Department of Health and Ageing
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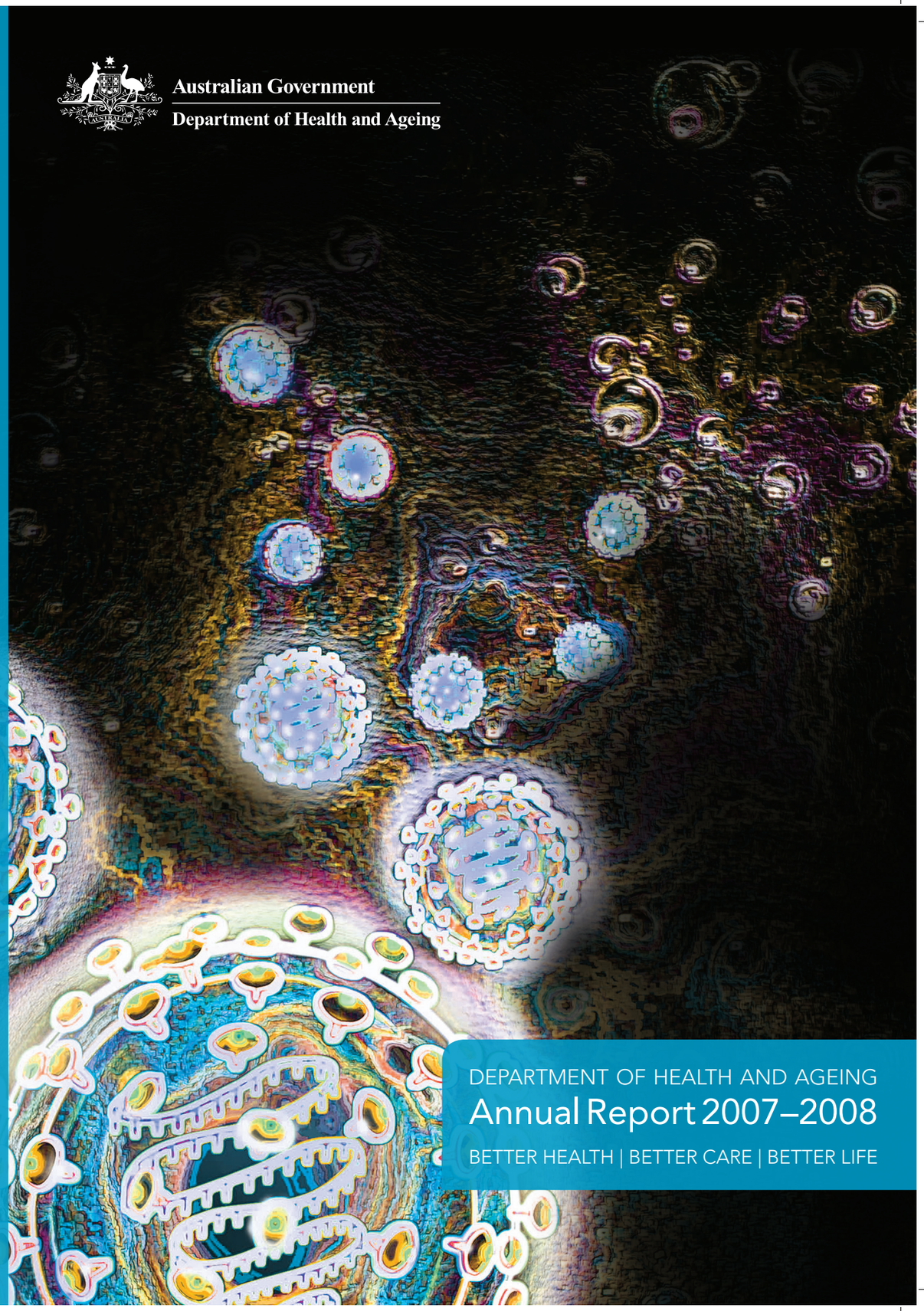
BETTER HEALTH | BETTER CARE | BETTER LIFE

DEPARTMENT OF HEALTH AND AGEING Annual Report 2007–2008

Australian Government
Department of Health and Ageing



DEPARTMENT OF HEALTH AND AGEING

Annual Report 2007–2008

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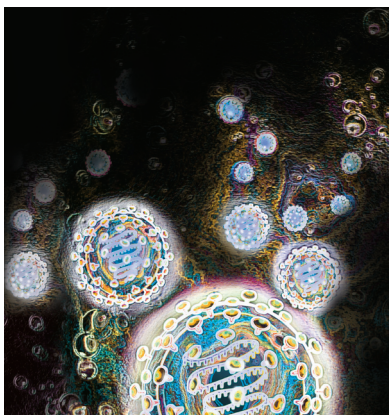
The cover features an image of the coronavirus SARS-CoV.



The SARS-CoV virus causes a respiratory illness known as Severe Acute Respiratory Syndrome (SARS). Symptoms include high fever, headache, confusion, body aches and diarrhoea. After two to seven days, SARS patients may develop a dry cough, leading to increased shortness of breath. Most patients develop pneumonia.

SARS first appeared in southern China in November 2002 and has subsequently spread worldwide, being recognised as a global threat in March 2003. By July 2003, no new cases were being reported and the World Health Organization declared the global outbreak to be over. The most recent human cases of SARS were reported in China in April 2004 in an outbreak resulting from laboratory-acquired infections.

Only one SARS case was confirmed in Australia. A German traveller, who acquired the infection in Hong Kong in February 2003 then travelled to Australia where she developed an influenza-like illness.

Enquiries

If you would like to comment on this annual report, or have any queries, please contact the Editor at:

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Alternative Formats

This annual report is available electronically on the Department of Health and Ageing website, at <www.health.gov.au>. The internet version contains links to the *2007-08 Department of Health and Ageing Portfolio Budget Statements*.

This document is also available in other formats by contacting the Editor.

Acknowledgements

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Department of Health and Ageing

Better Health | Better Care | Better Life

The Department of Health and Ageing is a Department of State. We operate under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

Our Vision

Better health and active ageing for all Australians.

