

NATIONAL HEALTH FUNDING BODY

NHFB

Agency Resources and Planned Performance

National Health Funding Body

Health Portfolio Agency

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The logo for the National Health Funding Body (NHFB) is a vertical black rectangle with the letters "NHFB" written in white, oriented vertically from bottom to top.

Section 1: Agency Overview and Resources

1.1 Strategic Direction Statement

The Administrator of the National Health Funding Pool (the Administrator) and the National Health Funding Body (NHFB) were created through the Council of Australian Governments' National Health Reform Agreement (Agreement) of August 2011.

The role of the NHFB is to assist the Administrator in carrying out functions under Commonwealth and State and Territory legislation. These functions include managing the National Health Funding Pool which has been established to optimise the transparency and efficiency of public hospital funding. The National Health Funding Pool receives all Commonwealth and activity-based state hospital funding. It is comprised of a Reserve Bank of Australia account for each State and Territory (state pool account) for the distribution of funds to Local Hospital Networks (LHNs) and other parties. Each State and Territory also has a separate fund (state managed fund) for receiving Commonwealth block funding and for making payments of block funding by the State or Territory to the LHNs or other parties.

In addition, the NHFB develops the Administrator's Three Year Data Plan, which communicates to the Commonwealth, States and Territories the data requirements, standards and timelines to determine the Commonwealth's funding contribution. The NHFB also facilitates transparent reporting on the operations of the National Health Funding Pool and state managed funds.

During 2014-15, the Government will work with States and Territories with the intention to create a new health productivity and performance commission. Subject to consultation, the new health productivity and performance commission would be formed by merging the functions of the Australian Commission on Safety and Quality in Health Care, the Australian Institute of Health and Welfare, the Independent Hospital Pricing Authority, the National Hospital Performance Authority, the National Health Funding Body and the Administrator of the National Health Funding Pool.

The NHFB commenced operations in July 2012, and is independent of both Commonwealth and State and Territory Governments. The NHFB is a prescribed agency under the *Financial Management and Accountability Act 1997*. From 1 July 2014, NHFB will be governed under the *Public Governance, Performance and Accountability Act 2013*. The NHFB's responsibilities and functions are set out in the *National Health Reform Act 2011* and corresponding jurisdictional legislation.

1.2 Agency Resources

Table 1.2.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by Departmental classifications.

Table 1.2.1: NHFB Resource Statement – Budget Estimates for 2014-15 as at Budget May 2014

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Estimated available appropriation 2013-14 \$'000
Ordinary annual services¹				
Departmental appropriation				
Prior year departmental appropriation ²	1,343	-	1,343	5,520
Departmental appropriation ³	-	4,348	4,348	4,360
s31 Relevant agency receipts	-	-	-	-
Total	1,343	4,348	5,691	9,880
Administered resources¹				
Outcome 1	-	-	-	-
Total	-	-	-	-
Total ordinary annual services	1,343	4,348	5,691	9,880
Other services - Bill 2⁴				
Departmental non-operating				
Equity injections	-	-	-	-
Previous years' programmes	-	-	-	-
Total	-	-	-	-
Total other services	-	-	-	-
Total available annual appropriations	1,343	4,348	5,691	9,880
Total net resourcing for NHFB	1,343	4,348	5,691	9,880

Notes:

All figures are GST exclusive.

1 Appropriation Bill (No.1) 2014-15.

2 Estimated adjusted balance carried from previous year for annual appropriations.

3 NHFB did not receive any appropriation in 2013-14 for the Departmental Capital Budget (see Table 3.2.5).

4 Appropriation Bill (No.2) 2014-15.

1.3 Budget Measures

Budget measures relating to NHFB are detailed in Budget Paper No. 2 and are summarised below.

Table 1.3.1: NHFB Budget Measures

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Whole of Government Measures						
Efficiency Dividend - a further temporary increase of 0.25 per cent						
National Health Funding Body						
Departmental	1.1		(11)	(22)	(33)	(34)
Total		-	(11)	(22)	(33)	(34)

Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

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

Outcome Strategy

The NHFB supports the Administrator to ensure that Commonwealth, State or Territory deposits into the National Health Funding Pool, and payments from the National Health Funding Pool to LHNs or other parties, are made in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement.

