

National Health Funding Body

Entity resources and planned performance

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Section 1: Entity overview and resources	358
1.1 Strategic direction statement.....	358
1.2 Entity resource statement.....	359
1.3 Budget measures	360
Section 2: Outcomes and planned performance	361
2.1 Budgeted expenses and performance for Outcome 1	361
Section 3: Budgeted financial statements	367
3.1 Budgeted financial statements	367
3.2. Budgeted financial statements tables.....	368

National Health Funding Body

Section 1: Entity overview and resources

1.1 Strategic direction statement¹

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 publicly on funding, payments and services
- developing and providing rolling three year data plans to the Commonwealth, states and territories
- supporting additional funding streams to be transacted through the Pool.

The Administrator and the NHFB were established through the National Health Reform (NHR) 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 For more information about the strategic direction of the NHFB, refer to the current Corporate Plan, available at: www.publichospitalfunding.gov.au/publications

1.2 Entity resource statement

Table 1.1 shows the total resourcing 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, please refer to the *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 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis. Amounts presented below are consistent with amounts presented in the Appropriation Bills themselves.

Table 1.1: NHFB resource statement – Budget estimates for 2025–26 as at Budget March 2025

	2024–25 Estimated actual \$'000	2025–26 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	5,439	5,439
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	6,879	6,954
s74 retained revenue receipts ^(b)	-	-
Departmental Capital Budget ^(c)	-	-
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	6,879	6,954
Total departmental resourcing	12,318	12,393
Total resourcing for NHFB	12,318	12,393
	2024–25	2025–26
Average staffing level (number)	28	28

All figures are GST exclusive.

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

^(a) Appropriation Bill (No. 1) 2025–2026 and Supply Bill (No. 1) 2025–2026.

^(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) 2025–2026 and Supply Bill (No. 2) 2025–2026.

1.3 Budget measures

Budget measures in Part 1 relating to the NHFB are detailed in the Budget Paper No. 2 and are summarised below.

Table 1.2: NHFB 2025–26 Budget measures

Part 1: Measures announced since the 2024–25 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2024–25 \$'000	2025–26 \$'000	2026–27 \$'000	2027–28 \$'000	2028–29 \$'000
Savings from External Labour – further extension ^(a)					
National Health Funding Body					
Departmental payments	1.1	-	-	-	(123)
Total payments	-	-	-	-	(123)

Prepared on a Government Financial Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

^(a) The NHFB is not the lead entity for this measure. NHFB impacts only are shown in this table.

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 measure described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for the NHFB can be found at:
www.publichospitalfunding.gov.au/publications/national-health-funding-body-corporate-plan-2024-25

The most recent Annual Performance Statements can be found at:
www.publichospitalfunding.gov.au/publications/national-health-funding-body-annual-report-2023-24

2.1 Budgeted expenses and performance for Outcome 1

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
<p>Program 1.1: Develop, Collect, Analyse and Report High Quality National Health and Welfare Information and Statistics for Governments and the Community</p> <p>AIHW 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.</p>
Department of Health and Aged Care
<p>Program 1.1: Health Research, Coordination and Access</p> <p>Program 2.6: Health Benefit Compliance</p> <p>The 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.</p> <p>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.</p>
Department of the Treasury (Treasury)
<p>Program 1.5: Assistance to the States for Healthcare Services</p> <p>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.</p>
Independent Health and Aged Care Pricing Authority (IHACPA)³
<p>Program 1.1: Development of Pricing Advice and Annual Determinations</p> <p>IHACPA 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.</p>

² Refer to the AIHW chapter in these Portfolio Budget Statements (PB Statements) for further information on the work of this entity.

³ Refer to the IHACPA chapter in these PB Statements for further information on the work of this entity.