Our Role

The Department's role is to achieve the Australian Government's priorities (outcomes) for health and ageing. We do this by developing evidence-based policies, managing programs and undertaking research and regulation activities. We also lead and work closely with other agencies to achieve results for the Australian Government and community, and engage in open and constructive consultation with professionals, providers, industry and community groups.

Our Expenditure

The Department administered a budget of $45.8 billion in 2007–08 – one sixth of the entire Federal Budget. This was an 11.4 per cent nominal increase over 2006-07 expenditure.

Our Highlights for 2007-08

In working to achieve better health and active ageing for all Australians, the Department:

- contributed to a raised awareness and early detection of bowel cancer by distributing 627,000 screening invitations to eligible Australians in all states and territories (see Outcome 1 – Population Health, page 33);
- provided eligible Australians with more affordable and timely access to certain medicines under the Pharmaceutical Benefits Scheme which can now be prescribed by optometrists (see Outcome 2 – Access to Pharmaceutical Services, page 57);
- established the framework for the Diagnostic Imaging Accreditation Scheme to ensure that all practices provide the same high quality, effective and safe diagnostic imaging services, regardless of by whom, when and where the service is performed (see Outcome 3 – Access to Medical Services, page 67);
- implemented significant reforms in the funding of residential aged care resulting in better matching of funding to care needs and targeting of funding to residents with higher care needs (see Outcome 4 – Aged Care and Population Ageing, page 77);
- commenced implementation of the GP Super Clinics program, which will establish 31 clinics to provide multi-disciplinary primary care in areas with poor access to primary care services (see Outcome 5 – Primary Care, page 93);
- helped ensure that rural and remote communities have access to aero-medical health services, through the finalisation of a new agreement with the Royal Flying Doctor Service that will provide funding to 30 June 2011 (see Outcome 6 – Rural Health, page 109);
- helped people to make best use of their hearing aids and better cope with their hearing loss, through the introduction of extended rehabilitation services (see Outcome 7 – Hearing Services, page 119);
- improved access to child and maternal health services, including antenatal care and child health and development checks, through funding to five Mothers and Babies Services (see Outcome 8 – Indigenous Health, page 129);

- improved the safety and quality of privately insurable health services through the development of the Private Health Insurance (Accreditation) Rules 2008 (see Outcome 9 – Private Health, page 141);
- advanced the development of the first phase of electronic prescribing through initial deployments in aged care and community settings (see Outcome 10 – Health System Capacity and Quality, page 149);
- supported people with mental health problems, their families and carers, through telephone counselling and web-based support initiatives (see Outcome 11 – Mental Health, page 163);
- created 98 new medical specialist training positions in an expanded range of training settings to ensure specialist training meets current and future health needs (see Outcome 12 – Health Workforce Capacity, page 175);
- extended the terms and conditions of the 2003-08 Australian Health Care Agreements to 30 June 2009, and provided an additional $500 million to the states and territories to relieve pressure on public hospitals (see Outcome 13 – Acute Care, page 187);
- procured 1.2 million doses of H5N1 influenza pre-pandemic vaccine to be used by health care and other workers at high risk of infection in an influenza pandemic (see Outcome 14 – Biosecurity and Emergency Response, page 201); and
- contributed to increased participation in sport and recreation through funding for the development of sport and recreation facilities (see Outcome 15 – Development of a Stronger and Internationally Competitive Sports Sector and Encouragement of Greater Participation in Sport by all Australians, page 213).

Our Way Forward

Over the coming year, the Department will:

- assist the Australian Government in reform of the health system, through putting in place a new National Health Care Agreement for both public hospitals and preventions; better integration of preventative health care in the broader health system; and development of a new primary health care strategy;
- deliver follow-up health checks for Indigenous children under the Northern Territory Emergency Response and strengthen our long-term commitment to improving primary health care services in the Northern Territory, to help close the 17 year life expectancy gap between Indigenous and non-Indigenous Australians;
- provide additional support for cancer care, prevention and research;
- support Australia's health workforce through education and training programs;
- focus on ensuring that older Australians receive a choice of high quality, accessible and affordable aged care;
- ensure access to reliable, timely and affordable access to cost-effective and high quality pharmaceutical and medical services; and
- deliver high quality policy advice and program administration, in order to achieve our vision of better health and active ageing for all Australians.

Our Values

What is important to us.

We value:

- the commitment, achievements and development of all staff;
- accountability to our Ministers and Parliamentary Secretary, Parliament and the public;
- working with other agencies to achieve results for the Australian Government and community;
- open and constructive consultation with professionals, providers, industry and community groups;
- diversity, which is reflected in the management of our business and in the delivery of our programs;
- developing, delivering and evaluating programs effectively;
- being aware of our responsibilities and managing our own performance;
- using resources efficiently;
- working in an apolitical, fair, professional and ethical manner;
- commitment to quality, professionalism, innovation and flexibility; and
- our ability to apply our skills and training to the delivery of better health and ageing outcomes.

Department of Health and Ageing Corporate Plan 2006-09



Preface

About this Report

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

A core value of the Department of Health and Ageing is accountability to our Ministers and Parliamentary Secretary, Parliament and the public.[1] The primary purpose of this report is to describe the Department's activities during 2007–08, reporting on the performance and financial information presented in the *2007–08 Health and Ageing Portfolio Budget Statements*, and the *2007–08 Health and Ageing Portfolio Additional Estimates Statements*. Our aim is to provide readers with a useful and informative picture of the Department's performance over the past twelve months.

Structure of the Report

The report opens with a letter from the Department's Secretary, Ms Jane Halton PSM, to the Minister for Health and Ageing, The Hon Nicola Roxon MP; and contents pages.

Part One: Overview

Part One explains the Department's activities, broad strategic directions and priorities for the year. It also notes key issues and achievements. These are set out in the Secretary's Review, the Chief Medical Officer's Report and the Departmental Overview.

Part Two: Performance Reporting

Part Two discusses the main activities of the Department's 15 outcomes, reporting on the Department's performance against the key strategic directions and targets detailed in the *2007–08 Health and Ageing Portfolio Budget Statements* and the *2007–08 Health and Ageing Portfolio Additional Estimates Statements*. This section also includes financial reporting on Budget estimates and actual expenses for 2007–08, and services provided to the portfolio Ministerial team.

