 145 Local Hospital Networks (LHNs) comprising of 692 public hospitals delivering in excess of 39 million hospital services.

Following the reconciliation of prior year services in March 2020, the final Commonwealth National Health Reform (NHR) funding entitlement for 2018-19 was $21.169 billion, resulting in a funding adjustment of $233 million. In 2019-20, the Commonwealth NHR funding paid was $22.561 billion, including $233 million for public hospital services delivered in the year prior. Together with the Administrator, we have now finalised all annual reconciliations for the period 2015-16 to 2018-19. This has provided States and Territories with an additional $2 billion in Commonwealth reconciliation payments through the National Health Funding Pool (the Pool).
Successful digital transformation

In 2017-18 the NHFB received additional funding of $4.1 million over three years to complete key projects as part of our modernisation and digital transformation agenda.

As at 30 June 2020, we have delivered an improved Commonwealth Contribution Model (CCM) to support calculating the Commonwealth’s NHR funding contribution, a new Payments System to support payments into and out of the Pool, as well as an enhanced reporting capability and website (publichospitalfunding.gov.au). We also made significant progress on enhancing our funding integrity capabilities with a focus on over-lapping hospital visits and potential duplicate payments.

Launched on 1 October 2019, our new Payments System has delivered a more integrated financial system with improved efficiency and effectiveness of processes between Commonwealth Treasury, the Reserve Bank of Australia, the NHFB and States and Territories.

In 2019-20, our comprehensive digital transformation has delivered significant productivity improvements, ensures we are well placed to support all Australian Governments respond to COVID-19, and positions us strongly to implement the new five year Addendum to the NHR Agreement.

“...our comprehensive digital transformation has delivered significant productivity improvements.”
Improving stakeholder relationships

Following stakeholder feedback in 2018-19, we significantly increased our focus on productive working relationships. This included a tiered approach to State and Territory engagement where we provided additional support to smaller jurisdictions with less resources and expertise. We also hosted a series of Payments System co-design and system testing workshops as well as conducting on-site training ahead of the launch of the new Payments System in October 2019.

Together with the Administrator, we held a number of bilateral and multilateral discussions with all stakeholders in addition to the more formal Jurisdictional Advisory Committee (JAC) meetings. We also held monthly discussions with the Commonwealth including participants from Prime Minister and Cabinet, Treasury, Finance and Health, as well as regular roundtables with our partner agencies such as the IHPA and the AIHW. In 2019-20 we surveyed our stakeholders, achieving very high stakeholder satisfaction levels of 4.25 out of 5.

Positive agency culture contributing to high performance

It is a testament to the dedication and resilience of our team, and the valuable contribution of our industry partners, that we delivered so many successful initiatives in an increasingly complex and uncertain environment. Underpinning these initiatives is an ongoing focus on workforce diversity, capability and, learning and development.

Our persistence with creating a positive workplace culture, and our emphasis on our united leadership behaviours, has been fundamental to our success both internally and externally. Our recent staff pulse survey showed high levels of job satisfaction and flexible working arrangements, including 89 per cent of staff indicating their job gives them a feeling of personal accomplishment.
Appreciation and recognition

I would like to acknowledge and thank Michael Lambert, the Administrator of the National Health Funding Pool, for his strong leadership, integrity and collaboration over the past two years. I am proud of our collective achievements, in particular the high performing and innovative team at the NHFB who continue to excel. I am also grateful for the contributions made by all of our stakeholders and partners towards our shared success in 2019-20.

Preparing for the future

As highlighted previously, one of the key challenges of the next planning period is the implementation of the 2020-2025 Addendum to the NHR Agreement. The new Addendum outlines clear direction in several key areas including, but not limited to, public hospital funding integrity and duplicate payments, funding neutrality for private patients in public hospitals, the progression of safety and quality measures including low value care, and measures to reduce demand for potentially preventable hospitalisations.

Communication and engagement is vital to our success. Our ability to collaborate openly and constructively with our Commonwealth, State and Territory stakeholders as well as our portfolio agency and industry partners will go a long way towards achieving our vision.

We remain committed to operating as a high performing organisation that is professional, capable and flexible, and technology enabled.

In 2020-21, we will continue to:

- Capitalise on our digital transformation investment;
- Build on our strong stakeholder and industry partnerships;
- Strengthen our leadership, culture and organisational capabilities;
- Invest in our people through learning and development; and
- Review our business operations for productivity improvements and cost efficiencies.

This will ensure we direct our limited resources to our highest priorities.

I look forward to working closely with Michael Lambert, our stakeholders and partners, and my professional team in further improving transparency of public hospital funding in Australia.

Shannon White
Chief Executive Officer
National Health Funding Body
FINANCE YEAR IN REVIEW

The NHFB is funded by an annual appropriation from the Commonwealth, with the majority of our operating expenses being for employees and suppliers.

In the 2017-18 Commonwealth Budget, additional funding of $4.1m over 3 years was provided to the NHFB to support our existing role and undertake a digital transformation across our core functions to implement the 2017-18 to 2019-20 Addendum to the NHR Agreement and better position us for future Addendums.

In 2019-20, the NHFB recorded a surplus of $0.7m which was offset by a capital investment of $0.9m in our core digital platforms. Our key digital platforms include:

- the SAS CCM;
- the new Payments System; and
- the new public hospital funding website (Phase 2 reporting capability).

We have also invested in our funding integrity capability to focus on greater assurance and transparency of payments for public hospital services. This activity will provide greater confidence to the Commonwealth, States and Territories of the management of the NHR Agreement and COVID-19 funding.

This investment was delivered through a mix of internal and external resources resulting in a reduction in supplier costs and an increase in employee costs, demonstrating our commitment to productivity improvements, cost savings and investment in our people.

Supporting the National Partnership on COVID-19 Response

In accordance with existing legislation and national agreements, the NHFB has core responsibilities for the calculation, payment and reporting of public hospital funding. On this basis, the Administrator and the NHFB were able to administer the funding arrangements for the National Partnership on COVID-19 Response.

The NHFB moved quickly to engage additional staff and establish arrangements with our existing industry partners to assist in administering funding arrangements.

The NHFB financial statements for 2019–20 are provided in the Financial Statements section (see pages 75-98) of this report.

“the NHFB recorded a surplus of $0.7m, offset by investment in digital transformation”
Outlook for 2020-21

The National Health Reform Agreement 2020-21 to 2024-25 was signed in May 2020 and provides funding certainty for the NHFB in future years.

To live within our means we will ensure that we are operating as efficiently and effectively as possible. We will explore opportunities to better collaborate with our stakeholders and industry partners, through regular strategic stakeholder discussions.

We have implemented financial management practices to support effective allocation of resources and ensure the organisation can respond to emerging priorities.

We will continue to invest in our people and key digital platforms to enable us to best support the obligations and responsibilities of the Administrator and be ready to adapt to new developments.
KEY MOMENTS IN PUBLIC HOSPITAL FUNDING HISTORY

1816
Australia’s first public hospital, the Rum Hospital opened in Sydney.

In 1894 it was renamed the Sydney Hospital.

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

1981
Funding for hospitals from the Commonwealth is based on per capita block grants.

1984
Introduction of Australia’s universal health care scheme Medicare.
2008
The National Health and Hospitals Reform Commission was established to provide advice on progressing health reform.

2011
The National Health Reform Agreement was signed, establishing the Administrator and NHFB.

A new approach to health funding based on Activity Based Funding (ABF) was put into effect and Local Hospital Networks (LHNs) were established.

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

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

The Addendum sets out six long term health reforms and continues the commitment to addressing quality and safety, including reducing unnecessary hospitalisations.
ENVIRONMENT

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

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

On 29 May 2020, the Commonwealth, States and Territories entered into a new agreement through the Addendum to the National Health Reform Agreement 2020–21 to 2024–25 (see page 14). The new Addendum maintains a commitment to ensuring equitable access to public hospitals for all Australians, and provides certainty for the role of the Administrator and the NHFB into the future.

The new Addendum also includes a commitment by all Australian governments to a shared long-term vision for health reform, with reforms aimed to make it easier to provide flexible, high-quality care that meets the needs and preferences of Australians, and reduces pressure on hospitals.

Overview of health care agreements

NATIONAL HEALTHCARE SPECIFIC PURPOSE PAYMENT PRE–2012

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

NATIONAL HEALTH REFORM AGREEMENT 2012–13 TO 2016–17

In August 2011, the Council of Australian Governments (COAG) agreed to major changes in how public hospitals were to be funded by Commonwealth, State and Territory governments, including the move from block grants to an ‘activity–based’ funding system. These changes, detailed in the NHR Agreement, included establishing the Administrator and the NHFB to improve transparency of public hospital funding arrangements.
ADDENDUM TO THE NATIONAL HEALTH REFORM AGREEMENT 2017–18 TO 2019–20

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

ADDENDUM TO THE NATIONAL HEALTH REFORM AGREEMENT 2020–21 TO 2024–25

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

- Improving efficiency and ensuring financial sustainability;
- Delivering safe, high-quality care in the right place at the right time;
- Prioritising prevention and helping people manage their health across their lifetime; and
- Driving best practice and performance using data and research.

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

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

In addition, the Commonwealth Government provided funding ($2.995 billion in 2019-20) to all States and Territories under the National Partnership on COVID-19 Response.
Challenges and opportunities

HEALTH SYSTEM

Australia’s health system and the national economy both face significant challenges in response to COVID-19. The pandemic will impact the public hospital system with increased COVID-19 support, as well as additional services following elective surgery pauses.

The changing demographic of patients and increased access to information through personal devices and digital platforms will continue to raise consumer expectations of the health system to attend to their needs. Furthermore, technological innovations are likely to further raise, rather than lower costs.

To fulfill our duties and preserve our role in the health system into the future, we must provide best practice financial administration that is accurate, timely and independent. Delivering on our commitments to strengthen the CCM, enhance our funding integrity capabilities and improve access to information provides our stakeholders with confidence in the funding system and in our capabilities to deliver on our mandate.

PREPAREDNESS

Our successful modernisation and digital transformation agenda have positioned us well to fulfill our role in Australia’s health system. Ongoing efforts to increase access to high-quality data via stable and reliable infrastructure, as well as enhanced availability through our improved website and other communication channels are key for us to be able to deliver on our vision.

Achieving our vision also requires us to improve how we use our finite resources and develop our core capabilities. We will focus on improving governance, risk management, productivity and financial performance. By developing our people and cultivating productive relationships we will remain a highly effective agency delivering benefits for all Australians.

Challenges facing the public hospital system

- Health Pandemic
- Ageing Population
- High Cost of Technology
HEALTH REFORM

The Commonwealth, States and Territories agreed the following four strategic priorities will guide further reform of the health system between 2020 and 2025:

- Improving efficiency and ensuring financial sustainability.
- Delivering safe, high-quality care in the right place at the right time, including long-term reforms in:
  » Nationally cohesive health technology assessment
  » Paying for value and outcomes
  » Joint planning and funding at a local level
- Prioritising prevention and helping people manage their health across their lifetime, including long-term reforms in:
  » Empowering people through health literacy
  » Prevention and wellbeing
- Driving best practice and performance using data and research, including long-term reforms in enhanced health data.

NATIONAL PARTNERSHIP ON COVID-19 RESPONSE

The NPCR was agreed to and signed by COAG on Friday, 13 March 2020. The NPCR was subsequently amended and agreed to in April 2020 to include a provision for private hospital financial viability payment.

The objective of the NPCR is to provide financial assistance to States and Territories for the additional costs incurred in responding to COVID-19. Under the NPCR, there are a range of responsibilities and functions to be performed by the Administrator supported by the NHFB and other portfolio agencies (e.g. the IHPA).

In March 2020, the NHFB established a new funding account in the Payments System to facilitate payments to all States and Territories. For the period to 30 June 2020 a total of $2.955 billion in Commonwealth COVID-19 funding was paid to States and Territories:

- Hospital Service Payments for COVID-19 related hospital activities, with the Commonwealth funding 50%;
- State Public Health Payments for public health activities associated with addressing the pandemic, with the Commonwealth funding 50%; and
- Private Hospital Capacity and Viability Payment which was paid to enable private hospitals to retain capacity, with the Commonwealth funding 100%.

Further detail on COVID-19 funding in 2019-20 is available from the National Health Funding Pool Annual Report.
Productive relationships and regular communication with our stakeholders and partners supports us to improve the transparency of funding for public hospital services.

This year, we implemented and further refined our Strategic Stakeholder Communication and Stakeholder Engagement Framework. The Framework was designed to support us in adopting a simple and proactive approach to effectively communicate and engage with our wide range of stakeholders in a timely and effective manner.

Our tiered approach to communication and engagement aims to consider the environment each stakeholder operates in, as well as their resources, needs, and preferences.

We undertook a stakeholder survey in late 2019-20 to benchmark our progress on implementing improvements across five key themes in 2019-20:

- Organisational culture;
- Customer service and value adding;
- Collaboration;
- Transparency; and
- High performing team.

In order to establish a baseline for measuring improvements over time, our stakeholders were asked to rate their overall satisfaction with the NHFB’s communication and engagement on a scale from 1-5. The average rating was 4.25, indicating high levels of satisfaction with the NHFB.

The survey identified areas we had improved on since 2018-19, such as:

- the positivity and responsiveness of NHFB staff, including their ability to clarify and resolve technical issues; and
- collaboration through the co-design of the new Payments System.

The survey also provided insights into focus areas for 2020-21 including:

- further building on the public hospital funding narrative through the use of case studies as well as dedicated workshops on key topics;
- targeted engagement with jurisdictions on the development of the Administrator’s policy documents; and
- establishing a Payments System User Group.
Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, allows time to discuss and resolve issues in a collaborative manner. The Administrator’s Jurisdictional Advisory Committee (JAC) is a key channel for this engagement and is comprised of senior representatives of all States and Territories and relevant Commonwealth departments and portfolio agencies. The objectives of the Administrator’s JAC are to:

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

The JAC met six times in 2019-20:
- 17 July 2019;
- 26 September 2019;
- 26 November 2019;
- 5 March 2020;
- 12 May 2020 (COVID-19 specific); and
- 12 June 2020.

Key discussion topics at the Administrator’s JAC in 2019-20 included:
- the 2020–21 to 2024–25 Addendum to the NHR Agreement;
- Administrator’s policy documents;
- 2018-19 Annual Reconciliation of public hospital funding and services;
- National Partnership on COVID-19 Response;
- Data matching; and
- Payments System administration.
STATES AND TERRITORIES

In addition to the Administrator’s JAC, the Administrator and CEO undertook a series of rolling bilateral discussions with States and Territories. These discussions provided the opportunity for early engagement on:
- Funding and activity reconciliation;
- Data integrity; and
- Data matching.

COMMONWEALTH

In 2019-20, we continued to be supported by, and work with our Commonwealth stakeholders through a range of formal and informal arrangements, including:
- the provision of shared services (e.g. payroll and IT desktop) from the Department of Health;
- Enterprise Data Warehouse (EDW) technical support from the Department of Health;
- the provision of public hospital activity data from Services Australia;
- website hosting with GovCMS from Department of Finance; and
- monthly roundtables with the Department of the Prime Minister and Cabinet, The Treasury, the Department of Finance and the Department of Health on NHR Agreement funding and activities.

PORTFOLIO AGENCIES

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

INDEPENDENT HOSPITAL PRICING AUTHORITY

The main functions of the IHPA are to determine each year the National Efficient Price (NEP) for Activity Based funding (ABF) and National Efficient Cost (NEC) for Block funding for health care services provided by public hospitals. The NEP is a major determinant of the level of Australian Government funding for public hospital services and provides a benchmark for the efficient cost of providing public hospital services. As such, we routinely engage with the IHPA, including as a member of IHPA’s Jurisdictional Advisory Committee and Technical Advisory Committee.

“COVID-19 has accelerated collaboration with our stakeholders reducing costs and distance barriers through digital collaboration
AUSTRALIAN COMMISSION ON SAFETY AND QUALITY IN HEALTH CARE

The ACSQHC leads and coordinates key improvements in safety and quality in health care. The Commission works in four key priority areas:

- Patient safety;
- Partnering with patients, consumers and communities;
- Quality, cost and value; and
- Supporting health professionals to provide care that is informed, supported and organised to deliver safe and high-quality care.

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

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE

The AIHW develops, collects, compiles, analyses, manages and disseminates Australian health and welfare data information. We collaborate with the AIHW on public hospital funding related matters via a number committees including a monthly roundtable on public hospital expenditure, the Strategic Committee for National Health Information; the National Hospitals Information Advisory Committee; and the Health Expenditure Advisory Committee.

INDUSTRY PARTNERS

In 2019-20, we worked with a number of industry partners to support our small agency deliver on our objectives. We leveraged their expertise, were supported by their advice and relied on their independence. Throughout this process, we actively promoted knowledge sharing with our people to continue to build our internal capability.

Industry partners that assisted the NHFB in 2019-20 were:

- **CALCULATE** Taylor Fry, PwC and EY
- **PAY** TechOne, Synergy, Projects Delivered, CTA Partners and Sentinel Software
- **REPORT** Oxide Interactive
- **ORGANISATION** Kirribilli Partners and contentgroup
In 2019-20, the NHFB realigned its organisational structure to ensure resources are aligned to core functions, providing for clear lines of reporting. Figure 6 “Organisational structure as at 30 June 2020”, shows the relationship between the NHFB’s organisational and governance elements.