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

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
Program 1.1: National Health Funding Pool Administration					
Departmental expenses					
Departmental appropriation ^(a)	6,496	6,571	6,680	6,664	6,631
Expenses not requiring appropriation in the Budget year ^(b)	515	461	461	461	461
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	7,011	7,032	7,141	7,125	7,092
Total expenses for Outcome 1	7,011	7,032	7,141	7,125	7,092
	2024–25	2025–26			
Average staffing level (number)	28	28			

^(a) Departmental appropriation combines 'Ordinary annual services Appropriation Bill (No. 1), Supply 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 is used by entities to describe the results they plan to achieve and the related key activities, as detailed in the current corporate plan, the context in which these activities are delivered, and how the performance of these activities will be measured. Where relevant, details of the 2025–26 Budget measures that have created new programs or materially changed existing programs are provided.

Table 2.1.2: Performance measures for Outcome 1

<p>Outcome 1</p> <p>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.</p>	
<p>Program 1.1: National Health Funding Pool Administration</p> <p>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 \$68 billion⁴ 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 NHR Agreement and the Addendum to the NHR Agreement.</p>	
<p>Key Activities</p>	<ol style="list-style-type: none"> 1. Accurate and timely calculation of Commonwealth funding contributions <ul style="list-style-type: none"> - 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. 2. Best practice financial administration of the National Health Funding Pool <ul style="list-style-type: none"> - payments to each Local Hospital Network (LHN) accord with directions from responsible State and Territory Ministers and align with Service Agreements - maintain the integrity of the Payments System in accordance with policies, and procedures. 3. Effective reporting of public hospital funding <ul style="list-style-type: none"> - 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.

⁴ National Health Funding Body Annual Report 2023–24.

Program 1.1: National Health Funding Pool Administration		
Year	Performance Measure	Expected Performance Results
Current Year 2024–25	Accurate and timely calculation of Commonwealth funding contributions.	Accurate payment advice was provided to the Commonwealth Treasurer in line with the NHR Agreement and supporting policies. On track
Year	Performance Measure	Planned Performance Results
Budget Year 2025–26	As per 2024–25.	Accurate payment advice is provided to the Commonwealth Treasurer in line with the NHR Agreement and supporting policies.
Forward Estimates 2026–29	As per 2025–26.	As per 2025–26.

Program 1.1: National Health Funding Pool Administration		
Year	Performance Measure	Expected Performance Results
Current Year 2024–25	Best practice financial administration of the National Health Funding Pool.	All payments to each Local Hospital Network were made in alignment with directions from responsible state and territory ministers. On track
Year	Performance Measure	Planned Performance Results
Budget Year 2025–26	As per 2024–25.	All payments to each Local Hospital Network are made in alignment with directions from responsible state and territory ministers.
Forward Estimates 2026–29	As per 2025–26.	As per 2025–26.

Program 1.1: National Health Funding Pool Administration		
Year	Performance Measure	Expected Performance Results
Current Year 2024–25	Effective reporting of public hospital funding.	100% of monthly and quarterly reports on public hospital payments and services were published within reporting timeframes. On track
Year	Performance Measure	Planned Performance Results
Budget Year 2025–26	As per 2024–25.	100% of monthly and quarterly reports on public hospital payments and services are published within reporting timeframes. ⁵
Forward Estimates 2026–29	As per 2025–26.	As per 2025–26.
Material changes to Program 1.1 resulting from 2025–26 Budget Measures: Nil		

⁵ Further information regarding reporting timeframes is published in the most recent NHFB Corporate Plan, available at: www.publichospitalfunding.gov.au/publications

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2025–26 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 in line with NHFB's operational requirements.

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

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
EXPENSES					
Employee benefits	4,431	4,531	4,631	4,721	4,811
Supplier expenses	2,156	2,131	2,140	2,034	1,911
Depreciation and amortisation	417	363	363	363	363
Interest on RoU	7	7	7	7	7
Total expenses	7,011	7,032	7,141	7,125	7,092
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	-	-	-	-	-
Total revenue	-	-	-	-	-
Gains					
Other	98	98	98	98	98
Total gains	98	98	98	98	98
Total own-source revenue	98	98	98	98	98
Net cost of (contribution by) services	6,913	6,934	7,043	7,027	6,994
Revenue from Government	6,879	6,954	7,063	7,047	7,014
Surplus (Deficit)	(34)	20	20	20	20
Surplus (Deficit) attributable to the Australian Government	(34)	20	20	20	20
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to the Australian Government	(34)	20	20	20	20