Part Three: Management Arrangements

Part Three details the Department's governance, people and financial management arrangements. This section also includes information on internal and external scrutiny activities and ministerial responsibilities.

Part Four: Accountability Reporting

Part Four provides a range of information relating to the Department, including payments for advertising and marketing research and consultancies, and our performance in meeting Commonwealth Disability Strategy, Ecologically Sustainable Development and Occupational Health and Safety objectives. Information on discretionary grants and Freedom of Information arrangements is also included.

Part Five: Financial Statements

Part Five contains the complete set of financial statements for the Department of Health and Ageing and the Therapeutic Goods Administration Trust Account.

Part Six: Contact Details

Part Six contains contact details for the Department's Central and State and Territory offices. Contact details for portfolio agencies are also provided.

The report also includes a list of acronyms, glossary, index and a postscript.

[1] As set out in the *Department of Health and Ageing Corporate Plan 2006-09*, available at <www.health.gov.au>.

Letter of Transmittal

Australian Government

Department of Health and Ageing

SECRETARY

The Hon Nicola Roxon MP
Minister for Health and Ageing
Parliament House
Canberra ACT 2600

Dear Minister

As required under Section 63(1) of the *Public Service Act 1999*, I provide you with the 2007-08 Department of Health and Ageing Annual Report, for your presentation to the Parliament.

This report has been prepared in accordance with the *Requirements for Annual Reports*, approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit, as required under Section 63 of the *Public Service Act 1999*.

I am satisfied that the Department of Health and Ageing has prepared fraud risk assessments and fraud control plans that meet the specific needs of the Department and comply with the *Commonwealth Fraud Control Guidelines*.

Yours sincerely

Jane Halton PSM
Secretary

October 2008

MDP 84 GPO Box 9848 Canberra ACT 2601
Telephone: (02) 6289 8400 Facsimile: (02) 6285 1994

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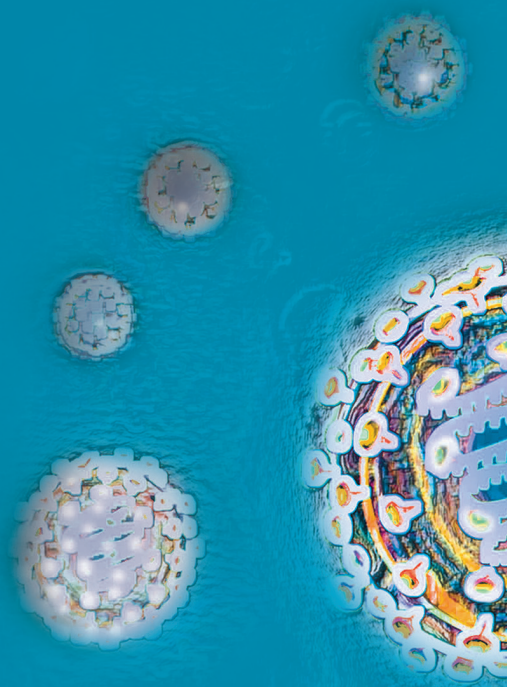
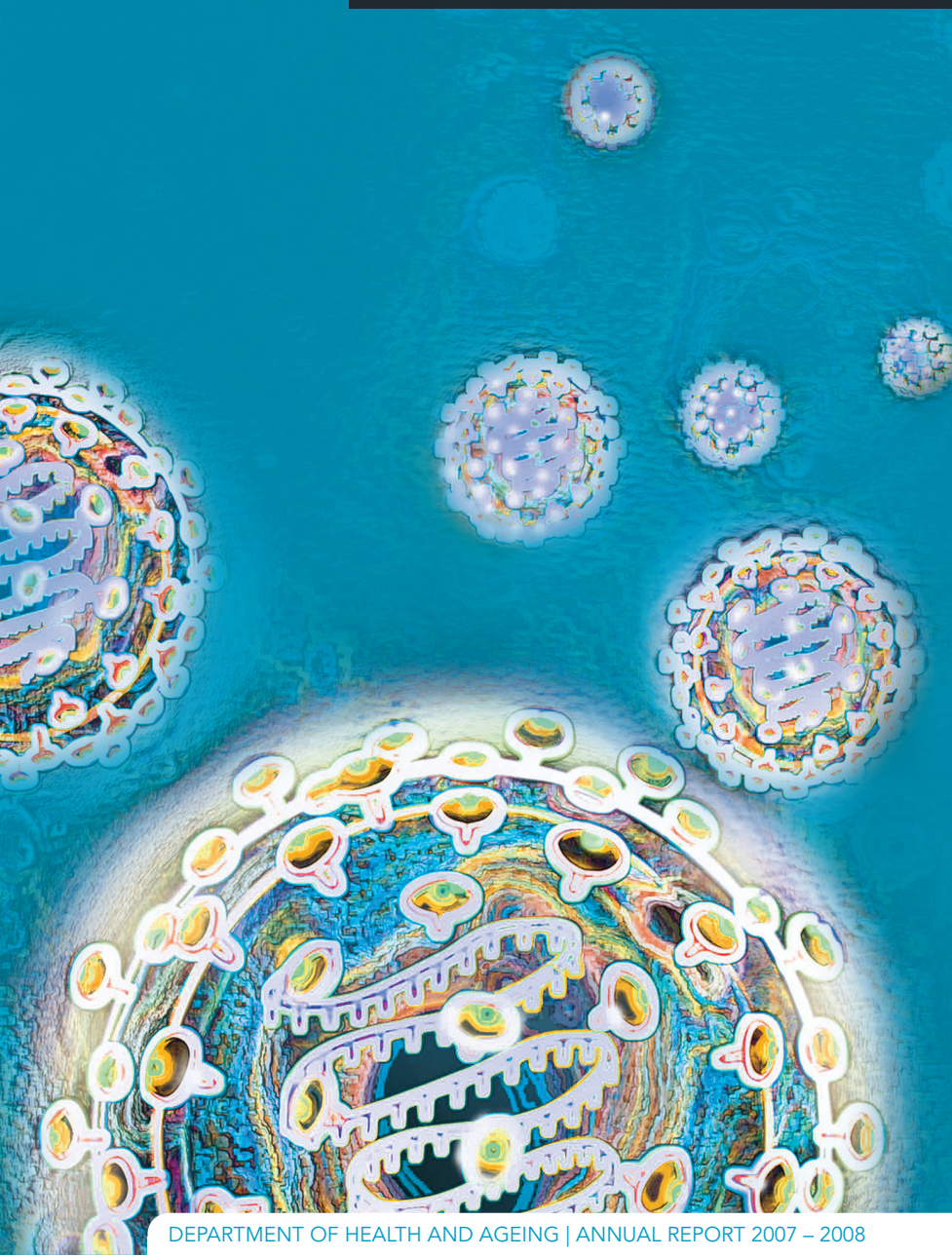