**FIGURE 6 Organisational structure as at 30 June 2020**

- **Administrator of the National Health Funding Pool**
  - Michael Lambert

- **Chief Executive Officer National Health Funding Body**
  - Shannon White

- **Administrator’s Jurisdictional Advisory Committee**

- **Independent Audit and Risk Committee**

- **Data, Modelling and Analysis Director**
  - Suchith Gunatilake

- **Finance Chief Financial Officer**
  - Nathan Dascarolis

- **Policy, Planning and Performance Director**
  - Beci Imbriano

- **Risk, Assurance and Governance Committee**

- **Workplace Consultative Committee**
Leadership team

MICHAEL LAMBERT
Administrator of the National Health Funding Pool

Michael was appointed Administrator of the National Health Funding Pool in July 2018.

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

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

SHANNON WHITE
CEO National Health Funding Body

Shannon was appointed CEO of the NHFB in April 2018.

Shannon has a broad range of experience across national security, economic and social policy environments. Shannon has 27 years’ experience in the APS across Health, Immigration and Border Protection and Defence with his previous roles having a strong focus on financial management and strategic advice on budget related policy and operational matters.

In his previous senior executive role in Health System Financing at the Department of Health, Shannon worked extensively on national health reform issues and represented the Australian Government at a number of national and international committees. These included health system fiscal sustainability as well as the negotiations on public hospital funding under the Addendum to the NHR Agreement 2017–18 to 2019–20 (see page 14).
suchith gunatillake
director, data, modelling and analysis

suchith joined the nhfb in august 2016 and commenced in his current role as the acting director, data, modelling and analysis in february 2020. the data, modelling and analysis team develop and operate models that determine the commonwealth funding contribution to lhns for delivering public hospital services (over $23.6 billion for 2020-21). the team also reconciles estimated and actual service volumes through a range of data submissions (over 39 million records each year) related to public hospital funding.

the data, modelling and analysis team is also responsible for linking hospital activity data with medical benefits schedule (mbs) claims data to identify if the commonwealth has potentially paid for the same hospital service twice (over 595 million mbs records per annum).

suchith has more than 8 years experience in risk management, analytics and data modelling in the banking and finance industry prior to joining nhfb. he has a bachelor of commerce and science (hons) from the university of new south wales.

nathan dascarolis
chief financial officer

nathan joined the nhfb in april 2020 as chief financial officer and is responsible for the finance team. the finance team provide financial support to the nhfb ceo and the administrator, including managing the national health funding pool payments system, processing commonwealth, state and territory deposits and payments into and out of the pool and facilitating authorisation by the administrator for payments to lhns and other providers.

the finance team are also responsible for the production of nhfb and individual pool financial statements for auditing by the australian national audit office and each state and territory’s auditor-general respectively.

prior to joining the nhfb, nathan was an independent consultant, working with commonwealth, state and territory public sector agencies with a focus on financial management and governance. nathan commenced his career working with professional services firms, working across both assurance and advisory functions. nathan is a chartered accountant and has a bachelor of commerce from the australian national university.
BECI IMBRIANO
Director, Policy Planning and Performance

Beci joined the NHFB in November 2018 as Director, Policy, Planning and Performance. The Policy, Planning and Performance Team are responsible for developing the NHFB’s Strategic Direction, Corporate Plan, Portfolio Budget Statements and Annual Reports.

The Team works with colleagues, jurisdictions; and portfolio agencies to maintain the full suite of Administrator’s policies:

- Administrator’s Three Year Data Plan;
- Data Governance Policy;
- Data Compliance Policy;
- Calculation and Reconciliation Framework; and
- Data Matching Business Rules.

The team also provide essential business support services to the NHFB, CEO and Administrator across risk management, assurance, governance, human resources, communications, security, management of Memorandums of Understanding (MoU) and Secretariat for the Administrator’s Jurisdictional Advisory Committee and Independent Audit and Risk Committee.

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

We exhibit **united leadership** behaviours, we promote a positive culture and we are committed to improving the transparency of public hospital funding in Australia.

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

Annual Performance Statement .......................................................... 27
Performance in 2019–20 ........................................................................ 28
OBJECTIVE ONE: Accurate and timely calculation of Commonwealth funding contributions ........................................... 29
OBJECTIVE TWO: Best practice financial administration of the National Health Funding Pool ............................................................... 33
OBJECTIVE THREE: Effective reporting of public hospital funding ............................................................... 36
OBJECTIVE FOUR: Productive relationships with stakeholders and partners ............................................................... 40
OBJECTIVE FIVE: Operate as a high performing organisation ............................................................... 43
ANNUAL PERFORMANCE STATEMENT

Agency Outcome

We are proud to report that we have met our objectives for the 2019-20 reporting period. Significant achievements were made throughout the year across our five key objectives.

Reporting Approach

Our performance is measured against our purpose through a range of performance criteria outlined in the Portfolio Budget Statements (PBS) 2019-20 and Corporate Plan 2019-20. Figure 1 provides an overview of our purpose, corporate plan objectives and Portfolio Budget Statement performance indicators.

Statement of Preparation

I, as the Accountable Authority of the NHFB, present the 2019-20 Annual Performance Statement as required under paragraph 39(1) (a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

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

Shannon White
Chief Executive Officer
National Health Funding Body
24 September 2020

FUNDING OUTCOMES
In March 2020, the 2018-19 Annual Reconciliation was completed, the second year in a row we have achieved this milestone.

DIGITAL TRANSFORMATION
In 2019-20 we implemented a full digital transformation of the systems underpinning our key functions of calculate, pay and report.

STAKEHOLDER SATISFACTION
We improved stakeholder relationships in 2019-20 through a stronger focus on partnership and engagement.
PERFORMANCE IN 2019–20


PORTFOLIO BUDGET STATEMENTS 2019-20

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.

PROGRAM 1.1: NATIONAL HEALTH FUNDING POOL ADMINISTRATION
The NHFB Supports the Administrator of the National Health Funding Pool in paying and distributing Commonwealth and State and Territory funding for public hospitals – responsible for over $46 billion a year. The NHFB ensures that payments from the Funding Pool are made in accordance with directions from the responsible State or Territory Minister, and in line with the National Health Reform Agreement and the Addendum to the National Health Reform Agreement.

PERFORMANCE CRITERIA 1
Accurate and timely calculation of Commonwealth funding contributions

PERFORMANCE CRITERIA 2
Best practice financial administration of the National Health Funding Pool

PERFORMANCE CRITERIA 3
Effective reporting of public hospital funding

NHFB CORPORATE PLAN 2019–20

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

OBJECTIVE 1
Accurate and timely calculation of Commonwealth funding contributions

OBJECTIVE 2
Best practice financial administration of the National Health Funding Pool

OBJECTIVE 3
Effective reporting of public hospital funding

OBJECTIVE 4
Productive relationships with stakeholders and partners

OBJECTIVE 5
Operate as a high performing organisation

PERFORMANCE STATEMENT 2019-20

Performance Criteria 1 and Objective 1
Pages 29-32

Performance Criteria 2 and Objective 2
Pages 33-35

Performance Criteria 3 and Objective 3
Pages 36-39

Objective 4
Pages 40-42

Objective 5
Pages 43-46
OBJECTIVE ONE
Accurate and timely calculation of Commonwealth funding contributions

Analysis of performance in 2019-20

We continue to achieve our purpose through improving the accuracy and timeliness of Commonwealth funding contribution calculations. This work supports the advice provided by the Administrator to the Commonwealth Treasurer, and in 2019-20, included calculations for both Commonwealth NHR Funding and the National Partnership on COVID-19 Response (NCPR).

We calculated Commonwealth funding contributions and provided advice to the Administrator, and Commonwealth, State and Territory Governments throughout 2019-20, including:

- Five updates to the 2019-20 payment advice resulting in total funding of $22.561 billion;
- Completion of 2018-19 Six-month and Annual Reconciliation outcomes ($50 million and $183 million respectively); and
- Initial estimate of 2020-21 Commonwealth NHR funding of $23.607 billion.

We provided independent, expert advice to the Administrator, and Commonwealth, State and Territory Governments on the implementation of:

- The National Partnership on COVID-19 Response (NPCR), including $2.955 billion of Commonwealth funding in 2019-20; and
- The 2020-25 Addendum to the NHR Agreement, including applying enhancements to the SAS Commonwealth Contribution Model (CCM) to support the introduction of a single Commonwealth Contribution Rate (CCR).

We focused on greater transparency, integrity and assurance of payments for public hospital services through progressing data matching activities in preparation for sharing 2017-18 and 2018-19 data with jurisdictions in July 2020.

YEAR AHEAD (2020-21):

- Undertake 2020-21 funding calculations
- Implement enhancements to the CCM to incorporate the new Addendum
- Finalise 2019-20 Annual Reconciliation (including National Partnership on COVID-19 Response)
- Finalise 2020-21 Six-month Reconciliation
- Provide a final report on data matching activities, including recommendations for implementation
- Work with the Administrator, ACSQHC and IHPA on incorporating additional safety and quality measures into public hospital funding, including for potentially preventable hospitalisations and avoidable readmissions
- Work with the IHPA to implement pricing parity for public and private patients in public hospitals
The Treasurer of the Commonwealth is advised by the Administrator in a timely manner
Performance criteria 1.1 (Corporate Plan) and PBS 2019-20 page 342

<table>
<thead>
<tr>
<th>2019-20 TARGET</th>
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<tbody>
<tr>
<td>100% of the advice regarding the amounts required to be paid into each State (and Territory) Pool Account is provided to the Treasurer in a timely manner.</td>
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<th>ANALYSIS</th>
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<tr>
<td>The Administrator signed-off on, and provided five sets of payment advice to the Commonwealth Treasurer:</td>
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<tr>
<td>- July 2019 payment advice ($22.125 billion) was provided on 28 June 2019.</td>
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<td>- September 2019 payment advice ($22.194 billion) was provided on 29 August 2019.</td>
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<td>- March 2020 payment advice ($22.243 billion) was provided on 27 February 2020.</td>
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<tr>
<td>- April 2020 payment advice ($22.573 billion) was provided on 26 March 2020.</td>
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<tr>
<td>- June 2020 payment advice ($22.561 billion) was provided on 28 May 2020.</td>
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This advice was also provided to all Health Ministers and State and Territory health department CFOs on the same day.

### Commonwealth funding calculations are accurate
Performance criteria 1.2 (Corporate Plan)

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<th>2019-20 TARGET</th>
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<tbody>
<tr>
<td>100% of current and future year Commonwealth Contribution Models (CCMs) are accepted by the Administrator.</td>
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<th>ANALYSIS</th>
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<tr>
<td>The initial CCM for 2019-20 was approved and underpinned the Administrator’s July 2019 payment advice. This advice included the initial calculation of the Commonwealth’s contribution to public hospital funding in 2019-20 of $22.125 billion which was subsequently updated throughout the financial year (refer to payment advice above).</td>
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**Funding entitlements reconcile to actual services delivered**

Performance criteria 1.3 (Corporate Plan)

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<th>2019-20 TARGET</th>
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| Half-yearly and annual adjustments made to Commonwealth payments to LHNs due to reconciliation are accepted by the Administrator. | There were two major funding adjustments in 2019-20 accepted and advised by the Administrator to the Commonwealth Treasurer including:  
- Six-month Reconciliation for 2018-19 (additional $50 million); and  
- Annual Reconciliation for 2018-19 (additional $183 million). |

**RESULT**

MET

The 2018-19 Annual Reconciliation preliminary results were provided to the Commonwealth, States and Territories in November 2019 ahead of the Administrator’s advice to the Commonwealth Treasurer in March 2020. Final payments were processed in quarter 4 of 2019-20. This is the second year in a row that this timeframe has been achieved.

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**Public hospital services are funded through the appropriate Commonwealth program**

Performance criteria 1.4 (Corporate Plan)

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<th>2019-20 TARGET</th>
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| Progress initiative relating to the integrity analysis of hospital activity and other Commonwealth program (such as MBS and PBS) activity to identify instances where the same hospital service has been funded more than once. | The NHFB commenced sharing linked data sets, along with the Public Interest Certificate (PIC) and Statement of Assurance for MBS data with jurisdictions on 7 June 2019.  

A progress report was provided to the COAG Health Council in November 2019 that noted linked data sets had been shared with all jurisdictions for the 2014-15, 2015-16 and 2016-17 financial years.  

A PIC was provided by the Commonwealth Department of Health on 4 June 2020, which covered the provision of MBS data for 2017-18 and 2018-19 on 10 June 2020 and subsequent sharing of linked data sets in July 2020.  

The NHFB will be providing a progress report to Government in late 2020 detailing the application of draft business rules to 2017-18 and 2018-19 data along with recommendations for implementation in future years. |

**RESULT**

MET
CASE STUDY

SAS COMMONWEALTH CONTRIBUTION MODEL

WHAT IS IT?

Commonwealth funding for ABF, Block, and Public Health is calculated using the Commonwealth Contribution Model (CCM), a transparent, robust and independently reviewed methodology.

The CCM calculations form the basis of the Administrator’s payment advice to the Commonwealth Treasurer. This advice is also provided to State and Territory Health Ministers and State and Territory health department CFOs.

The CCM was initially implemented in 2012-13 using Microsoft Excel. Over time, and as a result of the implementation of multiple funding agreements, the Excel based CCM reached a level of complexity which placed some stress on the Excel CCMs performance, execution and its ability to be easily maintained.

The NHFB migrated the CCM to a SAS based system, with SAS trialled as the primary model in November 2018. In January 2019, the NHFB CEO approved the SAS CCM as the primary model for calculating the Commonwealth NHR funding. The Excel CCM continues to shadow the SAS CCM as part of our internal quality assurance program.

HOW DOES IT WORK?

The SAS CCM is stored in the Commonwealth Department of Health’s EDW and it runs through SAS Enterprise Guide.

The following are key inputs to the CCM:

- Service estimates from States and Territories
- Base year actual activity as reconciled by the NHFB on behalf of the Administrator
- IHPA’s NEP and NEC
- Public Health funding figures from Commonwealth Treasury
- National Funding Cap
- Safety and Quality funding adjustments

2019-20 HIGHLIGHTS

To support the implementation of the National Partnership on COVID-19 Response in March 2020, a stand-alone CCM was built to enable the calculation of the Commonwealth’s contribution to States and Territories in their response to COVID-19.

In June and July 2020, enhancements were made to the CCM to support the implementation of the new Addendum, including incorporating the single Commonwealth Contribution Rate. Further enhancements are planned for October 2020 for the inclusion of new highly specialised therapies and pricing parity for public and private patients in public hospitals.
We continue to achieve our purpose of improving the transparency of public hospital funding by enhancing our core capabilities, better utilising our resources, adopting innovative approaches and working with our stakeholders.

On 1 October 2019, we launched a new National Health Funding Pool Payments System (the Payments System) and delivered successful system upgrades in March and May 2020.

We administered $53 billion in NHR payments to LHNs from a total of $55 billion in Commonwealth, State and Territory funding contributions (across 3,505 banking transactions). This equates to 90% of total Government (Commonwealth, State and Territory) funding for public hospitals.

We further improved the transparency of public hospital funding by ensuring State ABF contributions as well as cross border ABF transactions between States were processed through the Pool.

We implemented changes to the Payments System and provided guidance on financial arrangements to enable $2.955 billion in COVID-19 funding to be paid to States and Territories to support their response to the COVID-19 pandemic.

We updated the Administrator’s Data Plan as well as the Data Governance, Data Compliance and Payments System policies. Further updates are planned in early 2020-21 for the Calculation of Commonwealth NHR funding policy and Data Matching business rules.

YEAR AHEAD (2020-21):

- Work with the Commonwealth, States and Territories on further enhancements to the Payments System
- Promote greater understanding of the 2020-2025 Addendum to the NHR Agreement to ensure consistency of funding flows and alignment to requirements (including Service Agreements)
- Finalise implementation of additional funding streams through the Pool (e.g. COVID-19)
**Payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and align with Service Agreements**

Performance criteria 2.1 (Corporate Plan) and PBS 2019-20 page 342

<table>
<thead>
<tr>
<th>2019-20 TARGET</th>
<th>ANALYSIS</th>
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<tbody>
<tr>
<td>100% of payments from the Pool are made in accordance with advice from relevant Health Ministers.</td>
<td>100% of payments from the Pool were made in accordance with directions from State and Territory Health Ministers and aligned with the Administrator’s payment advice to the Commonwealth Treasurer.</td>
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</table>

**RESULT**

| MET |

**Maintain the integrity of the Administrator’s Payments System in accordance with policies and procedures**

Performance criteria 2.2 (Corporate Plan)

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<tr>
<th>2019-20 TARGET</th>
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<tr>
<td>100% of the Administrator’s Payments System policies and procedures are complete, available and approved annually by the Administrator.</td>
<td>Ahead of launching the new Payments System on 1 October 2019, a new dedicated State and Territory user manual was developed and tailored training delivered to users in each State and Territory. The Administrator’s Payments System policies and procedures were updated and approved in:</td>
</tr>
<tr>
<td>- October 2019 to align with the new Payments System; and</td>
<td></td>
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<tr>
<td>- March and May 2020 following system enhancements.</td>
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**RESULT**

| MET |

**RESULT**

| MET |
CASE STUDY
NATIONAL HEALTH FUNDING POOL PAYMENTS SYSTEM

The NHFB launched a new National Health Funding Pool Payments System on 1 October 2019 utilising the TechnologyOne OneGov Cloud based Software as a Service (SaaS). The system is hosted on the Amazon Web Services (AWS) secure Australian Government Cloud, and is protected using domain whitelisting, two factor authentication, and a comprehensive range of data security and backup infrastructure including data encryption in transit.

