National Health Funding Body

Entity resources and planned performance

# National Health Funding Body

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## Section 1: Entity overview and resources

### 1.1 Strategic direction statement[[1]](#footnote-1)

The National Health Funding Body (NHFB) is responsible for improving transparency in public hospital funding in Australia. The NHFB’s primary functions are to assist the Administrator of the National Health Funding Pool (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
* reporting publically on funding, payments and services
* developing and providing rolling 3 year data plans to the Commonwealth, states and territories.

The Administrator and the NHFB were established through the National Health Reform Agreement of August 2011.

The Administrator is independent of Commonwealth, state and territory governments. The functions of the Administrator are set out in the National Health Reform Act 2011 and common provisions in relevant state and territory legislation. The NHFB is a
non-corporate Commonwealth entity under the Public Governance, Performance and Accountability Act 2013.

### 1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity’s operations) classification.

For more detailed information on special accounts and special appropriations, refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‛Budgeted expenses by Outcome’ tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: NHFB resource statement – Budget estimates for 2023–24 as at Budget May 2023

|  |  |  |
| --- | --- | --- |
|  | **2022–23 Estimated actual$'000** | **2023–24Estimate$'000** |
| **DEPARTMENTAL** |  |   |
| Prior year appropriation available | 3,815 | 3,815 |
| **Annual appropriations** |  |  |
| Ordinary annual services (a) |  |  |
| Departmental appropriation | 7,263 | 7,456 |
| s74 retained revenue receipts (b) | - | - |
| Departmental Capital Budget (c) | - | - |
| Other services (d) |  |   |
| Equity injection | - | - |
| **Total departmental annual appropriations** | **7,263** | **7,456** |
| **Total departmental resourcing** | **11,078** | **11,271** |
| **Total resourcing for NHFB** | **11,078** | **11,271** |
|  |  |  |
|   | **2022–23** | **2023–24** |
| **Average staffing level (number)** | 28 | 28 |

All figures are GST exclusive.

Prepared on resourcing (i.e. appropriation available) basis.

(a) Appropriation Bill (No. 1) 2023–24.

(b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Please refer to Table 3.5 within this chapter for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

(d) Appropriation Bill (No. 2) 2023–24.

### 1.3 Budget measures

This section is not applicable to the NHFB.

## Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth Performance Framework established by *the Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measures described in Portfolio Budget Statements will be read with broader information provided in an entity’s Corporate Plan and Annual Performance Statement – included in Annual Reports – to provide an entity’s complete performance story.

The NHFB’s most recent Corporate Plan and Annual Performance Statement are available at: www.publichospitalfunding.gov.au/publications

### 2.1 Budgeted expenses and performance

**Outcome 1**

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

#### Program contributing to Outcome 1

**Program 1.1: National Health Funding Pool Administration**

#### Linked programs

| Other Commonwealth entities that contribute to Outcome 1 |
| --- |
| Australian Institute of Health and Welfare (AIHW)[[2]](#footnote-2) |
| Program 1.1: Develop, Collect, Analyse and Report High Quality National Health and Welfare Information and Statistics for Governments and the CommunityAIHW works with other national bodies on a range of National Health Reform Agreement-related activities, including hospital performance reporting and funding. This includes assisting and working with the NHFB and the Administrator to ensure an accurate and consistent approach to the provision of transparent information on Commonwealth, state and territory funding of the health system. |
| Department of Health and Aged Care |
| Program 1.1: Health Research, Coordination and AccessProgram 2.6: Health Benefit ComplianceThe Department of Health and Aged Care has policy responsibility for public and private hospital services, including the Commonwealth Government funding contribution for public hospital services. This includes policy responsibility for the Administrator and the NHFB.The Department of Health and Aged Care has lead responsibility for the integrity of health benefits claims and associated compliance activities. The Administrator and the NHFB will work with the Commonwealth, states and territories on data matching and the identification of potential duplicate payments through other Commonwealth-funded programs to ensure the same public hospital service is not funded twice. |
| Department of the Treasury (Treasury) |
| Program 1.5: Assistance to the States for Healthcare Services Treasury, on behalf of the Government, provides financial assistance to the states and territories to be spent in the delivery of health care services. Payments are transferred on the dates specified in the Intergovernmental Agreement on Federal Financial Relations. |
| Independent Health and Aged Care Pricing Authority (IHACPA)[[3]](#footnote-3) |
| Program 1.1: Development of Pricing Advice and Annual DeterminationsIHACPA determines the National Efficient Price (NEP), the price applied to activity-based funded hospital services, and the National Efficient Cost (NEC), the price applied to block-funded hospital services. The NEP and the NEC serve as major determinants of the level of Commonwealth Government funding for public hospital services calculated by the Administrator. |