The NHFB applies best practice financial frameworks and processes and provides leadership and support to the Commonwealth, States and Territories in undertaking the funding arrangements under the Agreement.

The provision of timely, accurate and reliable public hospital data is vital to inform the determination of the Commonwealth's funding contribution. To support this, the NHFB develops the Administrator's rolling Three Year Data Plan, Commonwealth Contribution Methodology, Growth and Funding Guarantee and Reconciliation Frameworks. This is informed by policy advice provided by the NHFB, incorporating jurisdictional considerations through established expert reference committees.

In undertaking these activities, the NHFB will continue to contribute to improving transparency and efficient administration of public hospital funding.

From 2017-18 the Australian Government will introduce revised public hospital funding arrangements, to recognise States' and Territories' responsibility for managing an efficient public hospital sector.

NHFB Budgeted Expenses and Resources

Table 2.1.1 provides an overview of the total expenses for NHFB by Programme.

Table 2.1.1: Budgeted Expenses and Resources for NHFB

	2013-14 Estimated actual \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Programme 1.1: National health funding pool administration					
Departmental expenses					
Departmental appropriation ¹	4,360	4,348	4,328	4,344	4,385
Expenses not requiring appropriation in the budget year ²	-	-	-	-	-
Operating loss	-	-	-	-	-
Total for Programme 1.1	4,360	4,348	4,328	4,344	4,385
Total expenses for Outcome 1	4,360	4,348	4,328	4,344	4,385
	2013-14	2014-15			
Average staffing level (number)	19	19			

1 Departmental appropriation combines "Ordinary annual services (Appropriation Bill No 1)" and "Revenue from independent sources (s31)".

2 Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme 1.1: National Health Funding Pool Administration

Programme Objectives

Assist the Administrator to calculate the Commonwealth contribution to the National Health Funding Pool

The Administrator, with the support of the NHFB, calculates the annual Commonwealth contribution to be paid into the National Health Funding Pool for the next financial year. From 1 July 2014, the Commonwealth will fund 45 per cent of efficient growth of activity-based services. The calculation of the Commonwealth contribution also includes the reconciliation of actual patient level hospital activity data in relation to the previous financial year.

Assist the Administrator to develop the Three Year Data Plan and associated funding reconciliation frameworks

The NHFB supports the Administrator in determining the minimum level of data required to calculate the Commonwealth's contribution, conduct reconciliation activities and ensure national comparability. Established data sets are used to reduce the burden on data providers in line with the single provision multiple use aspects of the Agreement. As the primary policy advisor to the Administrator, the NHFB is responsible for the development of the Administrator's Three Year Data Plan and funding reconciliation approach and arrangements.

The reconciliation is performed based on estimated and actual volume of service delivery, informed by the outcomes of data matching and other adjustment activities. The result of the reconciliation is incorporated into the calculation of the Commonwealth contribution to the National Health Funding Pool.

Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement

The NHFB supports the Administrator to ensure Commonwealth, State and Territory deposits into the National Health Funding Pool, and payments from the National Health Funding Pool to LHNs or other parties are made in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement. The NHFB maintains proper records in relation to the administration of the National Health Funding Pool by utilising the National Health Funding Administrator Payments System.

Support the Administrator in authorising payment instructions in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement

The NHFB administers the National Health Funding Administrator Payments System to support the Administrator in overseeing and approving all payments for public hospital services through the National Health Funding Pool as required under the Agreement.

Assist the Administrator to transparently report on the operations of the National Health Funding Pool and state managed funds as outlined in the Agreement

NHFB provides the administrative mechanism for the aggregation and public reporting of funding by the Administrator. This enables the Administrator to provide monthly and annual reports, including financial statements, for the operations of the funding pool and state managed funds.