We established a Payments System Project Working Group with States and Territories to:

- include, where possible, their business and functional requirements into the scope of the project;
- provide guidance on design and user issues; and
- work with the NHFB project team and subject matter experts to identify best practice solutions.

As a result, the NHFB developed enhancements to the solution configuration to meet the processing and reporting requirements of the NHFB, States and Territories. This included:

- enhanced workflow and security configuration;
- digital forms and workflow for creation and amendment of user and creditor accounts; and
- configuration to meet specific transaction processing and reporting disclosures including monthly and annual reporting of funding and activity.

The new Payments System has delivered simpler processes for the entering, verification and approval of public hospital funding as well as delivering improved reporting capabilities. It supports the bulk import of transaction data, captures funding and payments data required for monthly reporting and enables numerous reports, enquiry tools and analytics for all users.

A user group survey was undertaken in August 2020. Feedback gathered will help us better understand how the NHFB can support Payments System users and implement future system enhancements. Preliminary results from the survey indicate areas for the NHFB to focus on in 2020-21 will be training new users, enhancing guidance material and establishing a Community of Practice forum for users.
We achieved our purpose of improving the transparency of public hospital funding payments made into and out of the Pool and each State Pool Account and State Managed Fund.

Since 2013-14, public hospital funding has increased from $37 billion to $55 billion in 2019-20, an increase of $18 billion.

Following the launch of the combined Administrator’s Public Hospital Funding website and the National Health Funding Body’s website (June 2019), we released new reporting capability in May 2020.

Whilst we met our performance criteria of producing monthly and annual reporting of funding, payments and services, we did not meet our desired timeframes for publication in quarters one, two and three of 2019-20. However, our new automated process has led to a reduction in the time taken to publish monthly reports from six to four weeks. Another factor contributing to the delay in publishing these monthly reports was our careful and methodical approach to data quality assurance when combining historical data with the current financial year data sourced automatically from the Payments System.

The fully automated reporting process has been integrated with the Payments System, removing the need for manual data entry and making significant improvements to the timing of reports. 160 reports on public hospital funding and activity for the month of May 2020 were published on the website by the end of June 2020 - the fastest the NHFB has ever published monthly reports.

We improved compliance with the NHR Agreement by jointly assessing the Administrator’s quarterly compliance reporting with Service Agreement activity estimates, monthly reports and annual reconciliation. We engaged with our stakeholders to update and publish the Administrator’s Three Year Data Plan (2020-21 to 2022-23) and accompanying Data Compliance Policy.

We engaged with States and Territories and our portfolio agency partners to further progress work on trend reporting and triangulation across multiple data sources and financial years to better understand data and information flows, and will incorporate this into future updates to the Administrator’s Three Year Data Plan.

YEAR AHEAD (2020-21):

- Publish the Administrator’s 2019-20 Annual Report
- Work with the Commonwealth, States and Territories on further enhancements to the website
- Review the Administrator’s Three Year Data Plan 2021-22 to 2023-24 in consultation with portfolio agency partners and stakeholders
- Review the Administrator’s 2021-22 Data Compliance Policy in consultation with portfolio agency partners and stakeholders
All relevant Ministers receive required information in a timely manner

Performance criteria 3.1 (Corporate Plan)

**2019-20 TARGET**

The Administrator’s Annual Report on the operations of the National Health Funding Pool is tabled in Commonwealth, and State and Territory parliaments within timeframes.

**ANALYSIS**

The Administrator’s 2018-19 Annual Report was tabled in:
- Federal Parliament on 15 October 2019
- Parliament of New South Wales on 21 November 2019
- Parliament of Victoria on 12 November 2019
- Parliament of Queensland on 10 February 2020
- Parliament of Western Australia on 12 November 2019
- Parliament of South Australia on 28 November 2019
- Parliament of Tasmania on 28 November 2019
- ACT Legislative Assembly on 26 November 2019
- Legislative Assembly of the Northern Territory on 27 November 2019

This advice was also provided to all Health Ministers and State and Territory health department CFOs on the same day.

**RESULT**

MET

Monthly and annual reporting of funding, payments services

Performance criteria 3.2 (Corporate Plan) and PBS 2019-20 page 342

**2019-20 TARGET**

Monthly and annual reporting of funding and payments services is uploaded to the website.

**ANALYSIS**

Whilst we did not achieve our planned timeframes (within six weeks of period close) for the publication of monthly reports in quarters one, two and three of 2019-20, all monthly and annual reports for 2019-20 funding and payments ($53 billion) and services (9 million NWAU) have been published on publichospitalfunding.gov.au.

The Payments System release in March 2020 provided automated reporting capability for the website reporting tool which launched in May 2020. This new tool has enabled the NHFB to reduce the time taken to publish monthly reports (from six weeks to four).

**RESULT**

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

Performance criteria 3.3 (Corporate Plan)

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<thead>
<tr>
<th>2019-20 TARGET</th>
<th>ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publish Quarterly Compliance Reports within six weeks of period close.</td>
<td>All quarterly and annual reports on Commonwealth, State and Territory compliance with Administrator’s Data Plan have been published on publichospitalfunding.gov.au.</td>
</tr>
<tr>
<td></td>
<td>Overall jurisdictional compliance with the Administrator’s Data Plan has improved, however there are some areas that require further improvement such as the timeliness of data submissions. For 2018-19 Annual Reconciliation, up to 90% of data submissions were, on average, received by the due date (compared to 60% for 2017-18 Annual Reconciliation). However data resubmissions were received up to 19 weeks after the initial due date compared to 5 weeks for 2017-18 Annual Reconciliation.</td>
</tr>
</tbody>
</table>
To improve the transparency of public hospital funding in Australia, and increase public access to public hospital funding and activity information, the NHFB collaborated with industry partner Oxide Interactive and GovCMS to provide a complete website overhaul and improve user experience.

Phase 1 was launched on 28 June 2019 and combined the Administrator’s Public Hospital Funding website and the National Health Funding Body’s website into one. The site also transitioned from an independent hosting site to the whole of government GovCMS Software as a Service (SaaS) solution.

Following user research and a series of workshops and usability testing sessions, the NHFB launched Phase 2 of the website in May 2020 and transformed a manual PDF reporting process into an interactive solution for users to access, compare and download public hospital funding and activity data directly from the website.

Phase 2 also saw the delivery of a conversion tool that sources public hospital funding and activity data from data.gov.au, imports it into our website platform (Drupal), and displays as monthly reports.

publichospitalfunding.gov.au is a key piece of the NHFB’s digital transformation agenda and supports NHFB’s vision to improve the transparency of public hospital funding in Australia.
We achieved our purpose through maintaining and strengthening productive and collaborative relationships with stakeholders to support the obligations and responsibilities of the Administrator.

The Administrator, NHFB CEO and NHFB staff participated in a number of Commonwealth, State and Territory and Portfolio Agency forums in 2019-20, including:

- The Administrator’s Jurisdictional Advisory Committee;
- IHPA’s Jurisdictional Advisory Committee;
- IHPA’s Technical Advisory Committee; and
- AIHW’s Health Expenditure Advisory Committee.

Productive relationships and regular communication with our stakeholders and partners supports us to improve the transparency of funding for public hospital services. Early and impartial engagement with all stakeholders, especially States, Territories and the Commonwealth, allows time to discuss and resolve issues in a collaborative manner.

We implemented a tiered approach to our stakeholder engagement and improved our relationships through bilateral and multilateral engagement with States and Territories, the Commonwealth and Portfolio Agency Partners (including monthly discussions with the Commonwealth, IHPA and AIHW).

We undertook a stakeholder satisfaction survey to benchmark our performance with stakeholders and identify any new areas for improvement (see pages 17 and 42).

**YEAR AHEAD (2020-21):**

- Review our Strategic Communications and Stakeholder Engagement Framework and implement improvements (including acting on feedback from stakeholders)
- Actively participate in bilateral and multilateral forums with all jurisdictions
- Actively engage and collaborate with Portfolio Agencies (IHPA, ACSQHC, AIHW)
- Explore options for sharing modelling, analytic and reporting tools with stakeholders and partners
- Promote greater understanding of the 2020-2025 Addendum to the NHR Agreement (including advice on implementation)
### Provide trusted and impartial advice

Performance criteria 4.1 (Corporate Plan)

<table>
<thead>
<tr>
<th>2019-20 TARGET</th>
<th>ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide advice into the drafting of the future National Health Reform Agreement 2020-21 to 2024-25.</td>
<td>The NHFB provided advice to States and Territories and the Commonwealth ahead of the Addendum being signed on 29 May 2020. This included options for reform and improvement, modelling on the introduction of a single Commonwealth Contribution Rate, pricing parity for private and public patients in public hospitals and progression of funding integrity measures such as data matching.</td>
</tr>
</tbody>
</table>

**RESULT**

![MET](image)

### Work plans and information requirements developed in collaboration and consultation with stakeholders

Performance criteria 4.2 (Corporate Plan)

<table>
<thead>
<tr>
<th>2019-20 TARGET</th>
<th>ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three-year data plans are endorsed by the Administrator in a timely manner and released without a direction from COAG Health Council.</td>
<td>Following a period of consultation with the Commonwealth, States and Territories (via the Administrator’s JAC), the Administrator’s Three Year Data Plan 2020-21 to 2022-23 was provided to COAG Health Council out-of-session on 13 March 2020 for a 45 day consultation period. It was then published (without a direction to change or amend) on publichospitalfunding.gov.au on 30 June 2020.</td>
</tr>
</tbody>
</table>

**RESULT**

![MET](image)
Productive relationships and regular communication with our stakeholders and partners supports us to improve the transparency of funding for public hospital services. In 2019-20, we focused on a more comprehensive collaborative approach with our stakeholders. This was reflected in our stakeholder survey results, with respondents reporting high levels of satisfaction.

In late 2019-20 we undertook a stakeholder satisfaction survey to benchmark our progress on improving our relationships with stakeholders and partners since our last survey in 2018. The survey focussed on five key themes:

- Customer and value adding service;
- Collaboration;
- Transparency;
- Organisational culture; and
- High performing team.

In order to establish a benchmark for measuring improvements over time, our stakeholders were asked to rate their overall satisfaction with NHFB communications and engagement on a scale from 1-5. Our average rating for 2019-20 was 4.25, indicating high levels of satisfaction with the NHFB.

The NHFB will use the feedback received to identify focus areas for 2020-21 and further build on the investment we made in our stakeholder relationships in 2019-20.

“[it] never seems to be a bother if you’re ringing. [We] never get the feeling we’ve called at the wrong time.”
We achieved our purpose through embedding a positive workplace culture where ‘how’ we do things is just as important as ‘what’ we do.

We set out a clear Strategic Direction, supported by our Corporate Plan, Risk Tolerance and Risk Framework, Section Plans and Performance Agreements. This provided a clear line of sight for our staff between their individual roles and the Strategic Direction.

We improved our organisational performance monitoring through the establishment of a monthly performance discussion on organisational performance, risk management and finance/budget.

We completed all mandatory (PGPA Act & APS) compliance reporting, with no integrity matters to report, and collaborated between teams to achieve outcomes:

- We improved our approach to organisational performance reporting, compliance reporting, internal audit and assurance as well as broader policy reviews;
- We reviewed and further streamlined our approach to Risk Management (including updates to our Framework, Instructions, Assessment Worksheets, Register and quarterly Performance Report);
- We updated our Workplace Diversity Strategy and developed our first Workforce Capability Plan and Learning and Development Strategy for implementation in 2020-21; and
- Made further progress towards sustaining a strong agency culture based on our United Leadership behaviours (One NHFB, Enhanced Trust, Open Communication, and Own It).

THE YEAR AHEAD (2020-21):

- Implement our Workforce Capability Plan 2020-2024
- Implement our Learning and Development Strategy 2020-2024
- Monitor our performance against our Corporate Plan 2020-21
- Publish the NHFB’s 2019-20 Annual Report
- Apply enhancements to our risk management practices
- Apply enhancements to our audit and assurance approach
- Apply enhancements to our business continuity planning
### A positive workplace culture where people adopt best practice approaches to achieve results

Performance criteria 5.1 (Corporate Plan)

#### 2019-20 TARGET

APS Census results are 'above average' and a positive trend on prior-year.

#### ANALYSIS

Through an internal Pulse Survey in July 2020, we saw a number of results trending upwards as a result of improving our workplace culture and embedding our United Leadership behaviours:

- 95% of staff feel their supervisor encourages them to try new things even if it doesn’t always work out (up 15% from 2019);
- 95% of staff feel that people within their workgroup cooperate to get the job done (up 10% from 2019);
- 95% of staff feel their supervisor communicates effectively (up 10% from 2019); and
- 95% of staff identified that their supervisor provides regular and timely feedback (up 10% from 2019).

#### RESULT

**MET**

#### 2019-20 TARGET

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

#### ANALYSIS

All compliance obligations under the PGPA Act were met, including:

- publishing the *2019-20 Corporate Plan*;
- an unmodified audit opinion for the 2018-19 Financial Statements;
- legal services expenditure reporting;
- contract expenditure reporting (Murray Motion);
- internal file listings (Harradine Order);
- Protective Security Policy Framework reporting;
- Public Interest Disclosure reporting;
- Fraud reporting; and
- Freedom of Information.
### Policies and procedures comply with relevant statutory and legislative requirements

Performance criteria 5.2 (Corporate Plan)

<table>
<thead>
<tr>
<th>2019-20 TARGET</th>
<th>ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% of corporate policies are current and endorsed by the CEO.</td>
<td>100% of policies due for review in 2019-20 were reviewed, updated and endorsed by the CEO. This included streamlining a number of policy documents (from 23 to 12) to ensure all policies are fit for purpose, understood by staff and reflect small agency better practice.</td>
</tr>
</tbody>
</table>

RESULT

**MET**
The National Partnership on COVID-19 Response (NPCR) was agreed to and signed on Wednesday, 13 March 2020. The objective of the NPCR is to provide financial assistance for the additional costs incurred by State health services in responding to the COVID-19 outbreak. The NPCR was subsequently amended on 14 April 2020 to include financial viability payments for private hospitals. Total funding in 2019-20 under the NCPR was $2.955 billion.

OUR SYSTEMS

A second dedicated SAS CCM was built to facilitate the calculation of the Commonwealth’s contribution under the NCPR based on estimates of activity and expenditure from States and Territories.

The flexibility and adaptability of the Payments System enabled the creation of new general ledger accounts within the Payments System to include a new account type for COVID-19 (i.e. to keep NHR Agreement and COVID-19 separately identifiable) in both the Pool and State Managed Funds. The first COVID-19 NPCR payment was made on Monday, 23 March 2020.

The NHFB and the Administrator engaged with all stakeholders through multiple bilateral conversations, a dedicated Administrator’s JAC meeting (12 May 2020) and the development of the Administrator’s Guidance on Financial Arrangements. The guidance document sets out six key principles to assist the Administrator in determining the scope of the NPCR and provides clarity on the requirements for reconciliation.

MANAGING OUR WORKFORCE AND WORKPLACE

For the NHFB, being COVIDSafe is now part of our everyday lives both at home and at work. We continue to support our employees to do their best work safely. Since the commencement of COVID-19, like other workplaces, we have moved to conducting our work differently. This includes a mix of working both remotely and in the office, with a focus on managing the numbers of staff in the office at any one time. We consulted with our employees early and often on their preferences with regard to remote working, and we continue to follow the advice of the Commonwealth Department of Health regarding working arrangement guidelines during the pandemic. We encourage and practice good hygiene and physical distancing, following the rules for COVIDSafe occupancy limits in rooms and shared spaces, and we ask our staff to stay home if they are unwell.

Further to our changed workplace health and safety arrangements during COVID-19, we have increased our temporary workforce with a small number of non-ongoing staff, focussed in particular on the additional COVID-19 NPCR funding payments that flow through the Pool, reconciliation of NHR Agreement and COVID-19 NCPR funding and activity, and data integrity work.
MANAGEMENT & ACCOUNTABILITY
IN THIS SECTION

Human Resources ................................................................. 49
Risk Management ............................................................. 61
Governance ........................................................................ 65
Other Accountabilities ....................................................... 71
The NHFB is agile, innovative, responsive and unique. We have a small and specialised workforce of 21 people that are capable, culturally diverse and gender balanced.

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

Our skilled, engaged and versatile team are critical to the achievement of our objectives.