*Budgeted expenses for Outcome 1*

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted Expenses for Outcome 1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022–23 Estimated actual$'000** | **2023–24 Budget $'000** | **2024–25 Forward estimate$'000** | **2025–26 Forward estimate$'000** | **2026–27 Forward estimate$'000** |
| **Program 1.1: National Health Funding Pool Administration** |   |   |
| Departmental expenses |  |   |  |  |  |
| Departmental appropriation (a) | 6,897 | 7,073 | 6,511 | 6,603 | 6,704 |
| Expenses not requiring appropriation in the Budget year (b) | 943 | 618 | 618 | 618 | 617 |
| Operating deficit (surplus) | - | - | - | - | - |
| **Total for Program 1.1** | **7,840** | **7,691** | **7,129** | **7,221** | **7,321** |
| **Total expenses for Outcome 1** | **7,840** | **7,691** | **7,129** | **7,221** | **7,321** |
|  |  |   |  |  |  |
|   | **2022–23** | **2023–24** |  |  |  |
| **Average staffing level (number)** | 28 | 28 |  |  |  |

(a) Departmental appropriation combines 'Ordinary annual services Appropriation Bill (No. 1)' and 'Revenue from independent sources (s74)'.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

#### Performance measures for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current corporate plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the
2023–24 Budget measures that have created new programs or materially changed existing programs are provided.

Table 2.1.2: Performance measures for the NHFB

|  |
| --- |
| Outcome 1 |
| Improve transparency of public hospital funding in Australia by supporting the obligations and responsibilities of the Administrator of the National Health Funding Pool through best practice administration of public hospital funding. |
| Program Objective – Program 1.1: National Health Funding Pool Administration |
| The NHFB supports the Administrator of the National Health Funding Pool (the Administrator) in paying and reporting Commonwealth, state and territory funding for public hospital services – responsible for more than $59 billion[[4]](#footnote-4) a year. The NHFB ensures payments from the National Health Funding Pool are made in accordance with directions from the responsible state or territory minister, and are in line with the National Health Reform (NHR) Agreement and the Addendum to the NHR Agreement. The NHFB also administers payments and reports on funding under the National Partnership on COVID-19 Response. |
| Key Activities |
| * Accurate and timely calculation of Commonwealth funding contributions
* the Treasurer of the Commonwealth is advised by the Administrator in a timely manner
* Commonwealth funding calculations are accurate
* funding entitlements reconcile to actual services delivered
* public hospital services are funded through the appropriate Commonwealth program.
* Best practice financial administration of the National Health Funding Pool
* payments to each Local Hospital Network accord with directions from responsible state and territory ministers and Service Agreements
* maintain the integrity of the Payments System in accordance with policies, plans and manuals.
* Effective reporting of public hospital funding
* ministers receive required information in a timely manner
* monthly and annual reporting of funding, payments and services
* quarterly and annual reporting of Commonwealth, state and territory compliance with the Administrator’s Data Plan.
 |
| Performance Measures |
| Accurate and timely calculation of Commonwealth funding contributions. |
| Current Year2022–23 Expected Performance Results | Budget Year2023–24 Planned Performance Results  | Forward Estimates2024–27 Planned Performance Results |
| Accurate payment advice was provided to the Commonwealth Treasurer in line with the NHR Agreement and supporting policies. | Accurate payment advice is provided to the Commonwealth Treasurer in line with the NHR Agreement and supporting policies. | As per 2023–24. |
| Best practice financial administration of the National Health Funding Pool. |
| Current Year2022–23 Expected Performance Results | Budget Year2023–24 Planned Performance Results  | Forward Estimates2024–27 Planned Performance Results |
| All payments to each Local Hospital Network were made in alignment with directions from responsible state and territory ministers. | All payments to each Local Hospital Network are made in alignment with directions from responsible state and territory ministers. | As per 2023–24. |
| **Effective reporting of public hospital funding.** |
| Current Year2022–23 Expected Performance Results | Budget Year2023–24 Planned Performance Results  | Forward Estimates2024–27 Planned Performance Results |
| 100% of monthly and quarterly reports on public hospital payments and services were published within reporting timeframes. | 100% of monthly and quarterly reports on public hospital payments and services are published within reporting timeframes.[[5]](#footnote-5) | As per 2023–24. |
| Material changes to Program 1.1 resulting from the following measures:There are no material changes to Program 1.1 resulting from measures. |