PART 01

Overview



Secretary's Review

Introduction

2007–08 was a period of significant change with the pre-election caretaker period and the subsequent change of government. The caretaker period raises a number of challenges in continuing to administer major programs, whilst with a new government also comes a new focus and a new set of priorities.

In December 2007, The Hon Nicola Roxon MP was appointed as the Minister for Health and Ageing, The Hon Justine Elliot MP was appointed as Minister for Ageing, and The Hon Kate Ellis MP became Minister for Sport. In addition, Senator The Hon Jan McLucas was appointed as Parliamentary Secretary to the Minister for Health and Ageing. I am pleased with the way in which the Department responded to the change of government, as we deliver the new Government's priorities for health and ageing and worked on implementing their election commitments.

The main focus of the majority of the 2007–08 year has been working with the Government to develop and implement new directions in health care. Key features of this are outlined in this overview, including a greater focus on preventative health, closing the 17 year life expectancy gap between Indigenous and non-Indigenous Australians and increased collaboration across all levels of government.

Preventable chronic illnesses including obesity, cardiovascular disease, cancer and type 2 diabetes and other effects of alcohol, drugs and smoking impose a huge toll on our community. They also impose a significant cost on our health system.

Prevention is not only a key focus for improving quality of life, but also heading off an unsustainable burden of chronic disease, taking pressure off our public hospitals, and improving our workforce participation and productivity. A recently released report commissioned by the Department showed the annual social costs of tobacco, alcohol and illicit drugs have grown to $56.1 billion in 2004–05.

The Department has continued to rise to this challenge on a number of fronts. In 2007–08, the Department worked towards preventing the incidence and impact of breast, ovarian, bowel, cervical and skin cancer, type 2 diabetes, obesity and illicit drug use, through early detection/screening, research and awareness campaigns and programs. This year also saw the transfer of the sport function from the Department of Communications, Information Technology and the Arts to the Department of Health and Ageing in recognition of sport and physical activity as key elements of the preventative health agenda.

A focus and significant challenge for this year for the Department has been bridging the life expectancy gap between Indigenous and non-Indigenous Australians. In 2007–08, the Department worked collaboratively with other Commonwealth and State agencies on developing and implementing measures to address the Government's commitment to close the 17 year life expectancy gap and reduce child mortality rates. This includes: commencing implementation of the New Directions initiative which will deliver additional child and maternal health services, including nurse home visiting, for Aboriginal and Torres Strait Islander mothers and babies

and health checks for Indigenous children before starting school; and reducing alcohol and substance use and its impact on the families, safety and community wellbeing in remote Indigenous communities.

This year saw the Department working hard towards realising reforms that aimed to improve the sustainability and performance of the Pharmaceutical Benefits Scheme and the aged care sector.

Throughout 2007–08, the Department also worked on a comprehensive Pharmaceutical Benefits Scheme Reform package. Streamlined authority arrangements commenced on 1 July 2007 to reduce the administrative burden on prescribers, and allow them to spend more time with their patients by removing the need to contact Medicare Australia before prescribing. The Department also introduced new price disclosure arrangements and included incentives for pharmacy and software vendors to process their Pharmaceutical Benefits Scheme claims online.

The Department developed and implemented several significant reforms in the funding of care and accommodation in aged care homes on 20 March 2008. These reforms included a new Aged Care Funding Instrument and Accommodation Supplement; and improved the fairness of the aged care income test, and simplified the fees and charges paid by residents.

An accessible health workforce is essential to the provision of quality health services. This year the Department continued to build the health workforce to meet community needs. In collaboration with State and Territory Governments, the Department worked towards ensuring that only health professionals who are suitably trained and qualified to practise in a competent and ethical manner are registered as well as reducing the red tape associated with separate state and territory systems for the registration of health professionals and accreditation of their education and training; making it easier for health professionals to work across borders. We also implemented arrangements with the states and territories, and private sector hospitals and hospital groups to encourage nurses to return to the nursing workforce in public or private hospitals and residential aged care homes.

In addition to delivering these reforms, the Department also dealt with its ongoing work, and efficiently administered a budget of $45.8 billion.

Highlights for 2007–08

Promoting Good Health and Preventing Disease

Early Detection and Prevention of Cancer

While survival rates for many common cancers have improved in recent years, cancer still remains a leading cause of death in Australia. Cancer control remained a priority for the Department in 2007–08. This year, the Department continued to implement the Strengthening Cancer Care initiative to reduce the burden of cancer in Australia.
The Department continued to fund the National Breast and Ovarian Cancer Centre and the Breast Cancer Network Australia to deliver programs to improve information, awareness, early detection, and treatment of breast and ovarian cancers.

In 2007–08, the Department also continued the rollout of the National Bowel Cancer Screening Program. Approximately 80 Australians die from bowel cancer each week. Of all cancers, bowel cancer is perhaps the one where earlier detection and better treatment can most affect survival and quality of life. During the year, approximately 627,000 invitations to participate in screening were sent to Australians turning 55 or 65 years of age in all states and territories, and those involved in the pilot program. Just over 40 per cent of people invited chose to participate in screening and in the first eighteen months of the program, data reported to the register showed that 28 confirmed cancers, 529 suspected cancers and 1,311 confirmed adenomas (pre-cancerous conditions) had been detected.