We aim to cultivate and support our team by:

- attracting and retaining skilled, adaptable and responsive people;
- promoting a culture where people work within and across teams to maximise their expertise and produce results that benefit the agency as a whole;
- supporting and developing the capabilities of our staff; and
- refining our organisational approaches to reflect the requirements of a dynamic, small-sized organisation capable of responding quickly and flexibly to meet emerging requirements.
2019-20 highlights

- We developed a broad range of new HR strategies, including Workforce Capability; Workforce Diversity; and a Learning and Development Strategy.

- Our Pulse survey results indicate the NHFB is a place that promotes and enjoys a respectful, collegiate and honest workplace with a strong sense of strategic direction and innovative team culture.

- We implemented a more flexible recruitment approach to source skills that can be utilised across the organisation, including identifying opportunities for mobility between government agencies.

- We implemented fully flexible working arrangements in response to the COVID-19 outbreak to protect our people whilst still achieving our objectives.
Workplace Response to COVID-19

While the COVID-19 pandemic presented the NHFB with similar challenges experienced by other government organisations, being a smaller agency helped us to respond and adapt rapidly, with a continued focus on staff health and wellbeing.

Although we already promoted flexible working arrangements (54% of the workforce in December 2019 were using flexible working arrangements), we actively encouraged our people to work from home where possible (with 83% of staff using flexible working arrangements in June 2020).

Our leadership team provided consistent and reliable communication on the pandemic response and staff continue to report high levels of health and wellbeing, with 80% of staff in June 2020 identifying the agency does a good job of promoting health and wellbeing compared to 70% in December 2019.

Capability

In 2019-20, we developed a broad range of new HR strategies, including Workforce Capability; Workforce Diversity; and a Learning and Development Strategy. These strategies complement and reflect the NHFB’s overarching Strategic Direction, Corporate Plan and Section Plans, and these themes are captured in individual Performance Development Agreements, drawing a clear ‘line of sight’ for each employee to understand the purpose of their role.

In 2020-21, we will implement a new Performance Development Framework, which reflects our increased focus on learning and development for our people and our United Leadership behaviours, highlighting the importance of ‘how we do things’ as well as ‘what we deliver’.

WORKFORCE CAPABILITY PLAN

The NHFB Workforce Capability Plan 2020-2024 sets out the strategies to build and strengthen our workforce capability to enable the NHFB to:

- understand our workforce profile;
- identify our strengths, weaknesses, areas of risk and opportunities for development;
- understand and continue planning for future workforce requirements; and
- align HR strategies to maximise capacity and address critical gaps.

It takes into account internal and external factors, and identifies workforce gaps, priorities and strategies for delivering the best outcomes now and into the future. The following objectives are highlighted over the term of the Workforce Capability Plan:
- Managing the workforce composition - through continual review of staffing and section structures to optimise service delivery, monitoring turnover trends and indicators of external competition, and attracting and retaining the right people.

- Building people capability – increasing Learning and Development opportunities, effective performance development, ensuring role clarity for staff and investing in career development and succession.

- Continued focus on culture and leadership – effective change management processes, active measurement and management of employee engagement, and celebrating success.

**WORKFORCE DIVERSITY PLAN**

The NHFB Workforce Diversity Plan 2020-2024 acknowledges and appreciates the differences in every employee and encourages diversity in our backgrounds, skills, talents and views to enrich our working environment and the quality of work. The NHFB is committed to reflecting the diversity of the Australian community in its own workforce. Diversity within an organisation has many benefits including increased innovation, improved understanding of - and service to - clients, and attraction of talent from the widest possible pool of potential staff. The NHFB aims to attract and retain the right people for the right jobs, no matter what their gender, race, age, religious beliefs or personal commitments. This will be achieved by embedding diversity and inclusion in all aspects including workplace culture, recruitment, career development, policies and procedures, and stakeholder engagement.

**LEARNING AND DEVELOPMENT**

Through the development of the *Learning and Development Strategy 2020-2024*, the NHFB reaffirmed its commitment to supporting and developing staff capability by providing a learning environment that is diverse, and helps achieve agency outcomes through building a fully effective and capable workforce.

The NHFB will invest in and support its staff in their development, valuing expertise and experience and respecting diverse learning styles.
Employee Census

Following the release of 2019 APSC Census results, we rolled out a body of work across the organisation focused on three areas: where we are doing well; where we could improve; and the results which correlated to our United Leadership behaviours. From this, we developed an implementation plan to support this initiative, and reported on progress against key themes in our monthly Organisational Performance Report:

- Strategy
- Achievements
- United leadership
- Communication
- Learning and development
- Innovation and efficiency

Due to COVID-19, the 2020 APSC Employee Census was delayed from its usual mid-year release, until October 2020. Due to the delay, we conducted our own internal ‘Pulse Check’ survey at the end of the financial year, in addition to one in December 2019.

Our results indicate the NHFB is an organisation that promotes and enjoys a respectful, collegiate and honest workplace with a strong sense of strategic direction and innovative team culture:

- 83% of our staff are accessing flexible working arrangements (compared to just over 50% in July 2019);
- 83% of staff are satisfied with the agency’s health and wellbeing policies and practices (compared to 53% in July 2019);
- 83% of staff are satisfied with recognition they receive for doing a good job (compared to 58% in July 2019);
- 100% of staff agree that their supervisor treats them with respect (compared to 95% in July 2019);
- 95% of staff agreed that their supervisor encourages them to try new things even if they don’t always work out (compared to 79% in July 2019);
- 67% of staff agree that appropriate risk taking is rewarded in the agency (compared to 50% in July 2019);
- 89% of staff believe the SES effectively leads and manages change (compared to 79% in July 2019).

Similar to 2019-20, results from these staff surveys will inform the body of work that will emerge to ensure that we:

- Continue with the activities we are doing well;
- Have a plan in place to focus on key areas we’d like to improve; and
- Link the above activities back to our United Leadership behaviours.
Employee Profile

All NHFB employees are based in our Canberra office.

Our Average Staffing Level (ASL) allocation for 2019-20 was 21 employees, however, this number includes the Administrator of the National Health Funding Pool. The Administrator is 0.6 of a full-time equivalent (FTE) and for the purpose of this Annual Report, is included in the following tables.

As at 30 June 2020:
- We had a staffing headcount of 22
  - Of the 22, two were on long-term leave and one was on secondment to another Commonwealth Agency.
- The number of full-time equivalent (FTE) employees was 19.6
- Our ASL rate was 18.9

**TABLE 1** Headcount, FTE and ASL 2015-16 to 2019-20

<table>
<thead>
<tr>
<th>Year</th>
<th>ASL Cap</th>
<th>Headcount</th>
<th>FTE</th>
<th>ASL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>20.4</td>
<td>22</td>
<td>19.6</td>
<td>18.9</td>
</tr>
<tr>
<td>2018-19</td>
<td>20.4</td>
<td>22</td>
<td>20.2</td>
<td>18.0</td>
</tr>
<tr>
<td>2017-18</td>
<td>20.4</td>
<td>23</td>
<td>19.4</td>
<td>18.3</td>
</tr>
<tr>
<td>2016-17</td>
<td>18.4</td>
<td>21</td>
<td>18.5</td>
<td>17.3</td>
</tr>
<tr>
<td>2015-16</td>
<td>19</td>
<td>17</td>
<td>10.7</td>
<td>11.6</td>
</tr>
</tbody>
</table>

**TABLE 2** Headcount by Employment Status and Gender 2015-16 to 2019-20

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Ongoing</td>
<td>4</td>
<td>9</td>
<td>6</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Non-ongoing</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6</td>
<td>11</td>
<td>8</td>
<td>13</td>
<td>9</td>
</tr>
</tbody>
</table>
FIGURE 8 Headcount by classification

INTRODUCTION

AGENCY OVERVIEW

ANNUAL PERFORMANCE

FINANCIAL STATEMENTS

ENDNOTES

MANAGEMENT & ACCOUNTABILITY

TABLE 3  SENIOR EXECUTIVE – HOLDERS OF PUBLIC OFFICE

<table>
<thead>
<tr>
<th>Senior Executive</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holder of Public Office – Office of the CEO</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

WORKFORCE PLANNING, EMPLOYEE RETENTION AND TURNOVER

We have been operational for eight years and our workforce retention and turnover rates continue to be stable. The average length of service for our employees in 2019-20 is 2.6 years with 39 per cent of staff having been employed with us for more than three years and 18 per cent of staff having been employed with us for less than 12 months.

TABLE 4  Average length of service 2015-16 to 2019-20

<table>
<thead>
<tr>
<th>Year</th>
<th>Average length of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>2.6</td>
</tr>
<tr>
<td>2018-19</td>
<td>2.8</td>
</tr>
<tr>
<td>2017-18</td>
<td>2.3</td>
</tr>
<tr>
<td>2016-17</td>
<td>2.0</td>
</tr>
<tr>
<td>2015-16</td>
<td>1.5</td>
</tr>
</tbody>
</table>

TABLE 5  Turnover rate 2015-16 to 2019-20

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>32.1</td>
</tr>
<tr>
<td>2018-19</td>
<td>30.1</td>
</tr>
<tr>
<td>2017-18</td>
<td>40.6</td>
</tr>
<tr>
<td>2016-17</td>
<td>14.0</td>
</tr>
<tr>
<td>2015-16</td>
<td>24.7</td>
</tr>
</tbody>
</table>

WORKFORCE DIVERSITY

We are committed to the recruitment and retention of a diverse workforce, as reflected in our new Workplace Diversity Plan 2020–2024. In 2019-20:

- 40% of senior management positions were held by women;
- our gender demographic was 53% female and 47% male;
- 13% of NHFB employees identified as having English as a second language;
- 67% have a formal education qualification; and
- our age profile spans between 25–58 years.

REMUNERATION FRAMEWORK

Following a successful consultation period with all staff, the CEO NHFB signed the Public Service (Subsection24(1) – National Health Funding Body Non-SES Employees Determination 2019) on 9 September 2019.

This provided our staff with general remuneration increases (2% per annum) while maintaining the existing employment conditions under the National Health Funding Body Enterprise Agreement 2016–2019 over the next three years (to October 2021).

Our only SES-level appointment is the position of CEO, who is appointed as a Holder of Public Office. The employment conditions and remuneration for the CEO are set by the Commonwealth Remuneration Tribunal.

Salary ranges for the 21 non-SES employees are at Table 6. Four non-SES employees were covered by the Enterprise Agreement and an Individual Flexibility Arrangement. Zero employees received performance pay in 2019–20.
TABLE 6  Salary Range by Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Salary Range $</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL2</td>
<td>122,294 – 144,791</td>
</tr>
<tr>
<td>EL1</td>
<td>102,502 – 116,905</td>
</tr>
<tr>
<td>APS6</td>
<td>83,412 – 94,101</td>
</tr>
<tr>
<td>APS5</td>
<td>74,511 – 80,580</td>
</tr>
</tbody>
</table>

2020-21 DEFERRAL OF SALARY INCREASES DUE TO COVID-19

In April 2020, in response to the COVID-19 pandemic, the Australian Government placed a six-month pause on wage increases for non-SES Commonwealth public sector employees. However staff remain eligible for salary increment increases relating to their Performance Development Agreement.

NON-SALARY BENEFITS

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

- Allowances;
- Domestic Violence;
- Home Based Work;
- Studybank;
- Travel; and
- Workplace Health, Safety and Wellbeing.

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

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

LEARNING AND DEVELOPMENT

We actively provide learning and development opportunities for employees to support them in their work and enhance their skill sets. We will further embed these practises during 2020-21 and beyond, through the implementation of our new Learning and Development Strategy.

In 2019-20, NHFB staff expanded their knowledge and skill sets through a variety of channels including:

- formal learning and development (e.g. University courses);
- participation in Commonwealth and State and Territory technical and advisory committees;
- APS, and private sector conferences;
- Communities of Practice forums; and
- leadership forums.
In 2019-20, employees received tailored training (classroom or online) for:

- risk management;
- fraud control;
- internal audit;
- human resources;
- security; and
- records management.

Employees are eligible to apply for our Study Assistance Scheme, which offers financial assistance, time off for study purposes or a combination of both.

**TABLE 7 Employee Qualifications**

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Industry Qualification (e.g. CPA)</td>
<td>6</td>
</tr>
<tr>
<td>Post Graduate Qualification</td>
<td>9</td>
</tr>
<tr>
<td>Undergraduate Qualification</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23</strong></td>
</tr>
</tbody>
</table>

**Performance Management**

In 2019-20, we placed a greater emphasis on an individual’s professional development, including increased opportunities for learning. We remained focussed on maintaining the strong link between individual performance, our five strategic objectives and our United Leadership behaviours. In 2020-21, we will focus on implementing our new HR policies that focus on ‘how we do things’ just as much as ‘what we deliver’.

During 2019-20, there were zero instances of employees needing to be managed for underperformance.

**UNSCHEDULED ABSENCES**

We experienced a significant decrease in our unscheduled absences in 2019-20, and for the last three reporting years, we have remained well below the APS average.

**TABLE 8 Unscheduled absences (days) 2015-16 to 2019-20**

<table>
<thead>
<tr>
<th>Year</th>
<th>NHFB</th>
<th>APS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>8.9</td>
<td>11.2</td>
</tr>
<tr>
<td>2018-19</td>
<td>9.8</td>
<td>11.4</td>
</tr>
<tr>
<td>2017-18</td>
<td>9.5</td>
<td>11.4</td>
</tr>
<tr>
<td>2016-17</td>
<td>10.8</td>
<td>11.4</td>
</tr>
<tr>
<td>2015-16</td>
<td>19.7</td>
<td>11.5</td>
</tr>
</tbody>
</table>
CODE OF CONDUCT

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

We had zero Code of Conduct investigations during 2019–20 and zero claims of bullying and harassment during the reporting period.

PRODUCTIVITY GAINS

We worked on progressing a range of productivity initiatives throughout the year, including monitoring and reviewing pricing structures for our outsourced shared services (via the Commonwealth Department of Health). We have implemented a new Services Agreement, which will see increased collaboration and identification of opportunities to gain maximum benefit from our joint arrangements, increasing our efficiency through appropriate outsourcing. This has enabled our workforce to focus on our core functions and longer-term strategic work.

Through a number of internal reviews of policies and processes, we were able to commence streamlining a number of our internal documents (from 23 to 12) that will improve collective and individual productivity in 2020-21.

Work, Health and Safety

We are committed to safeguarding the health and safety of our employees, workers and visitors by providing and maintaining a safe working environment.

We aim to eliminate all preventable work related injuries and illnesses through active management. Additionally, we are committed to supporting and promoting the health and wellbeing of our employees.

The NHFB Workplace Consultative Committee (WCC) is an internal committee which provides a forum to facilitate communication and consultation with employees in line with Part J Consultation and Communication of our Enterprise Agreement.

The WCC reports to the CEO on matters including:

- Workplace conditions (e.g Enterprise Agreement, HR policies and change management); and
- Workplace Health and Safety (e.g. policies and procedures and hazard identification).

The WCC also serves as a forum to ensure the NHFB meets the requirements of the Work Health and Safety Act 2011 (WHS Act) and the Work Health and Safety Regulation 2011 (the WHS Regulation).

We provide an ongoing commitment to maintain a safe and healthy workplace, and to meet our obligations under the WHS Act 2011 and the Safety, Rehabilitation and Compensation Act 1988. In 2019–20, no directions or notices were issued under the WHS Act 2011.
We have a rehabilitation management system as required under Comcare’s Guidelines for Rehabilitation Authorities 2012. These Guidelines provide a framework for our health and safety management arrangements.

Online Work Health and Safety training is mandatory for all employees which assists us in meeting our obligations, and creates a safety-aware workplace.

First Aid Officers and First Aid Kits are located on-site to ensure assistance is available when needed. Workplace Health and Safety training was arranged for new health and safety representatives.

We promote health and wellbeing awareness among employees by supporting an annual program focused on health and lifestyle, which is developed in consultation with employees through the WCC.

In 2019–20, our employees had access to:
- workplace assessments and ergonomic equipment;
- rest-break guidance;
- access to the Employee Assistance Program;
- use of taxis after hours to provide safe transport to and from work;
- eye sight testing; and
- family care assistance.

COVID-19 WHS RESPONSE

As a result of the pandemic, the NHFB implemented a number of changes to our WHS policies and procedures to ensure the continued safety and wellbeing of our staff. From March 2020, staff were encouraged to work from home where possible and we conducted a working from home survey to ensure staff were provided with appropriate support while working remotely. Cleaning and hygiene measures around the office were increased and staff maintained social distancing guidelines, staying home if they were unwell. No instances of COVID-19 occurred within NHFB during 2019-20.

HEALTH AND SAFETY OUTCOMES

In 2019–20, there were no workers compensation claims submitted to Comcare. As there were zero workers compensation claims during the reporting year, our premium has continued to decrease.

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019-20</td>
<td>19,920</td>
</tr>
<tr>
<td>2018-19</td>
<td>26,710</td>
</tr>
<tr>
<td>2017-18</td>
<td>35,976</td>
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<tr>
<td>2016-17</td>
<td>44,447</td>
</tr>
<tr>
<td>2015-16</td>
<td>37,108</td>
</tr>
</tbody>
</table>

DISABILITY REPORTING

The National Disability Strategy 2010-2020 sets out a ten-year national policy framework to improve the lives of people with disability, promote participation, and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with a disability are faring. These progress reports can be found at www.dss.gov.au
RISK MANAGEMENT

Risk oversight

The NHFB is subject to legislation, regulations, standards and guidelines relevant to our status as a non-corporate entity under the PGPA Act and the Public Governance, Performance and Accountability Rule 2014.