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023–24 Budget year, including the impact of Budget measures and resourcing on financial statements.

### 3.1 Budgeted financial statements

#### 3.1.1 Differences between entity resourcing and financial statements

This section is not applicable to NHFB.

#### 3.1.2 Explanatory notes and analysis of budgeted financial statements

#### Departmental resources

#### Comprehensive Income Statement

The NHFB's departmental appropriation is aligned to its statutory functions under the *National Health Reform Act 2011*, and the National Health Reform Agreement
(the Agreement).

The NHFB’s primary function is to support the obligations and responsibilities of the Administrator of the National Health Funding Pool. The NHFB's departmental appropriation is allocated to fund employees and suppliers to carry out the Administrator's obligations under the Agreement.

#### Balance Sheet

Assets and liabilities are expected to remain stable over the Budget and forward years.

#### Cash Flow

Cash flows are consistent with projected income and expenses and capital expenditure.

### 3.2 Budgeted financial statements tables

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022–23 Estimated actual$'000** | **2023–24 Budget $'000** | **2024–25 Forward estimate$'000** | **2025–26 Forward estimate$'000** | **2026–27 Forward estimate$'000** |
| **EXPENSES** |  |   |   |   |   |
| Employee benefits | 4,555 | 4,540 | 4,131 | 4,231 | 4,331 |
| Supplier expenses | 2,423 | 2,618 | 2,465 | 2,457 | 2,458 |
| Depreciation and amortisation | 851 | 526 | 526 | 526 | 525 |
| Interest on RoU | 11 | 7 | 7 | 7 | 7 |
| **Total expenses** | **7,840** | **7,691** | **7,129** | **7,221** | **7,321** |
| **LESS:**  |  |  |  |  |  |
| **OWN-SOURCE INCOME** |  |  |  |  |  |
| **Own-source revenue** |  |  |  |  |  |
| Sale of goods and rendering of services | - | - | - | - | - |
| **Total revenue** | **-** | **-** | **-** | **-** | **-** |
| **Gains** |  |  |  |  |  |
| Other | 92 | 92 | 92 | 92 | 92 |
| **Total gains** | **92** | **92** | **92** | **92** | **92** |
| **Total own-source revenue** | **92** | **92** | **92** | **92** | **92** |
| **Net cost of (contribution by) services**  | **7,748** | **7,599** | **7,037** | **7,129** | **7,229** |
| Revenue from Government | 7,263 | 7,456 | 6,894 | 6,986 | 7,087 |
| **Surplus (Deficit)** | **(485)** | **(143)** | **(143)** | **(143)** | **(142)** |
| **Surplus (Deficit) attributable to the Australian Government** | **(485)** | **(143)** | **(143)** | **(143)** | **(142)** |
| **OTHER COMPREHENSIVE INCOME** |  |  |  |  |  |
| Changes in asset revaluation reserves | - | - | - | - | - |
| **Total other comprehensive income** | **-** | **-** | **-** | **-** | **-** |
| **Total comprehensive income attributable to the Australian Government** | **(485)** | **(143)** | **(143)** | **(143)** | **(142)** |
|  |  |  |  |  |  |
| **Note: Impact of net cash appropriation arrangements** |   |   |   |
|  | **2022–23 Estimated actual$'000** | **2023–24 Budget $'000** | **2024–25 Forward estimate$'000** | **2025–26 Forward estimate$'000** | **2026–27 Forward estimate$'000** |
| **Total comprehensive income (loss) attributable to the Australian Government** | **(485)** | **(143)** | **(143)** | **(143)** | **(142)** |
| plus non-appropriated expenses depreciation and amortisation expenses | 488 | 163 | 163 | 163 | 162 |
| plus depreciation and amortisation expenses for RoU | 363 | 363 | 363 | 363 | 363 |
| less lease principal repayments | (366) | (383) | (383) | (383) | (383) |
| **Total comprehensive income (loss) attributable to the agency** | **-** | **-** | **-** | **-** | **-** |