In February 2008, the Department entered into arrangements with the Victorian Cytology Service for the development and operation of the HPV Register to help combat cervical cancer. The register is collecting vaccination information that will be used to support the human papilloma virus vaccination program. Information collected by the register will be used to evaluate the effectiveness of the vaccine in reducing cervical cancer in the longer term, and to inform future policy.

The Department developed and implemented a second phase of the National Skin Cancer Awareness Campaign, to educate young Australians aged 13 to 24 years about the importance of protecting themselves from skin cancer. The campaign aims to reinforce the seriousness of, and young people's susceptibility to, skin cancer caused by cumulative exposure to the sun and sunburn.

Media activity ran during January and February 2008 which included a confronting television commercial and other advertising materials highlighting the risks associated with skin cancer. The campaign will continue in 2008–09 with advertising and public relations activities building on the successes achieved to date.

Nutrition and Physical Activity Survey

The National Children's Nutrition and Physical Activity Survey was finalised in 2007–08. This major achievement resulted in the collection of data on the foods consumed and physical activities undertaken by over 4,000 children aged 2 to 16 years. The survey also measured data on height, weight and waist circumference. The survey will help to inform future policy initiatives to address overweight and obesity, and micro nutrient deficiencies in children. It will also inform the review of Australia's nutrition guidelines being undertaken by the National Health and Medical Research Council.

Council of Australian Governments Diabetes Initiative

The Department prepared for implementation of the Commonwealth's component of the Council of Australian Governments reducing the risk of type 2 diabetes initiative in 2007–08. This involved developing a new Medicare Item – Type 2 Diabetes Risk Evaluation. Released on 1 July 2008, the item enables general practitioners to review patients aged 40 to 49 years who are at high risk of developing type 2 diabetes, and instigate early interventions to help prevent the disease.

Improving Hospital Performance

The Department implemented the Government's decision that the current Australian Health Care Agreements will be extended for 12 months (to the end of June 2009) with an extra $500 million provided in 2007–08. This funding will assist the states and territories to deliver free public hospital services to the community. In 2006–07, 84 per cent of patients were admitted for elective surgery within the recommended time, compared with 81 per cent in 2005–06. This year, we worked with the states and territories to implement the first stages of the Elective Survey Waiting List Reduction Plan to further reduce the number of people waiting longer than clinically recommended for surgery, and progressed the second stage to provide additional funding for system improvements to states and territories' capacity to provide elective surgery.

Combating the Use of Illicit Drugs

The issue of illicit drugs remains a significant concern among the Australian public, particularly with parents of young people, and the National Drugs Campaign is being funded for another four years with the aim of contributing to a reduction in the uptake of methamphetamines such as 'Ice'.

The Department developed and implemented the third phase of the National Drugs Campaign which targeted parents and young people, to convey the risks of using marijuana, ecstasy and speed. The campaign featured a major focus on the drug 'Ice', and included a new and confronting television commercial

and other advertising warning of the dangers of this drug and the devastating impact that it can have on health, relationships and the community.

Commitment to Aboriginal and Torres Strait Islander Health

Addressing the health needs of Aboriginal and Torres Strait Islander people continued to be a priority in 2007–08. The Department worked collaboratively with other Commonwealth and State agencies on developing and implementing measures to address the Government's commitment to close the 17 year life expectancy gap and reduce child mortality rates. This includes: commencing implementation of the New Directions initiative ($112 million) which will deliver additional child and maternal health services, including nurse home visiting, for Aboriginal and Torres Strait Islander mothers and babies and health checks for Indigenous children before starting school; and reducing alcohol and substance use and its impact on the families, safety and community wellbeing in remote Indigenous communities ($49 million).

The Department also worked with the Human Rights and Equal Opportunity Commission on the National Indigenous Health Equality Summit which led to the signing of the 'Statement of Intent' on closing the gap, initiatives on smoking and workforce, and the decision to establish the National Indigenous Health Equality Council.

Another major focus was the implementation of the Northern Territory Emergency Response in response to the Ampe Akelyernemane Meke Mekarle *Little Children are Sacred* report. The Department directly deployed over 100 Child Health Check teams, involving over 260 health care professionals who have provided 9,454 Indigenous child health checks across the Northern Territory. In partnership with the Northern Territory Government and the Aboriginal community controlled health sector, follow-up primary health care, hearing assessments and specialist ear, nose and throat, dental and paediatric services were also delivered to children assessed with additional health needs in the initial health checks.

The Department also commenced the establishment of a project to improve Quality Use of Medicines and access to Pharmaceutical Benefits Scheme medicines for clients of participating Aboriginal Community Controlled Health Services in rural and urban areas of Australia. In the 12 months to May 2008, the number of Medicare Benefits Schedule health assessments provided to Aboriginal and Torres Strait Islander people increased by 9,633 compared to the previous year; 6,090 of those were child health checks.

While there have been some early, and hopeful signs that this concentrated effort is making a difference, the Department will continue to focus on improving the health of Aboriginal and Torres Strait Islander peoples with an improved whole of government focus in 2008–09.

Improving Access to Medicines and Medical Treatments

Throughout 2007–08, the Department worked on a comprehensive Pharmaceutical Benefits Scheme Reform package. Streamlined authority arrangements commenced on 1 July 2007 to reduce the administrative burden on prescribers, and allow them to spend more time with their patients by removing the need to contact Medicare Australia before prescribing. The Department also introduced new price disclosure arrangements. These new arrangements will provide better value from competition, by ensuring the prices of Pharmaceutical Benefits Scheme medicines more closely reflect the price at which they are sold to pharmacists. Pharmaceutical Benefits Scheme Reform also includes incentives for pharmacy and software vendors to process their claims online. This has enabled the PBS Online program to be implemented successfully in approximately 95 per cent of pharmacies (over 4,950) nationwide.