We are also subject to both Commonwealth, State and Territory legislation when assisting the Administrator to fulfil their obligations under the NHR Act and Agreement.

We maintain an appropriate system of risk oversight, management and internal control in accordance with section 16 of the PGPA Act. Our enterprise Risk Management Framework and associated guidelines are reviewed annually. They are based on the International Standard on Risk Management (ISO 31000-2018) and align with the Commonwealth Risk Management Policy and guidance.

The NHFB manages risk to its five strategic objectives and works with the Administrator to assess and monitor broader risks to the successful operation of the Pool.

MANAGING RISK, EXPLORING OPPORTUNITIES

The NHFB continues to operate in a complex environment and 2019-20 has been one of the most challenging in terms of ‘the effect of uncertainty on objectives’. This was brought about by a number of differing priorities through the year such as the transition to a new Payments System, the new Addendum and our response to the COVID-19 pandemic.

While some of these challenges have been planned for, risk assessed and mitigated within acceptable risk tolerances, major disruptions like COVID-19 can test an organisation’s risk maturity and resilience as well as their internal capability and culture.

With a very small resource footprint, the NHFB responded well to each of these challenges while continuing to achieve our core business objectives and meet all our other regulatory and governance obligations as well.

This was possible because the NHFB has continued to develop and improve its risk management capability through a number of initiatives such as:

- Setting clear direction and tone from the CEO and the Leadership team by promoting a proactive risk culture and including risk management as a standing agenda item in weekly Executive meetings and as a fortnightly ‘snapshot’ discussion with all staff;
- Simplifying our risk management framework and establishing clear risk tolerances across our five key objectives; and
- Empowering and supporting our staff to understand their role in managing risk and exploring potential opportunities.
OVERSIGHT AND ASSURANCE

Our formal governance structures and reporting arrangements adopt a ‘three lines of defence’ model to provide assurance over the effectiveness of current risk controls and the implementation of new treatments. This model ensures that we have robust, independent and objective oversight embedded at all levels to provide appropriate assurance.

FIGURE 9 Three lines of defence model
In early 2020, the NHFB undertook a review of our risk processes to ensure we were effectively managing our risk exposure in our operating environment at that time. This review included all existing and emerging risks, potential sources and consequences as well as the effectiveness of existing controls and new treatments identified and implemented during 2019-20.

The outcomes of the risk review were:

- A review of our risk tolerance levels and a revised Risk Tolerance Statement for 2020-21.
- A review and update of our Risk Management Policy and Framework.
- A review and update of our Risk Management Instructions.
- A revision of our consequence and likelihood criteria for a better alignment with our key objectives.
- Revised residual risk ratings based on the continued effectiveness of all controls and the implementation of new treatments.
- Simplified risk descriptions to reflect our maturity in understanding both the source and consequence of risk to objectives.
- The introduction of a ‘residual risk action’ concept to balance the focus of managing risk with seeking opportunities.
- Updating our risk register to reflect the implementation of new treatments and the revised residual risk ratings.
FIGURE 10 2019-20 Risk Management Approach

- **ENVIRONMENT**
  - Culture
  - Communication
  - Capability

- **IDENTIFY**
  - Enterprise risks
  - Responsibilities
  - Risk tolerance

- **TREAT**
  - Internal controls
  - New treatments
  - Opportunities

- **MONITOR**
  - Performance reporting
  - Review and improve

- Risk Management Policy and Framework
- Risk Management Instructions
- Corporate Plan
- Annual Report

- Risk Tolerance Statement
- Residual Risk Rating

- Risk Assessment Worksheets
- Residual Action Matrix

- Risk Performance Report
- Risk Review 2020
GOVERNANCE

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

The NHFB is subject to legislation, regulations, standards and guidelines applicable to our status as a non-corporate entity under the PGPA Act and the PGPA Rule.

We are also subject to both Commonwealth, State and Territory legislation when assisting the Administrator to fulfil their obligations under the NHR Act and Agreement.

FIGURE 11 NHFB Executive Committee

- CHAIR CEO
  Shannon White
  - DIRECTOR Data, Modelling and Analysis
    Suchith Gunatilake
  - DIRECTOR Chief Financial Officer
    Nathan Dascarolis
  - DIRECTOR Policy, Planning and Performance
    Beci Imbriano

INVITEES

- Senior Data Analyst
- Assistant Director Finance
- Assistant Director Policy and Reporting
- Risk and Corporate Services Officer
- Human Resource Manager
Executive Committee

The Executive Committee (see "Leadership team" on pages 22-24, for profiles) is our internal decision making forum which provides advice and recommendations to the CEO on strategic direction, key initiatives, agency policies, as well as immediate and emerging issues.

Risk, Assurance and Governance Committee

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

- Risk management (including fraud control);
- Compliance and control;
- Audit and assurance;
- Information governance;
- Security; and
- Business continuity.

The RAGC is comprised of the following members:

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

The RAGC met four times in 2019-20:

- 10 September 2019
- 6 November 2019
- 11 March 2020; and
- 16 June 2020.

Key area of focus for the RAGC in 2019-20 included:

- Risk (including Risk Tolerance Statement, critical controls, performance reporting, and risk review);
- Payments System Internal Controls Framework;
- Records Authority;
- Data Governance;
- Financial Delegations and Accountable Authority Instructions;
- Procurement and contract management; and
- Digital Continuity 2020 policy.
Workplace Consultative Committee

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

The WCC is comprised of the following members:

- Chair (currently the Director Policy, Planning and Performance);
- CFO;
- Director of Data; Modelling and Analysis;
- Human Resource Manager;
- Health and Safety Representative; and
- Employee Representative.

The WCC met four times in 2019-20:

- 21 August 2019;
- 2 October 2019;
- 28 February 2020; and

Key area of focus for the WCC in 2019-20 included:

- Workforce Capability;
- Workforce Diversity;
- Learning and Development;
- Recruitment, Selection and Probation Guidelines; and
- COVIDsafe.

Independent Audit and Risk Committee

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

- Performance reporting;
- Financial reporting;
- System of risk oversight and management; and
- System of internal control.

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

The ARC met five times in 2019-20:

- 5 August 2019;
- 25 September 2019;
- 22 November 2019;
- 12 March 2020; and

The ARC comprises of four independent Members, including the Chair. Members taken collectively, have a broad range of skills and experience relevant to the operations of the NHFB, including the functions of the Administrator. Full details on the functions of the ARC are available at publichospitalfunding.gov.au.
AUDIT COMMITTEE MEMBERS 2019-20

CAROL HOLLEY – CHAIR (APRIL 2013 – PRESENT)

Ms Holley is a Non-Executive Director of the Australian Nuclear Science and Technology Organisation (ANSTO), and the Chair of its Audit and Risk Committee. She is also the Independent Chair of numerous committees in NSW. Ms Holley is a member of various Audit and Risk Committees, including of the NSW Mental Health Commission and the Australian Taxation Office.

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

Ms Holley attended five NHFB ARC meetings in 2019-20 and was remunerated $21,999 for the 2019-20 financial year.

JEREMY CHANDLER – MEMBER (JANUARY 2016 – PRESENT)

Mr Chandler had an extensive career at Senior Executive level within the Commonwealth across a number of agencies.

He is now Director of Business WIDE Consulting Support P/L, a Senior Advisor to Nous Group and an Associate with Executive Intelligence Group. He is also Deputy Chair for each of the ACT Health Directorate and for Canberra Health Services Audit and Risk Committees. He is also a member of the Audit and Risk Management Committees for the Australian National University and the Australian Communications and Media Authority.

Mr Chandler leads major program and project Gateway reviews on behalf of the Commonwealth Department of Finance.

He is a Fellow of CPA Australia (FCPA), a Fellow of the Institute of Management and Leadership (FIML), a member of the International Coach Federation (ICF) and a Member of the Institute of Public Administration Australia.

Mr Chandler attended five NHFB ARC meetings in 2019-20 and was remunerated $350 per hour.

ADJUNCT PROFESSOR CHRIS BROOK – MEMBER (JUNE 2019 – PRESENT)

Professor Chris Brook currently sits as Chair of the Clinical Trials Project Reference Group (Commonwealth Department of Health) and Chair of the Australian Commission on Safety and Quality in Health Care Clinical Trials Governance Framework Steering Committee.

Professor Brook is also an Adjunct Professorial Fellow with Monash University and a member of the National Blood Authority Advisory Board.

Mr Brook attended four NHFB ARC meetings in 2019-20 and was remunerated $1,725 per meeting.
KEN BARKER – MEMBER
(APRIL 2013 TO SEPTEMBER 2019)

Mr Barker has more than 40 years’ experience in public sector management and finance, previously working for NSW Police, the former Public Works, Corrective Services and NSW Health.

Mr Barker is currently Deputy Chair of the Justice Health and Forensic Mental Health Network Board, Chair of Mid North Coast LHD Audit and Risk Committee and a Board Member for the NSW Agency for Clinical Innovation and the BSW Clinical Excellence Commission.

Mr Barker is a Fellow of the Institute of Public Accountants and a graduate member of the Australian Institute of Company Directors. He was awarded the Public Service medal in 2002.

Mr Barker attended two NHFB ARC meetings in 2019-20 (prior to his term ending in September 2019) and was remunerated $2,500 per meeting.

Audit and Assurance

In 2019-20, audit and assurance functions were provided by a combination of internal and external resources to provide assurance to the CEO that the NHFB's risk management, governance and internal control processes are operating effectively.

Key 2019-20 activities:
- External assurance of the CCM;
- NWAU calculations were independently reviewed and assured;
- National Health Funding Pool Payments System IRAP;
- National Health Funding Pool Internal Controls Framework;
- National Health Funding Pool Special Purpose Financial Statements;
- National Health Funding Body Financial Statements; and
- Pre and post pay reviews.

In 2020-21, we will further streamline our annual audit and assurance plan, ensuring coverage of our core functions, including:
- external assurance review of the CCM including the integrity of the methodology, formulas and inputs;
- external assurance review of the completeness and accuracy of the NWAU calculation;
- assurance review of the Payments System Control Framework and proposed actions by independent reviewer;
- National Health Funding Pool Special Purpose Financial Statements;
National Health Funding Body
Financial Statements;
Privacy;
Risk Management;
Cyber Security; and
Fraud control (payroll, credit cards, procurement).

EXTERNAL SCRUTINY

During 2019-20, there were no reports on the operations of the NHFB including:

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

Freedom of Information

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

FOI information is available on our website publichospitalfunding.gov.au/freedom-information

In 2019-20, there was zero FOI requests and zero Internal Review Requests received by the NHFB.

Fraud Control

Consistent with Section 10 of the PGPA Act and the Commonwealth Fraud Control Policy, the NHFB’s Fraud Control Plan puts in place a comprehensive program that covers prevention, detection, investigation and reporting. In 2019-20, the NHFB did not detect or report any suspected or actual instances of fraud.

CERTIFICATION OF FRAUD CONTROL ARRANGEMENTS

I, Shannon White, certify that I am satisfied that for 2019-20, the NHFB has:

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

Shannon White
Chief Executive Officer
National Health Funding Body
OTHER ACCOUNTABILITIES

Data Privacy

Our Data Governance Policy was updated in February 2020 and covers both the Pool and the NHFB. It details the information collected, the purpose for the collection, its use, storage, disclosure and disposal, by the Administrator of the National Health Funding Pool.

Our systems and processes used for collection, storage and reporting have been designed to ensure security of information in line with the Commonwealth’s Protective Security Policy Framework.

Further information can be found in our Data Governance Policy, available on our website: publichospitalfunding.gov.au

Australian National Audit Office Access

In 2019-20, the NHFB did not enter into any contracts precluding access by the Commonwealth Auditor-General.

Exempt Contracts

In 2019-20 the NHFB did not enter into any contracts that were exempt from publication on the AusTender website.

Grants

There were no grant programs undertaken by the NHFB in 2019-20.

Procurement initiatives to support small business

The NHFB supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise (SME) and small enterprise participation statistics are available on the Department of Finances’ website.

Our measures to support SMEs include:

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

Consultants

In 2019-20, the NHFB did not enter into any new consultancy contracts. Any future decisions to engage consultants will be made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and the NHFB internal policies.
Advertising and Market Research

During the 2019-20 reporting period the NHFB did not conduct any advertising campaigns or market research.

Assets Management

We manage three key ICT assets which align with our calculate, pay, report functions. These assets have a combined value of $2.2 million (as at 30 June 2020) and are governed by robust and transparent business processes.

To ensure our assets are effective in supporting our small agency to deliver on our objectives, we work with industry partners to manage our assets strategically, and we continually invest in technology to ensure our assets remain fit-for-purpose.

Ecological and Environmental Reporting

THE NHFB is committed to the principles of ecologically sustainable development. In 2019-20 the NHFB continued to minimise its environmental impact by:

- encouraging staff and contractors to reduce the volume of printing;
- turning off lights and computers when the office is not in use;
- using a waste recycling station; and
- limiting travel by using technological solutions whenever possible.
FINANCIAL STATEMENTS
IN THIS SECTION

Summary of Financial Performance ................................................... 75
Independent Auditor’s Report .............................................................. 77
Statement by the Accountable Authority and Chief Financial Officer .............................................. 79
Financial Statements ........................................................................ 80
SUMMARY OF FINANCIAL PERFORMANCE

The net operating result as at 30 June 2020 was a surplus of $0.7 million, including a planned underspend of $0.5 million and amortisation of $0.2 million.

Revenue for the year was $6.107 million. This includes additional funding as a result of a New Policy Proposal at the 2017–18 Budget.

to strengthen the legislative functions of the Administrator and successfully implement Addendums to the NHR Agreement.

Expenditure for the year to 30 June 2020 was $5.363 million, compared to budgeted expenses of $5.882 million. The underspend of $0.519 million is attributable to capital investment in our key digital platforms which was largely completed in 2019-20.

**TABLE 10 NHFB expenses 2013-14 to 2019-20**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Budgeted Expenditure*</td>
<td>4.4</td>
<td>4.6</td>
<td>4.4</td>
<td>4.4</td>
<td>5.9</td>
<td>5.5</td>
<td>5.9</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>2.5</td>
<td>1.9</td>
<td>2.0</td>
<td>2.5</td>
<td>2.7</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Supplier Expenses**</td>
<td>1.7</td>
<td>2.2</td>
<td>2.4</td>
<td>2.2</td>
<td>2.6</td>
<td>2.2</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>TOTAL ACTUAL EXPENDITURE</strong></td>
<td><strong>4.2</strong></td>
<td><strong>4.1</strong></td>
<td><strong>4.5</strong></td>
<td><strong>4.7</strong></td>
<td><strong>5.3</strong></td>
<td><strong>5.3</strong></td>
<td><strong>5.4</strong></td>
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<tr>
<td>Surplus (Deficit)</td>
<td>0.2</td>
<td>0.5</td>
<td>(0.1)</td>
<td>(0.3)</td>
<td>0.6</td>
<td>0.1</td>
<td>0.5</td>
</tr>
</tbody>
</table>

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

** Includes depreciation, amortisation and asset write-downs.
### TABLE 11 NHFB resource statement, 2019–20

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORDINARY ANNUAL SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation$^1$</td>
<td>6,760</td>
<td>5,990</td>
<td>770</td>
</tr>
<tr>
<td>Total ordinary annual services</td>
<td>6,760</td>
<td>5,990</td>
<td>770</td>
</tr>
<tr>
<td>Special appropriations</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL RESOURCING AND PAYMENTS</strong></td>
<td><strong>6,760</strong></td>
<td><strong>5,990</strong></td>
<td><strong>770</strong></td>
</tr>
</tbody>
</table>

$^1$ Appropriation Bill (No. 1) 2019–20, prior year departmental appropriation and section 74 receipts.

### TABLE 12 Expenses for outcome, 2019–20

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome: To 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.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PROGRAM 1.1: NATIONAL HEALTH FUNDING POOL ADMINISTRATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation$^2$</td>
<td>5,882</td>
<td>5,363</td>
<td>519</td>
</tr>
<tr>
<td>Special appropriation</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL FOR PROGRAM 1.1</strong></td>
<td>5,882</td>
<td>5,363</td>
<td>519</td>
</tr>
<tr>
<td><strong>TOTAL FOR OUTCOME 1</strong></td>
<td>5,882</td>
<td>5,363</td>
<td>519</td>
</tr>
</tbody>
</table>

$^1$ Full year budget, including any subsequent adjustment made to the 2019–20 Budget.