Programme 1.1: Deliverables

Qualitative Deliverables for Programme 1.1

Assist the Administrator to develop the Three Year Data Plan and associated funding reconciliation frameworks

Qualitative Deliverable	2014-15 Reference Point or Target
Deliver the Three Year rolling Data Plan	Determine minimum level of data required to calculate the Commonwealth's contribution, conduct reconciliation activities and ensure national comparability under the Agreement

Assist the Administrator to ensure the National Health Funding Pool operations are in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement

Qualitative Deliverable	2014-15 Reference Point or Target
Maintain proper records and reporting in relation to the administration of the National Health Funding Pool, including records of all payments made to and from those accounts and the basis on which the payments were made	Monthly publication and verification from the States and Territories in relation to the operations of the National Health Funding Pool and state managed funds

Assist the Administrator to transparently report on the operations of the National Health Funding Pool and state managed funds as outlined in the Agreement

Qualitative Deliverables	2014-15 Reference Point or Target
Annual report of the National Health Funding Pool to the Commonwealth and each State and Territory Government	Produce and table a single annual report and accompanying financial statement on the operation of the National Health Funding Pool in the Commonwealth Parliament, and each State and Territory Parliament, where the annual report includes a combined financial statement for the National Health Funding Pool, and a financial statement for each State or Territory state pool account audited by the respective Auditors-General

Qualitative Deliverables	2014-15 Reference Point or Target
Publicly reporting on the operations of the state managed funds and National Health Funding Pool	Produce monthly reports on the operation of the state managed funds and the National Health Funding Pool

Programme 1.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 1.1

Assist the Administrator to calculate the Commonwealth contribution to the National Health Funding Pool

Qualitative Indicator	2014-15 Reference Point or Target
Calculate the Commonwealth contribution to the National Health Funding Pool	The calculation informs the Administrator's advice to the Treasurer, and under the Agreement, from 1 July 2014, Commonwealth funding will include a 45 per cent contribution to efficient growth in public hospital services

Support the Administrator in authorising payment instructions in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement

Qualitative Indicator	2014-15 Reference Point or Target
Oversee and authorise all payments for public hospital services through the National Health Funding Pool as required under the Agreement	Improvements to the National Health Funding Administrator Payments System allow the NHFB, and States and Territories, greater flexibility in managing payments

Quantitative Key Performance Indicators for Programme 1.1

Support the Administrator in authorising payment instructions in accordance with directions from the responsible State or Territory Minister, and in line with the Agreement

Quantitative Indicator	2013-14 Revised Budget	2014-15 Budget Target	2015-16 Forward Year 1	2016-17 Forward Year 2	2017-18 Forward Year 3
Percentage of payments made in accordance with directions from the responsible State or Territory Minister	100%	100%	100%	100%	100%

Section 3: Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the 2014-15 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1 Explanatory Tables

3.1.1 Movement of Administered Funds Between Years

Section 3.1.1 is not applicable to the NHFB.

3.1.2 Special Accounts

Section 3.1.2 is not applicable to the NHFB.

3.1.3 Australian Government Indigenous Expenditure (AGIE)

The 2014-15 AGIE statement is not applicable because the NHFB has no specific Indigenous expenses.

3.2 Budgeted Financial Statements

3.2.1 Differences in Agency Resourcing and Financial Statements

Section 3.2.1 is not applicable to the NHFB.

3.2.2 Analysis of Budgeted Financial Statements

An analysis of the NHFB's financial statements follows in order to provide clarification and additional detail for readers.

Departmental Resources

Comprehensive Income Statement

The NHFB's appropriation revenue is largely in line with its statutory functions and the National Health Reform Agreement (the Agreement) agreed by the Council of Australian Governments.

The NHFB's departmental appropriation is allocated to fund employees to assist the Administrator of the National Health Funding Pool and to carry out NHFB's functions. The remaining departmental appropriation is allocated to fund supplier expenses to support the Administrator's obligations under the Agreement. These expenses support the delivery of monthly and annual statutory reporting, operation of the national payments system, and determination of the Commonwealth health funding as required under the *National Health Reform Act 2011*. The appropriation is also allocated to the review and assurance of data application, and controls over the processes and systems managed by the NHFB.

Balance Sheet

The NHFB does not anticipate the purchase of any major assets with the balance sheet largely reflecting the appropriation held to meet employee and supplier provisions and payables.

Cash Flows

Cash flows are consistent with projected income and expenses.