The Department provided for optometrists accredited to prescribe under state or territory law to apply for approval as Pharmaceutical Benefits Scheme prescribers and for

certain Pharmaceutical Benefits Scheme eye medicines to be listed for optometrist prescribing. These arrangements came into operation on 1 January 2008. Around 300 optometrists have been approved as Pharmaceutical Benefits Scheme prescribers and the number is expected to grow annually. This initiative will improve access to eye medicines and contribute to eye care for the community, particularly for older people, lower income groups and people in rural areas.

The Department continued to add to the listing of high cost drugs on the Pharmaceutical Benefits Scheme. In 2007–08, another 11 high cost drugs were listed or had their indication extended. Access to these types of drugs allows for the lives of many Australians to be extended and improved where they would otherwise not be able to afford access or benefit from these drugs. High profile recent listings include Atomoxetine (Strattera®) for the treatment of attention deficit hyperactivity disorder, Ranibizumab (Lucentis®) and Verteporfin (Visudyne®) for age-related macular degeneration, and Taxotere (Docetaxel®) for the treatment of prostate cancer.

Better Access to and Affordability of Quality Medical Services

During 2007–08, the Department continued to work with stakeholders to make improvements to the Medicare Benefits Schedule. Key initiatives implemented during the year included work undertaken with Medicare Australia on the development of an incentives package to encourage take-up of Medicare claiming from doctors' surgeries. Many changes to items in the Medicare Benefits Schedule Book were also undertaken in 2007–08 to ensure that services funded are clinically appropriate and relevant to the needs of Australians. To help ensure that the Medicare Benefits Schedule reflects and encourages appropriate clinical practice, the Department established the Professional Services Review Advisory Committee to oversee the workings of the Professional Services Review Scheme, and to implement the outcomes of a 2006–07 review of the scheme.

Diagnostic Imaging Accreditation Scheme

During 2007–08, the Department established the framework for the Diagnostic Imaging Accreditation Scheme. Under the scheme, practices providing all diagnostic imaging services, except for cardiac imaging, nuclear medicine imaging, and obstetrical and gynaecological ultrasound, must be accredited, or be registered to become accredited, to be eligible for Medicare benefits. The scheme commenced on 1 July 2008 and ensures that all diagnostic imaging practices provide the same high quality, effective and safe Medicare services, regardless of by whom, when and where the service is performed. The second stage of the implementation process, which will be undertaken from July 2008 to 2010, will involve diagnostic imaging practices being assessed by the accreditation providers against entry-level standards.

Hearing Services

In 2007–08, the Department established the Hearing Loss Prevention Program. This program aims to reduce the incidence of hearing loss in the general community and its consequent impacts on productivity. It specifically targets young people, Aboriginal and Torres Strait Islander people and those in the workplace.

The Department also established a new rehabilitation service which will improve the hearing outcomes for voucher clients. New clients fitted with free devices will receive additional support from the Australian Government Hearing Services Program to ensure that they gain the maximum benefit from these devices.

Caring for Older Australians

The Department developed and implemented several significant reforms in the funding of care and accommodation in aged care homes on 20 March 2008. First, through the new Aged Care Funding Instrument, the reforms better match care subsidies to care needs and target funding to those residents with higher care needs. This will help improve access

to care and the quality of care for people with high needs. Second, through the new Accommodation Supplement, the reforms increased the level of assistance provided to those residents who cannot afford to pay their own accommodation costs. They also extended eligibility for this assistance to all residents with few or modest assets. This will help improve access to care for these residents. Finally, the reforms improved the fairness of the aged care income test and simplified the fees and charges paid by residents.

The Department worked collaboratively with state and territory health departments to implement the Government's commitment for an additional 2,000 transition care places over the next four years. These places, together with the 2,000 transition care places that have already been released, will assist older people after a hospital episode by providing additional therapies and support, so that people can regain their functioning and independence. When all 4,000 transition care places are operational, up to 30,000 older people will be assisted every year. The Department allocated the first tranche of 228 additional transition care places in June 2008 and will allocate up to 2,000 places by 2010–11.

The Department also managed the establishment of the Ministerial Conference on Ageing, which met for the first time on 13 June 2008. The conference was created by the Council of Australian Governments on 26 March 2008 in response to a commitment by the Australian Government. The establishment of the conference recognises the challenges of Australia's ageing population and enables Australian ministers responsible for ageing and aged care, as well as representatives of the Australian Local Government Association, to work together to respond to these challenges.

The Department bedded down a new Aged Care Complaints Investigation Scheme in 2007–08. The new scheme was designed to make it easier for people to raise issues of concern and this was reflected in the scheme receiving 11,323 contacts, an increase of 50 per cent from 2006–07, under the previous Aged Care Complaints Resolution Scheme. The scheme identified breaches in 12 per cent of investigated cases. From 1 July 2007 residential care providers were required to report allegations of sexual or serious physical assault to the Department and police, and the Department received 925 reports in 2007–08. The Department is closely monitoring the implementation of this reporting requirement to assess its impact on the safety and security of people in residential aged care.

Improving Access to Primary Care Services

A significant new program which the Department commenced work on in 2007–08 was the implementation of the Government's commitment to establish 31 GP Super Clinics. This program is designed to establish clinics providing multi-disciplinary primary care in areas which currently have poor access to primary care services. General practitioners will be key members of these clinics, which will also bring together a range of health professionals such as allied health workers, nurses and some specialists. GP Super Clinics will be implemented in close consultation with the local community, to ensure that they enhance and complement existing services.

Building the Health Workforce to Meet Community Needs

The Department collaborated with state and territory health departments and specialist colleges, to gain their support for the establishment and accreditation of new medical specialist training positions in training settings such as private hospitals, community settings and rural or regional public hospitals. A major achievement was the funding for 98 new medical specialist training positions, located in all states and territories, across a range of specialty areas including medicine, surgery, anaesthetics and pathology. This was in addition to 48 specialist training positions in expanded settings for psychiatry.