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

$^3$ Represents the number of staff paid per fortnight averaged across the financial year.
INDEPENDENT AUDITOR’S REPORT

To the Minister for Health

Opinion

In my opinion, the financial statements of the National Health Funding Body (the Entity) for the year ended 30 June 2020:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and

(b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

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

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) to the extent that they are not in conflict with the Auditor-General Act 1997. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority’s responsibility for the financial statements

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

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Australian National Audit Office

Jennifer Carter
Senior Director

Delegate of the Auditor-General
Canberra

25 September 2020
In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Shannon White  
Chief Executive Officer  
National Health Funding Body  
24 September 2020

Nathan Dascarolis  
Chief Financial Officer  
National Health Funding Body  
24 September 2020
National Health Funding Body  
Statement of Comprehensive Income  
for the year ended 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020 $</th>
<th>2019 $</th>
<th>Original Budget $</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET COST OF SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits</td>
<td>2A</td>
<td>2,978,463</td>
<td>3,132,382</td>
<td>2,857,000</td>
</tr>
<tr>
<td>Suppliers</td>
<td>2B</td>
<td>1,855,188</td>
<td>2,177,528</td>
<td>2,805,000</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>5</td>
<td>519,021</td>
<td>24,900</td>
<td>220,000</td>
</tr>
<tr>
<td>Interest on lease liability</td>
<td></td>
<td>10,212</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td></td>
<td>5,362,884</td>
<td>5,334,810</td>
<td>5,882,000</td>
</tr>
<tr>
<td>OWN-SOURCE INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own-source revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources received free of charge</td>
<td>3A</td>
<td>90,000</td>
<td>90,000</td>
<td>92,000</td>
</tr>
<tr>
<td>Other Gains</td>
<td></td>
<td>1,100</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL OWN-SOURCE REVENUE</strong></td>
<td></td>
<td>91,100</td>
<td>90,000</td>
<td>92,000</td>
</tr>
<tr>
<td><strong>TOTAL OWN-SOURCE INCOME</strong></td>
<td></td>
<td>91,100</td>
<td>90,000</td>
<td>92,000</td>
</tr>
<tr>
<td>NET COST OF SERVICES</td>
<td></td>
<td>5,271,783</td>
<td>5,244,810</td>
<td>5,790,000</td>
</tr>
<tr>
<td>REVENUE FROM GOVERNMENT</td>
<td>3B</td>
<td>6,015,958</td>
<td>5,378,000</td>
<td>5,570,000</td>
</tr>
<tr>
<td>Surplus/(deficit) attributable to the Australian Government</td>
<td></td>
<td>744,174</td>
<td>133,190</td>
<td>(220,000)</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT</strong></td>
<td></td>
<td>744,174</td>
<td>133,190</td>
<td>(220,000)</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
National Health Funding Body  
**Statement of Financial Position**  
as at 30 June 2020

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020 $</th>
<th>2019 $</th>
<th>Original Budget $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents 4A</td>
<td>433,723</td>
<td>30,777</td>
<td>26,000</td>
</tr>
<tr>
<td>Trade and Other Receivables 4B</td>
<td>1,148,306</td>
<td>1,362,963</td>
<td>1,025,000</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL ASSETS</strong></td>
<td>1,582,029</td>
<td>1,393,740</td>
<td>1,051,000</td>
</tr>
<tr>
<td><strong>Non-Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Software 5</td>
<td>2,205,809</td>
<td>1,607,086</td>
<td>1,329,000</td>
</tr>
<tr>
<td>Right-of-use Asset 5</td>
<td>1,977,497</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Prepayments</td>
<td>41,559</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL NON-FINANCIAL ASSETS</strong></td>
<td>4,224,865</td>
<td>1,607,086</td>
<td>1,329,000</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,806,894</td>
<td>3,000,826</td>
<td>2,380,000</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Payables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers 6A</td>
<td>492,441</td>
<td>474,804</td>
<td>405,000</td>
</tr>
<tr>
<td>Other Payables 6B</td>
<td>136,481</td>
<td>31,814</td>
<td>13,000</td>
</tr>
<tr>
<td>Lease Liability 6C</td>
<td>2,003,373</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL PAYABLES</strong></td>
<td>2,632,295</td>
<td>506,618</td>
<td>418,000</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Provisions 7A</td>
<td>863,377</td>
<td>937,660</td>
<td>784,000</td>
</tr>
<tr>
<td>Other Provisions 7B</td>
<td>10,500</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL PROVISIONS</strong></td>
<td>873,877</td>
<td>937,660</td>
<td>784,000</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>3,506,172</td>
<td>1,444,278</td>
<td>1,202,000</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>2,300,722</td>
<td>1,556,548</td>
<td>1,178,000</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained surplus/ (Accumulated deficit)</td>
<td>2,300,722</td>
<td>1,556,548</td>
<td>1,178,000</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>2,300,722</td>
<td>1,556,548</td>
<td>1,178,000</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
National Health Funding Body
Statement of Changes in Equity
for the year ended 30 June 2020

<table>
<thead>
<tr>
<th></th>
<th>Retained earnings</th>
<th>Total equity</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td><strong>Opening balance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>1,556,548</td>
<td>1,423,358</td>
<td>1,556,548</td>
</tr>
<tr>
<td>from previous period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(Deficit) for the period</td>
<td>744,174</td>
<td>133,190</td>
<td>744,174</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
<td>744,174</td>
<td>133,190</td>
<td>744,174</td>
</tr>
<tr>
<td><strong>CLOSING BALANCE</strong></td>
<td>2,300,722</td>
<td>1,556,548</td>
<td>2,300,722</td>
</tr>
<tr>
<td><strong>CLOSING BALANCE ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT</strong></td>
<td>2,300,722</td>
<td>1,556,548</td>
<td>2,300,722</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
National Health Funding Body  
Cash Flow Statement  
for the year ended 30 June 2020

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020 $</th>
<th>2019 $</th>
<th>Original Budget $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>5,856,616</td>
<td>6,781,065</td>
<td>5,820,000</td>
</tr>
<tr>
<td>GST received</td>
<td>359,131</td>
<td>291,313</td>
<td>281,000</td>
</tr>
<tr>
<td><strong>TOTAL CASH RECEIVED</strong></td>
<td>6,215,747</td>
<td>7,072,378</td>
<td>6,101,000</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>2,948,079</td>
<td>3,081,165</td>
<td>2,857,000</td>
</tr>
<tr>
<td>Suppliers</td>
<td>1,773,702</td>
<td>2,395,510</td>
<td>2,713,000</td>
</tr>
<tr>
<td>Section 74 receipts transferred to the Official Public Account</td>
<td>43,796</td>
<td>391,251</td>
<td>281,000</td>
</tr>
<tr>
<td><strong>TOTAL CASH USED</strong></td>
<td>4,765,577</td>
<td>5,867,926</td>
<td>5,851,000</td>
</tr>
<tr>
<td><strong>NET CASH FROM OPERATING ACTIVITIES</strong></td>
<td>1,450,170</td>
<td>1,204,452</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work in Progress Software</td>
<td>902,033</td>
<td>1,199,653</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>TOTAL CASH USED</strong></td>
<td>902,033</td>
<td>1,199,653</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>NET CASH USED BY INVESTING ACTIVITIES</strong></td>
<td>(902,033)</td>
<td>(1,199,653)</td>
<td>(250,000)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease principal repayments</td>
<td>145,191</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL CASH USED</strong></td>
<td>145,191</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>NET CASH FROM (USED BY) FINANCING ACTIVITIES</strong></td>
<td>(145,191)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH HELD</strong></td>
<td>402,946</td>
<td>4,799</td>
<td>–</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the reporting period</td>
<td>30,777</td>
<td>25,978</td>
<td>26,000</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</strong></td>
<td>4A</td>
<td>433,723</td>
<td>30,777</td>
</tr>
</tbody>
</table>

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

National Health Funding Body Statement of Comprehensive Income for the year ended 30 June 2020  80

National Health Funding Body Statement of Financial Position as at 30 June 2020  81

National Health Funding Body Statement of Changes in Equity for the year ended 30 June 2020  82

National Health Funding Body Cash Flow Statement for the year ended 30 June 2020  83

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: OVERVIEW  85
NOTE 2: EXPENSES  86
NOTE 3: INCOME  87
NOTE 4: FINANCIAL ASSETS  88
NOTE 5: NON-FINANCIAL ASSETS  89
NOTE 6: PAYABLES  91
NOTE 7: EMPLOYEE PROVISIONS  92
NOTE 8: AGGREGATE ASSETS AND LIABILITIES  93
NOTE 9: CONTINGENT ASSETS AND LIABILITIES  93
NOTE 10: KEY MANAGEMENT PERSONNEL REMUNERATION  94
NOTE 11: RELATED PARTY DISCLOSURES  94
NOTE 12: FINANCIAL INSTRUMENTS  95
NOTE 13: FINANCIAL ASSETS RECONCILIATION  96
NOTE 14: APPROPRIATIONS  97
NOTE 15: BUDGETARY REPORTING – EXPLANATION OF MAJOR VARIANCES  98
NOTE 1: OVERVIEW

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

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

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

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

1.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by s. 42 of the Public Governance, Performance and Accountability Act 2013. The financial statements have been prepared in accordance with:

a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FFR); and
b. Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

1.2. NEW AUSTRALIAN ACCOUNTING STANDARDS

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

Application of AASB 16 Leases

NHFB adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. The application of AASB 16 was to recognise a new lease which commenced in January 2020 and therefore there is no implication for retained earnings for 2018-19.

NHFB elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

1.3. TAXATION

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

1.4. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period affecting the financial statements.
NOTE 2: EXPENSES

<table>
<thead>
<tr>
<th>NOTE 2A: EMPLOYEE BENEFITS</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>2,231,900</td>
<td>2,001,501</td>
</tr>
<tr>
<td><strong>Superannuation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td>254,940</td>
<td>203,498</td>
</tr>
<tr>
<td>Defined benefit plans</td>
<td>135,782</td>
<td>482,709</td>
</tr>
<tr>
<td>Leave and other entitlements</td>
<td>355,841</td>
<td>444,674</td>
</tr>
<tr>
<td><strong>TOTAL EMPLOYEE BENEFITS</strong></td>
<td>2,978,463</td>
<td>3,132,382</td>
</tr>
</tbody>
</table>

ACCOUNTING POLICY

The accounting policy for Employee Benefits is contained in Note 7 Employee Provisions.

NOTE 2B: SUPPLIERS

Goods and Services Supplied or Rendered

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumables, printing and training</td>
<td>21,118</td>
<td>63,257</td>
</tr>
<tr>
<td>Contractors and Support Agreements (Shared Services)</td>
<td>1,491,853</td>
<td>1,633,568</td>
</tr>
<tr>
<td>Professional fees (Audit and Legal)</td>
<td>100,877</td>
<td>144,058</td>
</tr>
<tr>
<td>Travel</td>
<td>86,991</td>
<td>85,122</td>
</tr>
<tr>
<td>Other</td>
<td>37,152</td>
<td>24,815</td>
</tr>
<tr>
<td><strong>TOTAL GOODS AND SERVICES SUPPLIED OR RENDERED</strong></td>
<td>1,737,991</td>
<td>1,950,821</td>
</tr>
</tbody>
</table>

Other Suppliers

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lease payments¹</td>
<td>98,609</td>
<td>202,019</td>
</tr>
<tr>
<td>Workers compensation expenses</td>
<td>18,588</td>
<td>24,687</td>
</tr>
<tr>
<td><strong>TOTAL OTHER SUPPLIER EXPENSES</strong></td>
<td>117,197</td>
<td>226,706</td>
</tr>
</tbody>
</table>

**TOTAL SUPPLIER EXPENSES** 1,855,188 2,177,528

¹ NHFB has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

ACCOUNTING POLICY

Short-term leases and leases of low-value assets

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

Settlement Terms for Suppliers

All payables are expected to be settled within 30 days. (2018-19: 30 days).
NOTE 3: INCOME

<table>
<thead>
<tr>
<th>OWN-SOURCE OTHER REVENUE</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
</table>

NOTE 3A: RESOURCES RECEIVED FREE OF CHARGE

<table>
<thead>
<tr>
<th>Remuneration of auditors</th>
<th>90,000</th>
<th>90,000</th>
</tr>
</thead>
</table>

TOTAL RESOURCES RECEIVED FREE OF CHARGE

<table>
<thead>
<tr>
<th>TOTAL RESOURCES RECEIVED FREE OF CHARGE</th>
<th>90,000</th>
<th>90,000</th>
</tr>
</thead>
</table>

ACCOUNTING POLICY

Resources received free of charge

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

NOTE 3B: REVENUE FROM GOVERNMENT

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental appropriations</td>
<td>6,015,958</td>
<td>5,378,000</td>
</tr>
</tbody>
</table>

TOTAL REVENUE FROM GOVERNMENT

<table>
<thead>
<tr>
<th>TOTAL REVENUE FROM GOVERNMENT</th>
<th>6,015,958</th>
<th>5,378,000</th>
</tr>
</thead>
</table>

ACCOUNTING POLICY

Revenues 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.
NOTE 4: FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand or on deposit</td>
<td>433,723</td>
<td>30,777</td>
</tr>
<tr>
<td>TOTAL CASH AND CASH EQUIVALENTS</td>
<td>433,723</td>
<td>30,777</td>
</tr>
</tbody>
</table>

ACCOUNTING POLICY

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

a. cash on hand; and

b. demand deposits in bank accounts with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTE 4A: CASH AND CASH EQUIVALENTS

NOTE 4B: TRADE AND OTHER RECEIVABLES

Good and Services receivables in connection with:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services</td>
<td>333,939</td>
<td>280,504</td>
</tr>
<tr>
<td>TOTAL GOODS AND SERVICES RECEIVABLES</td>
<td>333,939</td>
<td>280,504</td>
</tr>
</tbody>
</table>

Appropriations receivable:

| Appropriation receivable       | 770,217  | 1,056,833|
| TOTAL APPROPRIATIONS RECEIVABLE | 770,217  | 1,056,833|

Other receivables:

| GST receivable from the Australian Taxation Office | 44,150 | 25,626 |
| TOTAL OTHER RECEIVABLES | 44,150 | 25,626 |

TOTAL TRADE AND OTHER RECEIVABLES (NET) | 1,148,306 | 1,362,963 |

ACCOUNTING POLICY

Financial assets
Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

Impairment of financial assets
Financial assets are assessed for impairment at the end of each reporting period. No indicators of impairment were identified.
NOTE 5: NON-FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Right-of-use Asset $</th>
<th>Intangibles $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE 5: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

As at 1 July 2019

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross book value</td>
<td>–</td>
<td>1,631,986</td>
<td>1,631,986</td>
</tr>
<tr>
<td>Accumulated depreciation, amortisation and impairment</td>
<td>–</td>
<td>(24,900)</td>
<td>(24,900)</td>
</tr>
<tr>
<td><strong>TOTAL AS AT 1 JULY 2019</strong></td>
<td></td>
<td><strong>1,607,086</strong></td>
<td><strong>1,607,086</strong></td>
</tr>
<tr>
<td>Additions</td>
<td>2,159,065</td>
<td>936,176</td>
<td>3,095,241</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(181,568)</td>
<td>(337,453)</td>
<td>(519,021)</td>
</tr>
<tr>
<td><strong>TOTAL AS AT 30 JUNE 2020</strong></td>
<td>1,977,497</td>
<td>598,723</td>
<td>2,576,220</td>
</tr>
</tbody>
</table>

Total as at 30 June 2020 represented by

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross book value</td>
<td>2,159,065</td>
<td>2,568,162</td>
<td>4,727,227</td>
</tr>
<tr>
<td>Accumulated depreciation, amortisation and impairment</td>
<td>(181,568)</td>
<td>(362,353)</td>
<td>(543,921)</td>
</tr>
<tr>
<td><strong>TOTAL AS AT 30 JUNE 2020</strong></td>
<td>1,977,497</td>
<td>2,205,809</td>
<td>4,183,306</td>
</tr>
</tbody>
</table>

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

No indicators of impairment were found for all Non-financial assets.

ACCOUNTING POLICY

Acquisition of assets

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

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than $5,000 (excluding GST), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total). The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Right of Use (ROU) Assets

On initial adoption of AASB 16 NHFB did not have any leases requiring recognition of a right-of-use asset. A right-of-use asset was recognised in 2019-20 as a new sub-lease was entered into on 20 January 2020 with the Department of Health.
Intangibles

The NHFB’s intangibles comprise internally developed software for internal use which have a capitalisation threshold of $10,000. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. The NHFB has three software assets valued at $2,205,809 which are amortised on a straight line basis over the anticipated useful life of 5 years. All software assets were assessed for indications of impairment. No indicators of impairment were identified.

Work in progress (WIP)

All non-financial assets not fully constructed at 30 June 2020 are recorded as work in progress and are valued at cost. Depreciation or amortisation will not commence until the project has been completed to a stage where it can provide service to the agency. The WIP balance at 30 June 2020 was $390,511.