3.2.3 Budgeted Financial Statements Tables

**Table 3.2.1: Comprehensive Income Statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
EXPENSES					
Employee benefits	2,632	2,836	2,935	3,038	3,129
Supplier expenses	1,728	1,512	1,393	1,306	1,256
Depreciation and amortisation	-	-	-	-	-
Total expenses	4,360	4,348	4,328	4,344	4,385
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net cost of (contribution by) services	4,360	4,348	4,328	4,344	4,385
Revenue from Government	4,360	4,348	4,328	4,344	4,385
Surplus (Deficit)	-	-	-	-	-
Surplus (Deficit) attributable to the Australian Government	-	-	-	-	-
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	-	-	-	-	-

Note: Reconciliation of comprehensive income attributable to the agency

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total comprehensive income (loss) attributable to the Australian Government	-	-	-	-	-
plus non-appropriated expenses depreciation and amortisation expenses	-	-	-	-	-
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	323	333	343	353	353
Receivables	1,156	1,156	1,156	1,156	1,156
Total financial assets	1,479	1,489	1,499	1,509	1,509
Non-financial assets					
Land and buildings	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-
Intangibles	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets	1,479	1,489	1,499	1,509	1,509
LIABILITIES					
Payables					
Suppliers	536	540	543	547	547
Other payables	107	107	107	107	107
Total payables	643	647	650	654	654
Provisions					
Employees	448	454	461	467	467
Other provisions	-	-	-	-	-
Total provisions	448	454	461	467	467
Total liabilities	1,091	1,101	1,111	1,121	1,121
Net Assets	388	388	388	388	388
EQUITY					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	388	388	388	388	388
Total equity	388	388	388	388	388

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Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement (Budget year 2014-15)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2014					
Balance carried forward from previous period	388	-	-	-	388
Surplus (deficit) for the period	-	-	-	-	-
Capital budget - Bill 1 (DCB)	-	-	-	-	-
Estimated closing balance as at 30 June 2015	388	-	-	-	388

DCB = Departmental Capital Budget.

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,860	4,348	4,328	4,344	4,385
Net GST received	140	144	150	152	152
Other cash received	-	-	-	-	-
Total cash received	9,000	4,492	4,478	4,496	4,537
Cash used					
Employees	2,379	2,830	2,928	3,032	3,129
Suppliers	6,166	1,508	1,390	1,302	1,256
Net GST paid	140	144	150	152	152
Total cash used	8,685	4,482	4,468	4,486	4,537
Net cash from (or used by) operating activities	315	10	10	10	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Capital budget - Bill 1 (DCB)	-	-	-	-	-
Total cash received	-	-	-	-	-
Net cash from (or used by) financing activities	-	-	-	-	-
Net increase (or decrease) in cash held	315	10	10	10	-
Cash and cash equivalents at the beginning of the reporting period	8	323	333	343	353
Cash and cash equivalents at the end of the reporting period	323	333	343	353	353

DCB = Departmental Capital Budget.

Table 3.2.5: Capital Budget Statement

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	-	-	-	-
Equity injections - Bill 2	-	-	-	-	-
Total capital appropriations	-	-	-	-	-
Total new capital appropriations represented by:					
Purchase of non-financial assets	-	-	-	-	-
Other	-	-	-	-	-
Total items	-	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded by capital appropriation - DCB ¹	-	-	-	-	-
Funded internally from departmental resources	-	-	-	-	-
Total acquisitions of non-financial assets	-	-	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	-	-	-	-	-
Total cash used to acquire assets	-	-	-	-	-

- 1 Does not include annual finance lease costs. Includes purchases from current and previous years' appropriation (Departmental Capital Budget).
DCB = Departmental Capital Budget.

Table 3.2.6: Statement of Asset Movements (2014-15)

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2014				
Gross book value	-	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-	-
Opening net book balance	-	-	-	-
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	-	-
By purchase - appropriation ordinary annual services	-	-	-	-
Sub-total	-	-	-	-
Other movements				
Depreciation/amortisation expense	-	-	-	-
Disposals ¹	-	-	-	-
Other	-	-	-	-
as at 30 June 2015				
Gross book value	-	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-	-
Closing net book balance	-	-	-	-

1 Proceeds may be returned to the Official Public Account.