In 2007–08, the Department played a key role in the development of a national registration and accreditation scheme for nine health professions: nursing and midwifery, medicine, physiotherapy, chiropractic care, osteopathy, psychology, optometry, pharmacy and dental care (including dentists, dental hygienists, dental therapists and dental prosthetists). The scheme will ensure that only health professionals who are suitably trained and qualified to practise in a competent and ethical manner are registered, and reduce the red tape associated with separate state and territory systems, making it easier for health professionals to work across borders. On 26 March 2008, the Council of Australian Governments agreed to implement the national scheme by 1 July 2010.

2007–08 also saw the Department conduct an audit on health workforce shortages in rural and regional Australia. This audit, *The Report on the Audit of Health Workforce in Rural and Regional Australia*, identified a range of issues associated with workforce shortage and was released by the Minister on 30 April 2008. It confirmed that regional and remote Australians continue to be disadvantaged in their access to health professions compared with their urban counterparts. In response to the audit, the Department has established an Office of Rural Health to drive reform in the rural health sector. Also, all existing programs that support rural health professionals and service delivery will be examined over the next 12 months, to determine how to better support those communities in most need of assistance.

Enhancing Access to Mental Health Care

The Better Outcomes in Mental Health Care Program aims to improve community access to quality primary mental health care. Since the program's commencement in July 2001, 7,776 general practitioners have referred over 100,000 consumers to mental health services delivered by 2,665 allied health professionals.

The Department built on this success in 2007–08, by developing new, flexible and innovative models of mental health care to address service gaps and better meet the needs of vulnerable populations. This major achievement included the start of a trial in 24 rural and remote Divisions of General Practice across New South Wales, Victoria, Queensland, South Australia, Western Australia, the Northern Territory and Tasmania, which will test whether telephone-based cognitive behaviour therapy is an effective way to overcome barriers to accessing services in rural and remote areas.

Biosecurity and Emergency Response

In 2007–08, the Department developed the *National Health Security Act 2007* to provide for the exchange of public health surveillance information between health authorities. This Act received Royal Assent in November 2007, and improves health authorities' identification and response capacities to public health events of national or international significance, such as an influenza pandemic. Signed by Health Ministers in November 2007, the National Health Security Agreement supports the Act's practical operation and formalises decision-making and coordinated response arrangements to prepare for health emergencies.

In 2007–08, the Department replaced elements of the National Medical Stockpile that will expire over the next two years. A major achievement was the purchase of 1.2 million doses of H5N1 influenza pre-pandemic vaccine. Until a pandemic specific vaccine becomes available, this vaccine will be used for the protection of those at highest risk of infection, such as health care workers, in the event of an influenza pandemic. The Department financially supported the development of a prototype pandemic vaccine by the Commonwealth Serum Laboratories, which has now been registered by the Therapeutic Goods Administration for use in adults and the elderly during an officially declared pandemic.

The Department also finalised work on the *Quarantine Amendment (National Health Security) Act 2008*, which was passed by Parliament in June 2008. In December 2007, the Department, in concert with the Australian

Quarantine and Inspection Service, implemented Ship Sanitation Certificates under the World Health Organization's International Health Regulations (2005). The Ship Sanitation Certificate strengthens the control of human health on international shipping entering Australia.

Combating Equine Influenza

A major achievement was the Department's contribution to the control and eradication of an outbreak of equine influenza in Australia. In September 2007, the Department, through the Office of the Gene Technology Regulator, supported the Parliamentary Secretary in making the *Gene Technology (Equine Influenza Vaccine) Emergency Dealing Determination 2007*, which temporarily authorised the importation, transportation, possession, use and disposal of two genetically modified vaccines: ProteqFlu and ProteqFlu Te.

This involved the rapid preparation of risk assessment advice by the Gene Technology Regulator, and coordination of input across the Department and with other Australian and State and Territory Government agencies. The Department also monitored compliance with the conditions of the determination, inspecting sites in Queensland, Victoria, New South Wales and the Australian Capital Territory (all of which were fully compliant).

Participation in Sport

In 2007–08, the sport function was moved from the former Department of Communications, Information Technology and the Arts to the Department of Health and Ageing to ensure that sport and physical activity are key elements of the preventative health agenda. Links between the sport and health sectors have been strengthened, opening up opportunities for better coordinated efforts to increase physical activity, including participation in community sport.

This focus is reflected in the development of the Government's new policy framework for sport *Australian Sport: emerging challenges, new directions*. The framework identifies the need to better support elite sport, and prevent chronic disease in the community through increased participation in physical activity. Priority areas include improving the status of women in sport, improving the delivery of Indigenous sport, and examining how to improve access for disabled athletes at the grassroots and elite levels.
The Department will manage the implementation of the major initiatives in the policy, including an independent review of Australian sport, which will look at what is required to ensure Australia's continued sporting success at an elite level and mechanisms to support grassroots community support and increase participation rates.

The Department delivered a number of initiatives which contributed to positive participation outcomes. During 2007–08, the Department supported the development of a range of community and major sporting and recreation facilities across Australia, through the implementation of 17 new funding agreements. This major achievement supported the establishment and redevelopment of community sport and recreation facilities, club and oval upgrades, and the purchase of sporting equipment. Through this activity, the Department aims to improve opportunities for participation in sport and recreational activities at a grassroots level; and in the case of larger sport stadiums, a wider promotion of sports and encouragement of greater community participation.

Under the Indigenous Sport and Recreation Program, funding was provided to community groups, organisations and the Australian Sports Commission to deliver enhanced opportunities for Indigenous Australians to participate in sport and physical recreation. This included funding for approximately 130 projects in urban, rural and remote areas, a network of 28 Indigenous Sport Development Officers, and for a program that provides financial assistance to support Indigenous sports people attending Australian Sports Commission recognised national and international competitions through the provision of funding for travel and accommodation.

Our People

The Department's ability to rise to new challenges while continuing to focus on ongoing work is a reflection of the commitment and dedication of our staff.

2007 Staff Survey

Eighty-eight percent of staff at work on 21 November 2007 participated in the 2007 Staff Survey. This year's results demonstrate that staff continue to be passionate and committed to the work that they do and that their jobs make good use of their skills and abilities. The culture of the Department continues to value and respect the diversity of staff, as demonstrated in the improved results for staff with a disability and Aboriginal and Torres Strait Islander staff.