Depreciation

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

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIGHT-OF-USE ASSET</td>
<td>Lease Term</td>
<td>–</td>
</tr>
<tr>
<td>INTANGIBLE ASSET</td>
<td>3-5 years</td>
<td>3-5 years</td>
</tr>
</tbody>
</table>
### NOTE 6: PAYABLES

<table>
<thead>
<tr>
<th>NOTE 6A: SUPPLIERS</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors and accruals</td>
<td>492,441</td>
<td>474,804</td>
</tr>
</tbody>
</table>

**TOTAL SUPPLIER PAYABLES**: 492,441 474,804

Suppliers expected to be settled within 12 months:

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related entities¹</td>
<td>219,781</td>
<td>80,516</td>
</tr>
<tr>
<td>External parties²</td>
<td>272,660</td>
<td>394,288</td>
</tr>
</tbody>
</table>

**TOTAL**: 492,441 474,804

Settlement was usually made within 30 days. (2018-19: 30 days)

### NOTE 6B: OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>34,699</td>
<td>18,518</td>
</tr>
<tr>
<td>Superannuation</td>
<td>5,803</td>
<td>3,275</td>
</tr>
<tr>
<td>Leave provisions payable</td>
<td>89,583</td>
<td>4,744</td>
</tr>
<tr>
<td>Salary Sacrifice payable</td>
<td>6,396</td>
<td>5,277</td>
</tr>
</tbody>
</table>

**TOTAL OTHER PAYABLES**: 136,481 31,814

¹ For the period ended 30 June, amounts relate to payables to the Department of Health under shared services arrangements and some small payables to other Commonwealth government agencies.

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

### ACCOUNTING POLICY

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

### NOTE 6C: LEASES

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease Liabilities³</td>
<td>2,003,373</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL LEASES**: 2,003,373 -

³ NHFB has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.
NOTE 7: EMPLOYEE PROVISIONS

NOTE 7A: EMPLOYEE PROVISIONS

<table>
<thead>
<tr>
<th></th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave</td>
<td>863,377</td>
<td>937,660</td>
</tr>
<tr>
<td><strong>TOTAL EMPLOYEE PROVISIONS</strong></td>
<td>863,377</td>
<td>937,660</td>
</tr>
</tbody>
</table>

NOTE 7B: OTHER PROVISIONS

| Provision for restoration obligations | 10,500 | – |
| **TOTAL OTHER PROVISIONS** | 10,500 | – |

ACCOUNTING POLICY

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

Leave

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

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

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

Superannuation

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance’s administered schedules and notes. The NHFB makes employer contributions to the employees’ superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The NHFB accounts for the contributions as if they were contributions to defined contribution plans.
NOTE 8: AGGREGATE ASSETS AND LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets expected to be recovered in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts recoverable from assets within 12 months</td>
<td>2,398,975</td>
<td>1,631,537</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>3,407,919</td>
<td>1,369,289</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>5,806,894</td>
<td>3,000,826</td>
</tr>
<tr>
<td>Liabilities expected to be settled in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No more than 12 months</td>
<td>1,164,835</td>
<td>709,531</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>2,341,337</td>
<td>734,747</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>3,506,172</td>
<td>1,444,278</td>
</tr>
</tbody>
</table>

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

QUANTIFIABLE CONTINGENCIES
As at 30 June 2020, the NHFB had no quantifiable contingencies. (2018-19: None).

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 2013-14 through to 2019-20 and remains current as of 30 June 2020.

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 accounts 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 Department of Finance Guidelines, (Financial Management Guidance No.6, Guidelines for Issuing and Managing Indemnities, Guarantees, Warranties and Letters of Comfort September 2003). 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.

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.

SIGNIFICANT REMOTE CONTINGENCIES
As at 30 June 2020, the NHFB had no significant remote contingencies. (2019: Nil)

ACCOUNTING POLICY
Contingent assets and liabilities are not recognised in the balance sheet but are reported in this note. They may arise from uncertainty as to the existence of an asset or liability, represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.
NOTE 10: KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the NHFB, directly or indirectly. The NHFB has determined the key management personnel to be the CEO and the Administrator. Key management personnel remuneration is reported in the table below:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term employee benefits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>423,274</td>
<td>404,558</td>
</tr>
<tr>
<td>Other</td>
<td>35,908</td>
<td>42,807</td>
</tr>
<tr>
<td><strong>TOTAL SHORT-TERM EMPLOYEE BENEFITS</strong></td>
<td>459,182</td>
<td>447,365</td>
</tr>
<tr>
<td><strong>Post-employment benefits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Superannuation</td>
<td>55,238</td>
<td>47,448</td>
</tr>
<tr>
<td><strong>TOTAL POST-EMPLOYMENT BENEFITS</strong></td>
<td>55,238</td>
<td>47,448</td>
</tr>
<tr>
<td><strong>Other long-term benefits:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-service leave</td>
<td>14,482</td>
<td>11,098</td>
</tr>
<tr>
<td><strong>TOTAL OTHER LONG-TERM BENEFITS</strong></td>
<td>14,482</td>
<td>11,098</td>
</tr>
<tr>
<td><strong>TOTAL EMPLOYMENT BENEFITS</strong></td>
<td>528,902</td>
<td>505,911</td>
</tr>
</tbody>
</table>

Notes:
The total number of key management personnel that are included in the above table is two (2018-19: 2).
The above key management personnel remuneration excludes the remuneration and other benefits of the Responsible Minister. The Responsible Minister’s remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the NHFB.

NOTE 11: RELATED PARTY DISCLOSURES

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

No payments were made outside of the normal course of business. There are no related party transactions by Key Management Personnel or Ministers requiring disclosure.
NOTE 12: FINANCIAL INSTRUMENTS

NOTE 12A: CATEGORIES OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS
At amortised cost:

<table>
<thead>
<tr>
<th>Loans &amp; Receivables</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>433,723</td>
<td>30,777</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>333,939</td>
<td>280,504</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>767,662</td>
<td>311,281</td>
</tr>
</tbody>
</table>

CARRYING AMOUNT OF FINANCIAL ASSETS

| 767,662 | 311,281 |

FINANCIAL LIABILITIES
At amortised cost:

<table>
<thead>
<tr>
<th>Trade creditors and accruals</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>492,441</td>
<td>474,804</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>492,441</td>
<td>474,804</td>
</tr>
</tbody>
</table>

CARRYING AMOUNT OF FINANCIAL LIABILITIES

| 492,441 | 474,804 |

NOTE 12B: NET INCOME AND EXPENSE FROM FINANCIAL ASSETS
There is no income or expense from financial assets in 2019-20. (2018-19: Nil)

NOTE 12C: NET INCOME AND EXPENSE FROM FINANCIAL LIABILITIES
There is no net income or expense from financial liabilities in 2019-20. (2018-19: Nil)

NOTE 12D: FAIR VALUE OF FINANCIAL INSTRUMENTS
The fair value of all financial assets and liabilities equals its carrying amount in 2019-20 and 2018-19.

ACCOUNTING POLICY
The NHFB classifies its financial assets as loans and receivables.

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

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

Effective Interest Method
Income is recognised on an effective interest rate basis.

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

Financial liabilities
NHFB classifies its financial liabilities as other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’. 
### NOTE 13: FINANCIAL ASSETS RECONCILIATION

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL FINANCIAL ASSETS AS PER THE STATEMENT OF FINANCIAL POSITION</strong></td>
<td>1,582,029</td>
<td>1,393,740</td>
</tr>
<tr>
<td><strong>Less: non-financial instrument components:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations receivable</td>
<td>4B</td>
<td>770,217</td>
</tr>
<tr>
<td>GST Receivable from the Australian Taxation Office</td>
<td>4B</td>
<td>44,150</td>
</tr>
<tr>
<td><strong>TOTAL NON-FINANCIAL INSTRUMENT COMPONENTS</strong></td>
<td>814,367</td>
<td>1,082,459</td>
</tr>
<tr>
<td><strong>TOTAL FINANCIAL ASSETS AS PER FINANCIAL INSTRUMENTS NOTE</strong></td>
<td>767,662</td>
<td>311,281</td>
</tr>
</tbody>
</table>
NOTE 14: APPROPRIATIONS

TABLE 14A: ANNUAL APPROPRIATIONS (RECOVERABLE GST EXCLUSIVE)

<table>
<thead>
<tr>
<th>ANNUAL APPROPRIATION FOR 2020</th>
<th>Annual Appropriation $</th>
<th>Section 741 $</th>
<th>Total appropriation $</th>
<th>Appropriation applied in 2020 (current and prior years)2 $</th>
<th>Variance3 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPARTMENTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary annual services</td>
<td>5,570,000</td>
<td>133,754</td>
<td>5,703,754</td>
<td>(5,990,370)</td>
<td>(286,616)</td>
</tr>
<tr>
<td>TOTAL DEPARTMENTAL</td>
<td>5,570,000</td>
<td>133,754</td>
<td>5,703,754</td>
<td>(5,990,370)</td>
<td>(286,616)</td>
</tr>
</tbody>
</table>

3. The variance of $286,616 is due to the NHFB drawing down on its prior year appropriation during 2019-20 to pay its 2018-19 trade creditors and for additional capital projects undertaken during 2019-20.
4. The variance of $1,303,127 is due to the NHFB drawing down on its prior year appropriation during 2018-19 to pay its 2017-18 trade creditors and for additional capital projects undertaken during 2018-19.

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

There was no Departmental Capital Budget appropriated to the NHFB in 2019-20 (2018-19: nil).

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

<table>
<thead>
<tr>
<th>AUTHORITY</th>
<th>2020 $</th>
<th>2019 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPARTMENTAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act (No 1) 2019-20</td>
<td>770,217</td>
<td>–</td>
</tr>
<tr>
<td>Appropriation Act (No 1) 2018-19</td>
<td>–</td>
<td>1,056,833</td>
</tr>
<tr>
<td>Appropriation Act (No 1) 2019-20 - cash at bank</td>
<td>433,723</td>
<td>–</td>
</tr>
<tr>
<td>Appropriation Act (No 1) 2018-19 - cash at bank</td>
<td>–</td>
<td>30,777</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,203,940</td>
<td>1,087,610</td>
</tr>
</tbody>
</table>
NOTE 15: BUDGETARY REPORTING – EXPLANATION OF MAJOR VARIANCES

The following note provides high level commentary of major variance between budgeted information for the NHFB published in the Treasury’s 2019-20 Portfolio Budget Statements (PBS) and the 2019-20 final outcome as presented in accordance with the Australian Accounting Standards for the NHFB. The budget is not audited.

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

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

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

The Statement of Comprehensive Income has the following variances:

| Employee benefits | Additional expenditure related to increased staffing requirements by the NHFB for the COVID-19 response between March and June 2020. Additional staff were engaged using a mixture of secondment arrangements and non-ongoing contracts. |
| Suppliers | Reduced supplier expenditure was offset by capital expenditure of $936k on the development of the National Health Funding Pool Payments System and the publichospitalfunding.gov.au website in the 2019-20 financial year. |
| Depreciation and amortisation | Additional amortisation of $181k was recognised against the Right of Use Asset under AASB 16: Leases. The remainder of the variance related to amortisation of capitalised assets during the 2019-20 financial year. |

The Statement of Financial Position has the following variances:

| Cash and Cash Equivalents | Cash and cash equivalents at 30 June 2020 were above initial budget expectation. On 30 June 2020, an amount of $150k was received from the Department of Health as an up-front advance for supplementary funding in relation to COVID-19 support activities. The remaining balance relates to appropriations drawn-down on 25 June 2020. |
| Computer Software | An amount of $936k was capitalised in 2019-20, which is attributable to the Payments System ($798k) and the publichospitalfunding.gov.au website ($138k). This is offset by related amortisation of $337k. |
| Right-of-use Asset and Lease Liability | With the introduction of AASB 16 Leases, the NHFB has recognised a Right of Use asset and a corresponding Lease liability in the 2019-20 financial year. The value of both the Right of Use asset and Lease liability were derived in line with Department of Finance Simple Lease Calculation Model and Resource Management Guide 110 Guide to implementing AASB 16 Leases. |
| Suppliers | The suppliers balance primarily relates to $213k payable to the Department of Health under the shared services and property lease Memorandum of Understanding. The remaining balance relates to additional accruals for contractor expenses. |
| Other Payables | The balance of Other Payables relates to the employee entitlement balances of staff who have transferred out of the NHFB, and invoices have not yet been received from the transferring agency. |
| Employee Provisions | Employee provisions remained steady between 2018-19 and 2019-20 however remains above budgeted expectations. This is due to reduced leave being taken throughout the 2019-20 financial year. Additional staff engaged to assist with the COVID-19 response were engaged using a mixture of secondment arrangements and non-ongoing contracts and have not impacted non-current employee provision entitlements. |

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

End of General Purpose Financial Statements.
## ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABF</td>
<td>Activity Based Funding</td>
</tr>
<tr>
<td>ACSQHC</td>
<td>Australian Commission on Safety and Quality in Health Care</td>
</tr>
<tr>
<td>AIHW</td>
<td>Australian Institute of Health and Welfare</td>
</tr>
<tr>
<td>CCM</td>
<td>Commonwealth Contribution Model</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
</tr>
<tr>
<td>IGA</td>
<td>Intergovernmental Agreement on Federal Financial Relations</td>
</tr>
<tr>
<td>IHPA</td>
<td>Independent Hospital Pricing Authority</td>
</tr>
<tr>
<td>JAC</td>
<td>Jurisdictional Advisory Committee</td>
</tr>
<tr>
<td>LHN</td>
<td>Local Hospital Network</td>
</tr>
<tr>
<td>NEC</td>
<td>National Efficient Cost</td>
</tr>
<tr>
<td>NEP</td>
<td>National Efficient Price</td>
</tr>
<tr>
<td>NHFB</td>
<td>National Health Funding Body</td>
</tr>
<tr>
<td>NHR Act</td>
<td>National Health Reform Act 2011</td>
</tr>
<tr>
<td>NHR Agreement</td>
<td>National Health Reform Agreement 2011</td>
</tr>
<tr>
<td>NPCR</td>
<td>National Partnership on COVID-19 Response</td>
</tr>
<tr>
<td>NWAU</td>
<td>National Weighted Activity Unit</td>
</tr>
<tr>
<td>PGPA Act</td>
<td>Public Governance, Performance and Accountability Act 2013</td>
</tr>
<tr>
<td>RBA</td>
<td>Reserve Bank of Australia</td>
</tr>
<tr>
<td>SPP</td>
<td>National Healthcare Specific Purpose Payment</td>
</tr>
<tr>
<td>The Administrator</td>
<td>Administrator of the National Health Funding Pool</td>
</tr>
<tr>
<td>The Pool</td>
<td>National Health Funding Pool</td>
</tr>
</tbody>
</table>
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity Based Funding</td>
<td>Refers to a method for funding public hospital services provided to individual patients using national classifications, cost weights and nationally efficient prices developed by the IHPA. Funding is based on the actual number of services provided to patients and the efficient cost of delivering those services.</td>
</tr>
<tr>
<td>(the) Administrator</td>
<td>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. The role of the Administrator, with support from the NHFB, is to oversee the responsible, efficient and effective administration of Commonwealth and State and Territory public hospital funding and payments under the National Health Reform Agreement (NHR Agreement).</td>
</tr>
<tr>
<td>Block funding</td>
<td>A method of funding public hospital functions and services as a fixed amount based on population and previous funding. Under the NHR Agreement, Block funding will be provided to States and Territories to support teaching and research undertaken in public hospitals and for some public hospital services where it is more appropriate, particularly smaller rural and regional hospitals.</td>
</tr>
<tr>
<td>Council of Australian Governments (COAG)</td>
<td>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.</td>
</tr>
<tr>
<td>Local Hospital Networks (LHNs)</td>
<td>Recipients of the payments from the National Health Funding Pool, Commonwealth Block funding and State (and Territory) Managed Funds.</td>
</tr>
<tr>
<td>Medicare Benefits Schedule (MBS)</td>
<td>A listing of the Medicare services subsidised by the Australian Government.</td>
</tr>
<tr>
<td>National Funding Cap</td>
<td>The limit in growth in Commonwealth funding for Public Hospital Services for all States and Territories of 6.5 per cent per annum and where the context so requires includes the operation of the Funding Cap as provided in the NHR Agreement.</td>
</tr>
<tr>
<td>National Health Funding Body (NHFB)</td>
<td>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.</td>
</tr>
<tr>
<td>National Health Funding Pool (the Pool)</td>
<td>A collective name for the State Pool Accounts of all States and Territories, also known as the 'the Pool'. The Pool was established under Commonwealth and State and Territory legislation for the purpose of receiving all Commonwealth and Activity Based State and Territory public hospital funding, and for making payments under the NHR Agreement.</td>
</tr>
<tr>
<td>National Health Funding Pool Payments System (the Payments System)</td>
<td>The Administrator’s National Health Funding Pool Payments System processes the NHR Commonwealth, State/Territory deposits and payments into and out of the Pool, as required under the NHR Act.</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-----------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>National Weighted Activity Unit (NWAU)</td>
<td>The NWAU is a measure of health service activity expressed as a common unit, against which the NEP is paid. It provides a way of comparing and valuing each public hospital service (whether it is an admission, emergency department presentation or outpatient episode), by weighting it for clinical complexity.</td>
</tr>
<tr>
<td>PGPA Act</td>
<td>The Public Governance, Performance and Accountability Act 2013 establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting.</td>
</tr>
<tr>
<td>State Managed Fund (SMF)</td>
<td>A separate bank account or fund established by a State or Territory for the purposes of health funding under the NHR Agreement which must be undertaken in the State or Territory through a State Managed Fund.</td>
</tr>
<tr>
<td>State Pool Account (SPA)</td>
<td>A Reserve Bank of Australia 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 (and Territory) Pool Accounts of all States and Territories are collectively known as the National Health Funding Pool or the Pool.</td>
</tr>
</tbody>
</table>
Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table be included in entities’ annual reports as an aid of access.