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

Note: Impact of net cash appropriation arrangements

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
Total comprehensive income (loss) attributable to the Australian Government	(34)	20	20	20	20
plus non-appropriated expenses					
depreciation and amortisation expenses	54	-	-	-	-
plus depreciation and amortisation expenses for RoU	363	363	363	363	363
less lease principal repayments	(383)	(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)

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	29	29	29	29	29
Trade and other receivables	5,442	5,442	5,442	5,442	5,442
Total financial assets	5,471	5,471	5,471	5,471	5,471
Non-financial assets					
Land and buildings	162	1,948	1,585	1,222	859
Other	84	84	84	84	84
Total non-financial assets	246	2,032	1,669	1,306	943
Total assets	5,717	7,503	7,140	6,777	6,414
LIABILITIES					
Payables					
Suppliers	316	316	316	316	316
Other payables	349	349	349	349	349
Total payables	665	665	665	665	665
Interest bearing liabilities					
Leases	189	1,955	1,572	1,189	806
Total interest bearing liabilities	189	1,955	1,572	1,189	806
Provisions					
Employees	1,035	1,035	1,035	1,035	1,035
Other	11	11	11	11	11
Total provisions	1,046	1,046	1,046	1,046	1,046
Total liabilities	1,900	3,666	3,283	2,900	2,517
Net Assets	3,817	3,837	3,857	3,877	3,897
EQUITY					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or (accumulated deficits)	3,817	3,837	3,857	3,877	3,897
Total equity	3,817	3,837	3,857	3,877	3,897

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2025–26)

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2025				
Balance carried forward from previous period	3,817	-	-	3,817
Surplus (deficit) for the period	20	-	-	20
Capital budget - Bill 1 (DCB)	-	-	-	-
Estimated closing balance as at 30 June 2026	3,837	-	-	3,837

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)

	2024–25 Estimated actual \$'000	2025–26 Budget \$'000	2026–27 Forward estimate \$'000	2027–28 Forward estimate \$'000	2028–29 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,879	6,954	7,063	7,047	7,014
Net GST received	211	215	210	210	210
Other s74 receipts	-	-	-	-	-
Total cash received	7,090	7,169	7,273	7,257	7,224
Cash used					
Employees	4,431	4,531	4,631	4,721	4,811
Interest payment on lease liability	7	7	7	7	7
Suppliers	2,269	2,248	2,252	2,146	2,023
Return to OPA	-	-	-	-	-
Total cash used	6,707	6,786	6,890	6,874	6,841
Net cash from (or used by) operating activities	383	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	383	383	383	383	383
Total cash used	383	383	383	383	383
Net cash from (or used by) financing activities	(383)	(383)	(383)	(383)	(383)
Net increase (or decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	29	29	29	29	29
Cash and cash equivalents at the end of the reporting period	29	29	29	29	29

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 2025–26)

	Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2025				
Gross book value	-	-	345	345
Gross book value – RoU	2,159	-	-	2,159
Accumulated depreciation/ amortisation and impairment	-	-	(345)	(345)
Accumulated depreciation/ amortisation and impairment – RoU	(1,997)	-	-	(1,997)
Opening net book balance	162	-	-	162
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase – internal resources	2,149	-	-	2,149
Total additions	2,149	-	-	2,149
Other movements				
Depreciation/amortisation expense	-	-	-	-
Depreciation/amortisation expense – RoU	(363)	-	-	(363)
Total other movements	(363)	-	-	(363)
As at 30 June 2026				
Gross book value	-	-	345	345
Gross book value – RoU	4,308	-	-	4,308
Accumulated depreciation/ amortisation and impairment	-	-	(345)	(345)
Accumulated depreciation/ amortisation and impairment – RoU	(2,360)	-	-	(2,360)
Closing net book balance	1,948	-	-	1,948

Prepared on Australian Accounting Standards basis.

RoU = Right-of-Use asset