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022–23 Estimated actual$'000** | **2023–24 Budget $'000** | **2024–25 Forward estimate$'000** | **2025–26 Forward estimate$'000** | **2026–27 Forward estimate$'000** |
| **ASSETS** |   |   |   |   |   |
| **Financial assets** |  |   |  |  |  |
| Cash and cash equivalents | 38 | 38 | 38 | 38 | 38 |
| Trade and other receivables | 3,853 | 3,853 | 3,853 | 3,853 | 3,853 |
| **Total financial assets** | **3,891** | **3,891** | **3,891** | **3,891** | **3,891** |
| **Non-financial assets** |  |   |  |  |  |
| Intangibles | 651 | 488 | 325 | 162 | - |
| Land and buildings | 888 | 525 | 162 | 1,948 | 1,585 |
| Other | 49 | 49 | 49 | 49 | 49 |
| **Total non-financial assets** | **1,588** | **1,062** | **536** | **2,159** | **1,634** |
| **Total assets** | **5,479** | **4,953** | **4,427** | **6,050** | **5,525** |
| **LIABILITIES** |  |   |  |  |  |
| **Payables** |  |   |  |  |  |
| Suppliers | 349 | 349 | 349 | 349 | 349 |
| Other payables | 152 | 152 | 152 | 152 | 152 |
| **Total payables** | **501** | **501** | **501** | **501** | **501** |
| **Interest bearing liabilities** |  |   |  |  |  |
| Leases | 955 | 572 | 189 | 1,955 | 1,572 |
| **Total interest bearing liabilities** | **955** | **572** | **189** | **1,955** | **1,572** |
| **Provisions** |  |  |  |  |  |
| Employees | 1,089 | 1,089 | 1,089 | 1,089 | 1,089 |
| Other | 11 | 11 | 11 | 11 | 11 |
| **Total provisions** | **1,100** | **1,100** | **1,100** | **1,100** | **1,100** |
| **Total liabilities** | **2,556** | **2,173** | **1,790** | **3,556** | **3,173** |
| **Net Assets** | **2,923** | **2,780** | **2,637** | **2,494** | **2,352** |
| **EQUITY** |  |   |  |  |  |
| Contributed equity | - | - | - | - | - |
| Reserves | - | - | - | - | - |
| Retained surpluses or (accumulated deficits) | 2,923 | 2,780 | 2,637 | 2,494 | 2,352 |
| **Total equity** | **2,923** | **2,780** | **2,637** | **2,494** | **2,352** |

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2023–24)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Retained earnings $'000** | **Asset revaluation reserve $'000** | **Contributed equity/capital $'000** | **Total equity $'000** |
| **Opening balance as at 1 July 2023** |  |  |  |  |
| Balance carried forward from previous period | 2,923 | - | - | **2,923** |
| Surplus (deficit) for the period | (143) | - | - | **(143)** |
| Capital budget - Bill 1 (DCB) | - | - | - | **-** |
| **Estimated closing balance as at30 June 2024** | **2,780** | **-** | **-** | **2,780** |

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget.

**Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2022–23 Estimated actual$'000** | **2023–24 Budget $'000** | **2024–25 Forward estimate$'000** | **2025–26 Forward estimate$'000** | **2026–27 Forward estimate$'000** |
| **OPERATING ACTIVITIES** |   |   |   |   |   |
| **Cash received** |  |   |  |  |  |
| Appropriations | 7,263 | 7,456 | 6,894 | 6,986 | 7,087 |
| Net GST received | 279 | 206 | 211 | 215 | 210 |
| Other s74 receipts | - | - | - | - | - |
| **Total cash received** | **7,542** | **7,662** | **7,105** | **7,201** | **7,297** |
| **Cash used** |  |   |  |  |  |
| Employees | 4,555 | 4,540 | 4,131 | 4,231 | 4,331 |
| Interest payment on lease liability | 11 | 7 | 7 | 7 | 7 |
| Suppliers | 2,610 | 2,732 | 2,584 | 2,580 | 2,576 |
| Return to OPA | - | - | - | - | - |
| **Total cash used** | **7,176** | **7,279** | **6,722** | **6,818** | **6,914** |
| **Net cash from (or used by) operating activities** | **366** | **383** | **383** | **383** | **383** |
| **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** | **-** | **-** | **-** | **-** | **-** |
| **Cash used** |  |   |  |  |  |
| Lease principal repayments | 366 | 383 | 383 | 383 | 383 |
| **Total cash used** | **366** | **383** | **383** | **383** | **383** |
| **Net cash from (or used by) financing activities** | **(366)** | **(383)** | **(383)** | **(383)** | **(383)** |
| **Net increase (or decrease) in cash held** | **-** | **-** | **-** | **-** | **-** |
| Cash and cash equivalents at the beginning of the reporting period | 38 | 38 | 38 | 38 | 38 |
| **Cash and cash equivalents at the end of the reporting period** | **38** | **38** | **38** | **38** | **38** |

Prepared on Australian Accounting Standards basis.

DCB = Departmental Capital Budget

OPA = Official Public Account

**Table 3.5: Departmental capital budget statement (for the period
ended 30 June)**

This section is not applicable to the NHFB.

**Table 3.6: Statement of departmental asset movements
(Budget year 2023–24)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Buildings $'000** | **Property, plant and equipment $'000** | **Intangibles $'000** | **Total $'000** |
| **As at 1 July 2023** |  |  |  |  |
| Gross book value  | - | - | 2,444 | **2,444** |
| Gross book value - RoU | 2,159 | - | - | **2,159** |
| Accumulated depreciation/amortisation and impairment | - | - | (1,793) | **(1,793)** |
| Accumulated depreciation/ amortisation and impairment - RoU | (1,271) | - | - | **(1,271)** |
| **Opening net book balance** | **888** | **-** | **651** | **1,539** |
| **CAPITAL ASSET ADDITIONS** |  |  |  |  |
| **Estimated expenditure on new or replacement assets** |  |  |  |  |
| By purchase - internal resources | - | - | - | **-** |
| **Total additions** | **-** | **-** | **-** | **-** |
| **Other movements** |  |  |  |  |
| Depreciation/amortisation expense | - | - | (163) | **(163)** |
| Depreciation/amortisation expense - RoU | (363) | - | - | **(363)** |
| **Total other movements** | **(363)** | **-** | **(163)** | **(526)** |
| **As at 30 June 2024** |  |  |  |  |
| Gross book value | - | - | 2,444 | **2,444** |
| Gross book value - RoU | 2,159 | - | - | **2,159** |
| Accumulated depreciation/amortisation and impairment | - | - | (1,956) | **(1,956)** |
| Accumulated depreciation/ amortisation and impairment - RoU | (1,634) | - | - | **(1,634)** |
| **Closing net book balance** | **525** | **-** | **488** | **1,013** |

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

1. For more information about the strategic direction of the NHFB, refer to the current Corporate Plan, available at: www.publichospitalfunding.gov.au/publications [↑](#footnote-ref-1)
2. Refer to the AIHW chapter in these Portfolio Budget Statements (PB Statements) for further information on the work of this entity. [↑](#footnote-ref-2)
3. Refer to the IHACPA chapter in these PB Statements for further information on the work of this entity. [↑](#footnote-ref-3)
4. *National Health Funding Body Annual Report 2021–22*. [↑](#footnote-ref-4)
5. Further information regarding reporting timeframes is published in the most recent NHFB Corporate Plan, available at: www.publichospitalfunding.gov.au/publications [↑](#footnote-ref-5)