<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AD(G) LETTER OF TRANSMITTAL</td>
<td>A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.</td>
<td>Mandatory</td>
<td>VIII</td>
</tr>
<tr>
<td>17AD(H) AIDS TO ACCESS</td>
<td>Table of contents.</td>
<td>Mandatory</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Alphabetical index.</td>
<td>Mandatory</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>Glossary of abbreviations and acronyms.</td>
<td>Mandatory</td>
<td>101-102</td>
</tr>
<tr>
<td></td>
<td>List of requirements.</td>
<td>Mandatory</td>
<td>103-107</td>
</tr>
<tr>
<td></td>
<td>Details of contact officer.</td>
<td>Mandatory</td>
<td>IX</td>
</tr>
<tr>
<td></td>
<td>Entity’s website address.</td>
<td>Mandatory</td>
<td>IX</td>
</tr>
<tr>
<td></td>
<td>Electronic address of report.</td>
<td>Mandatory</td>
<td>IX</td>
</tr>
<tr>
<td>17AD(A) REVIEW BY ACCOUNTABLE AUTHORITY</td>
<td>A review by the accountable authority of the entity.</td>
<td>Mandatory</td>
<td>5-8</td>
</tr>
<tr>
<td>17AD(B) OVERVIEW OF THE ENTITY</td>
<td>A description of the role and functions of the entity.</td>
<td>Mandatory</td>
<td>III</td>
</tr>
<tr>
<td></td>
<td>A description of the organisational structure of the entity.</td>
<td>Mandatory</td>
<td>21-24</td>
</tr>
<tr>
<td></td>
<td>A description of the outcomes and programmes administered by the entity.</td>
<td>Mandatory</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>A description of the purposes of the entity as included in corporate plan.</td>
<td>Mandatory</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Name of the accountable authority or each member of the accountable authority</td>
<td>Mandatory</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Position title of the accountable authority or each member of the accountable authority</td>
<td>Mandatory</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Period as the accountable authority or member of the accountable authority within the reporting period</td>
<td>Mandatory</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>An outline of the structure of the portfolio of the entity.</td>
<td>Mandatory</td>
<td>21-24</td>
</tr>
</tbody>
</table>

Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.
<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AD(C) REPORT ON THE PERFORMANCE OF THE ENTITY</td>
<td><strong>Annual performance Statements</strong>&lt;br&gt;17AD(c)(i); 16F Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.</td>
<td>Mandatory</td>
<td>27-46</td>
</tr>
<tr>
<td>17AD(C)(II) REPORT ON FINANCIAL PERFORMANCE</td>
<td>17AF(1)(a) A discussion and analysis of the entity’s financial performance.</td>
<td>Mandatory</td>
<td>75-76</td>
</tr>
<tr>
<td></td>
<td>17AF(1)(b) A table summarising the total resources and total payments of the entity.</td>
<td>Mandatory</td>
<td>75-76</td>
</tr>
<tr>
<td></td>
<td>17AF(2) If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity’s future operation or financial results.</td>
<td>If applicable, Mandatory.</td>
<td>N/A</td>
</tr>
<tr>
<td>17AD(D) MANAGEMENT AND ACCOUNTABILITY</td>
<td><strong>Corporate Governance</strong>&lt;br&gt;17AG(2)(a) Information on compliance with section 10 (fraud systems)</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>17AG(2)(b)(i) A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>17AG(2)(b)(ii) A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>17AG(2)(b)(iii) A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>17AG(2)(c) An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.</td>
<td>Mandatory</td>
<td>65-72</td>
</tr>
<tr>
<td></td>
<td>17AG(2)(d) – (e) A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td><strong>Audit Committee</strong>&lt;br&gt;17AG(2A)(a) A direct electronic address of the charter determining the functions of the entity’s audit committee.</td>
<td>Mandatory</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>17AG(2A)(b) The name of each member of the entity’s audit committee.</td>
<td>Mandatory</td>
<td>68-69</td>
</tr>
<tr>
<td></td>
<td>17AG(2A)(c) The qualifications, knowledge, skills or experience of each member of the entity’s audit committee.</td>
<td>Mandatory</td>
<td>68-69</td>
</tr>
<tr>
<td></td>
<td>17AG(2A)(d) Information about the attendance of each member of the entity’s audit committee at committee meetings.</td>
<td>Mandatory</td>
<td>68-69</td>
</tr>
<tr>
<td></td>
<td>17AG(2A)(e) The remuneration of each member of the entity’s audit committee.</td>
<td>Mandatory</td>
<td>68-69</td>
</tr>
</tbody>
</table>

Continued
<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AG(3)</td>
<td>Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td>17AG(3)(a)</td>
<td>Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.</td>
<td>If applicable, Mandatory</td>
<td>70</td>
</tr>
<tr>
<td>17AG(3)(b)</td>
<td>Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.</td>
<td>If applicable, Mandatory</td>
<td>70</td>
</tr>
<tr>
<td>17AG(3)(c)</td>
<td>Information on any capability reviews on the entity that were released during the period.</td>
<td>If applicable, Mandatory</td>
<td>70</td>
</tr>
</tbody>
</table>

Management of Human Resources

<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AG(4)(a)</td>
<td>An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.</td>
<td>Mandatory</td>
<td>51-52</td>
</tr>
</tbody>
</table>
| 17AG(4)(aa)         | Statistics on the entity's employees on an ongoing and non ongoing basis, including the following:  
|                     | • statistics on full-time employees;  
|                     | • statistics on part-time employees;  
|                     | • statistics on gender; and  
|                     | • statistics on staff location.  | Mandatory   | 54-55    |
| 17AG(4)(b)          | Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:  
|                     | • Statistics on staffing classification level;  
|                     | • Statistics on full-time employees;  
|                     | • Statistics on part-time employees;  
|                     | • Statistics on gender;  
|                     | • Statistics on staff location; and  
|                     | • Statistics on employees who identify as Indigenous.  | Mandatory   | 54-56    |
| 17AG(4)(c)          | Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999. | Mandatory   | 56-57    |
| 17AG(4)(c)(i)       | Information on the number of SES and nonSES employees covered by agreements etc identified in paragraph 17AG(4)(c). | Mandatory   | 55       |
| 17AG(4)(c)(ii)      | The salary ranges available for APS employees by classification level. | Mandatory   | 57       |
| 17AG(4)(c)(iii)     | A description of nonsalary benefits provided to employees. | Mandatory   | 57       |
| 17AG(4)(d)(i)       | Information on the number of employees at each classification level who received performance pay. | If applicable, Mandatory | N/A      |
| 17AG(4)(d)(ii)      | Information on aggregate amounts of performance pay at each classification level. | If applicable, Mandatory | N/A      |
| 17AG(4)(d)(iii)     | Information on the average amount of performance payment, and range of such payments, at each classification level. | If applicable, Mandatory | N/A      |

*Continued*
<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AG(4)(d)(iv)</td>
<td>Information on aggregate amount of performance payments.</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Assets Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(5)</td>
<td>An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities</td>
<td>If applicable, Mandatory</td>
<td>72, 88-90</td>
</tr>
<tr>
<td><strong>Purchasing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(6)</td>
<td>An assessment of entity performance against the Commonwealth Procurement Rules.</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td><strong>Consultants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(7)(a)</td>
<td>A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td>17AG(7)(b)</td>
<td>A statement that &quot;During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of $[specified million].&quot;</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td>17AG(7)(c)</td>
<td>A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td>17AG(7)(d)</td>
<td>A statement that &quot;Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.&quot;</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td><strong>Australian National Audit Office Access Clauses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(8)</td>
<td>If an entity entered into a contract with a value of more than $100 000 (inclusive of GST) and the contract did not provide the AuditorGeneral with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.</td>
<td>If applicable, Mandatory</td>
<td>71</td>
</tr>
<tr>
<td><strong>Exempt contracts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(9)</td>
<td>If an entity entered into a contract or there is a standing offer with a value greater than $10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.</td>
<td>If applicable, Mandatory</td>
<td>71</td>
</tr>
<tr>
<td><strong>Small business</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17AG(10)(a)</td>
<td>A statement that &quot;[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.&quot;</td>
<td>Mandatory</td>
<td>71</td>
</tr>
</tbody>
</table>

Continued
<table>
<thead>
<tr>
<th>PGPA Rule Reference</th>
<th>Description</th>
<th>Requirement</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>17AG(10)(b)</td>
<td>An outline of the ways in which the procurement practices of the entity support small and medium enterprises.</td>
<td>Mandatory</td>
<td>71</td>
</tr>
<tr>
<td>17AG(10)(c)</td>
<td>If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Financial Statements</strong></td>
<td>17AD(e)</td>
<td>Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.</td>
<td>Mandatory</td>
</tr>
<tr>
<td>17AD(da)</td>
<td>Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.</td>
<td>Mandatory</td>
<td>56</td>
</tr>
<tr>
<td><strong>17AD(F) OTHER MANDATORY INFORMATION</strong></td>
<td>17AH(1)(a)(i)</td>
<td>If the entity conducted advertising campaigns, a statement that &quot;During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</td>
<td>If applicable, Mandatory</td>
</tr>
<tr>
<td>17AH(1)</td>
<td>If the entity did not conduct advertising campaigns, a statement to that effect.</td>
<td>If applicable, Mandatory</td>
<td>72</td>
</tr>
<tr>
<td>17AH(1)(b)</td>
<td>A statement that &quot;Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].&quot;</td>
<td>If applicable, Mandatory</td>
<td>71</td>
</tr>
<tr>
<td>17AH(1)(c)</td>
<td>Outline of mechanisms of disability reporting, including reference to website for further information.</td>
<td>Mandatory</td>
<td>60</td>
</tr>
<tr>
<td>17AH(1)(d)</td>
<td>Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.</td>
<td>Mandatory</td>
<td>70</td>
</tr>
<tr>
<td>17AH(1)(e)</td>
<td>Correction of material errors in previous annual report</td>
<td>If applicable, Mandatory</td>
<td>N/A</td>
</tr>
<tr>
<td>17AH(2)</td>
<td>Information required by other legislation</td>
<td>Mandatory</td>
<td>59, 60, 61, 67, 71, 72</td>
</tr>
</tbody>
</table>
### INDEX

#### A

accountable authority statement, 27  
achievements see performance  
acronyms, 100  
Addendum to the National Health Reform Agreement, vi, 4, 5, 8, 12, 14, 41  
adress and contact details, vi  
administrative tribunal decisions, 70  
Administrator of the National Health Funding Pool, ii, iii, 22  
message from, 3–4  
advertising and market research, 72  
ANAO see Australian National Audit Office (ANAO)  
audits and annual reconciliations, 3, 5, 27, 38  
assets management, 72  
Audit and Risk Committee, 67  
Auditor-General see Australian National Audit Office  
audits and assurance reviews, 69–70  
Australian Commission on Safety and Quality in Health Care (ACSQHC), 4, 19, 20  
Australian Information Commissioner, 70  
Australian Institute of Health and Welfare (AIHW), 4, 19, 20  
Australian National Audit Office (ANAO)  
access clauses in contracts, 71  
financial statements audit report, 77–78

#### B

Barker, Ken, 69  
behaviours, i, 59  
Brook, Chris, 68

#### C

calculations of Commonwealth contributions see  
Commonwealth Contribution Model (CCM) and calculations  
case studies  
COVID-19, 46  
publichospitalfunding.gov.au, 39  
stakeholders and partners, 42  
challenges and opportunities, 15–16  
Chandler, Jeremy, 68  
Chief Executive Officer, ii, 22  
accountable authority statement, 27  
Holder of Public Office, 56  
remuneration, 56  
review of year, 5–8  
Chief Financial Officer, 23  
Comcare, 60  
Commonwealth Contribution Model (CCM) and calculations, vi, 6, 15, 29–32, 46, 69  
Commonwealth Ombudsman, 70  
Commonwealth Procurement Guidelines, 71  
Commonwealth Treasurer, payment advice to, 29, 30, 31, 32, 34  
compliance reporting, 43–45  
consultants, 71  
contact officer, ix  
contracting see purchasing  
corporate governance see governance  
Corporate Plan (2019-20)  
performance statement, 29–46  
purpose and objectives, 28  
corporate services, 19  
Council of Australian Governments, 13, 16  
Health Council, 31, 41  
COVID-19 pandemic response, 3–4, 5, 9, 16, 32, 50  
case study, 46  
challenges, 15  
funding guarantee, 14  
NHFB workplace response, 51, 60  
payments to states and territories, vi, 4, 14, 16, 29  
wage increases freeze, 57

#### ENDNOTES
market research, 72

National Health Funding Body (NHFB)
  human resources see staff
  organisational structure, 21
  overview of, iii–ix
  see also Administrator of the National Health Funding Pool
National Health Funding Pool, iii, 33–35
National Health Funding Pool Administrator see Administrator of the National Health Funding Pool
National Health Reform Act 2011, iii, viii, ix
National Health Reform Agreement, 13–14
  Addendum, vi, 4, 5, 8, 12, 14, 41
  history, 10
  total funding, 3 see also public hospital funding
National Health Reform Agreement, iii
National Healthcare Specific Purpose Payment arrangements, 13
National Partnership on COVID-19 Response, 4, 3, 5, 9, 29, 32, 46
National Weighted Activity Units (NWAU), vi
non-salary benefits, 57

objectives, i
  Objective One: Accurate and timely calculation of Commonwealth funding contribution, vii, 29–32
  Objective Two: Best practice financial administration of the NHFP, vii, 33–35
  Objective Three: Effective reporting of public hospital funding, vii, 36–39
  Objective Four: Productive and effective partnerships with stakeholders, vii, 40–42
  Objective Five: Operate as a compliant agency, vii, 43–46
Ombudsman, 70
operating environment, 13–16
opportunities, 15–16
organisational performance, 43–45
organisational structure, 21
outcome and program, 28

parliamentary committees, 70
partners see stakeholders and stakeholder engagement
Payments System, vi, 6, 7, 33–35, 36, 38
performance
  accountable authority statement, 27
  annual performance statement, 27–46
  highlights, v–vi, 32, 50
  reporting approach, 27
  snapshot, vii
performance criteria, 28
performance statements, 30–31, 34, 37–38, 41, 44–45
Performance Development Framework (staff), 51
performance management (staff), 58
plans and planning
  corporate (performance results), 28–46
  data governance, 71
  fraud control, 70
  Three Year Data Plan, 36, 38, 41
  workforce, 51–52, 56
Pool see National Health Funding Pool
Portfolio Budget Statements, 28
portfolio membership, iii
priorities, 4
procurement see purchasing
productivity gains, 59
program see outcome and program
Public Governance, Performance and Accountability Act 2013, iii, viii, 27, 61
public hospital funding, v–vi
  history, 11–12
  integrity and transparency, 4, 5, 8, 9
  performance report, 29–32
  reporting, 36–39
  services, v, 5
  total, v, 3, 5
see also Commonwealth Contribution Model (CCM) and calculations; National Health Reform Agreement
Public Service Act 1999, ix, 49, 56, 59
publichospitalfunding.gov.au, 6, 37, 38, 39
purchasing, 71–72
purpose statement, i
Q
quality and safety in health care, 4, 8

R
reconciliations, 3, 5, 27, 38
rehabilitation management system, 60
remuneration, 56–57
reporting
  to Commonwealth Treasurer, 29, 30, 31, 32, 34
  on public hospital funding, 36–39
Risk, Assurance and Governance Committee, 66
risk management, 61–64
roles and functions, ii, iii–iv, 13

S
safety see work health and safety
salaries see remuneration
Senior Executive Service officers, 56
small business participation in procurement, 71–72
snapshot of performance, vii
staff, v, 49
  average staffing level, 54
  capability, 51–52
  Code of Conduct, 59
  diversity, 52, 56
  employee census, 53
  employment arrangements, 49, 56
  flexible working arrangements, 50, 51, 53
  health and wellbeing, 51, 53, 59–60
  human resources management, 49
  learning and development, 52, 57–58
  performance management, 58
  pulse survey, 7, 53
  qualifications, 58
  remuneration and benefits, 56–57
  retention and turnover, 56
  statistics, 54–56
  unscheduled absences, 58
  work practices, 46, 60
  workforce plan, 51–52, 56
  workplace response to COVID-19, 50, 51
see also Chief Executive Officer

stakeholders and stakeholder engagement, ii, 3, 4, 7, 8, 17, 36, 41, 46
  Commonwealth stakeholders, 19, 40
  discussions with states and territories, 7, 19, 40
  industry partners, 20
  performance report, 40–42
  satisfaction survey, 7, 17, 27, 42
states and territories
  COVID-19 pandemic response payments, vi, 4
  engagement with, 7, 19, 40
  Health Department funding, 3

T
Three Year Data Plan, 36, 38, 41
training and development, 51–52, 57–58

V
values and behaviours, i, 59
vision statement, i

W
website, vi, 6, 9, 36, 37, 38, 39
White, Shannon, ii, 22
  accountable authority statement, 27
  review of year, 5–8
work health and safety, 59–60
workers compensation, 60
workforce see staff
Workplace Consultative Committee, 57, 59–60, 67–69
workplace culture, 7, 43

Y
year ahead, 4, 8, 10, 29, 33, 36, 40, 43 see also challenges and opportunities
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