While this year's results consolidate improvements made in previous years, there is still room for improvement. In the upcoming 12 months, I look to all staff to work together to improve the application of merit and continue to reduce perceptions of bullying and harassment in the workplace.

Staff Generosity in Community Activities

Staff continued to lead by example in community activities. Most recently the Department won second place in the public sector category of the Canberra-based Australian Red Cross Corporate and Community Blood Donor Program for 2007. We will again compete in 2008 and competition is running apace within the Department as Central Office divisions and State and Territory offices compete for the annual Departmental Vampire Shield.

The Department's Workplace Giving Program is maintaining strong staff support. This year, an estimated $58,000 has been donated to the fifteen identified charities. In addition to this, the Fujitsu-Health Team who participated in the 2007 Hartley Ability Cycle Challenge raised $142,000 for Hartley Lifecare, while a number of very committed staff organised fundraising activities at the local level through the collection of donations for other charities including the Blind Society, Legacy and the World Vision SMILES project.

People Management Processes

Corporately, we strive to deliver efficient and effective people processes and services to support our staff. In response to staff requests in October 2007, we introduced HR Help, a national integrated telephone and online human resources delivery model to better meet staff needs. Feedback from staff accessing this new service is very positive, noting improved accuracy and timeliness of advice.

The majority of staff in the Department participated in the Performance Development Scheme. The introduction of an online Performance Development Scheme will deliver a more efficient process and improved monitoring and reporting capacity. Improved linkages with existing learning and development information, coupled with findings from a recent training needs analysis, will enable the Department to better identify, target, tailor and deliver on staff development needs.

Collective Agreement 5

The Department's fifth collective agreement delivers a generous and flexible employment framework flowing from previous agreements. A significant achievement of the new collective agreement is that, as a four year agreement, it offers significant productivity savings. The collective agreement also offers a range of enhancements such as an annual pay increase each August, recognising the importance of parental leave through 14 weeks paid maternity leave, maintaining the focus on a healthy workplace, and encouraging the use of public transport through a reimbursement of fares scheme.

The Year Ahead

During the coming year in particular, the Department will assist the Government in the reform of the health system, through putting in place a new National Health Care Agreement for both public hospitals and prevention; better integration of preventative health care in the broader health system; and development of a new primary health care strategy.

Another high priority of the Department will also be contributing to the Council of Australian Governments' commitment to closing the 17 year gap in life expectancy between Indigenous and non-Indigenous Australians within a generation, and to halving the gap in mortality rates between Indigenous and non-Indigenous children within a decade. In 2008–09, the Department will deliver follow-up care for child health checks under the Northern Territory Emergency Response and strengthen its long-term commitment to improve primary health care services in the Northern Territory.

The Preventative Health Taskforce was established on 9 April 2008 as a key source of advice to Government in refocusing the health system on prevention. Its focus in 2007–08 was on the generic lifestyle risks of excessive alcohol consumption, tobacco and obesity. These risk factors will be the initial focus of Australia's first National Preventative Health Strategy which is being developed by the taskforce to provide a blueprint for tackling chronic disease in Australia in the following years.

The Department is assisting the Government with the development of health reforms being considered by the Council of Australian Governments. A new health agreement is expected to be finalised by the council before the end of 2008 as part of a new Commonwealth-State financial agreement. The agreement will include benchmarks for improved performance in key areas, increased accountability, and greater transparency of outcomes to the community.

The Department will assist the Australian Government in the development of a National Primary Health Care Strategy to build a stronger primary care system, including a greater focus on keeping patients out of hospital and increasing the focus of primary care teams on the provision of multi–disciplinary care. In 2008–09, as part of the National Cancer Plan, the Department will also provide additional support for cancer care and prevention and cancer research. Australia's health workforce will be supported through education and training programs for general practitioners, other medical specialists, nurses and allied health professionals. The Department will focus on ensuring older Australians receive a choice of high quality, accessible and affordable aged care. In 2008–09, reliable, timely and affordable access to cost-effective and high quality pharmaceutical services will also remain a focus.

Finally, we will continue to focus on the delivery of high quality policy advice and program administration in order to ensure our objective of better health, better care and better life for all Australians.

For a comprehensive discussion of the Department's key objectives and priorities for the next reporting year, please refer to the *2008–09 Health and Ageing Portfolio Budget Statements.*

Jane Halton PSM
Secretary
Department of Health and Ageing

Chief Medical Officer's Report

Introduction

This year in health, as in most years, has been exciting. There have been a number of 'wins' and a whole host of new challenges.

The successful adoption by the Council of Australian Governments of the National Registration and Accreditation Scheme for all health professions will reassure the Australian community that all health professionals are appropriately trained and registered to undertake their tasks. We have also continued to work with the Deans of medical schools and professional colleges to ensure our training programs in medical schools and vocational training reflect the realities of today's medical practice. In other areas we made gains in Indigenous health, with Aboriginal and Torres Strait Islander children having a health check, and made appropriate arrangements to identify health problems and manage them in culturally sensitive ways. A number of other important strategies have been established to improve maternal and child health, as well as addressing some of the lifestyle factors that impact on the development of chronic disease in a disproportionate manner in this segment of our community. There have been other achievements, including: the successful rollout of the human papilloma virus vaccination program; the establishment of the Cognate Committee to look at ways of introducing best practice in the area of organ donation and transplantation; and new initiatives in providing better access to primary care.

The year has not been without challenges though. We had the worst seasonal influenza outbreak that has occurred for a number of years and lessons learnt were that our national 'real time' influenza surveillance needs to be strengthened. At the same time, Australia took a leadership role in trying to resolve the complex international issues around virus sharing by attempting to reconcile the different views of a large number of interested countries. This year we were confronted with the problem of a previously unknown contaminant in the anti-coagulant Heparin that has affected worldwide supply of this drug.

Prevention and the management of chronic disease has become a central theme of our activity: obesity has been announced as a national health priority; and a new Preventative Health Taskforce has been established with its early work focusing on alcohol, tobacco and obesity. New and ongoing work in cancer care included funding for: a Comprehensive Cancer Centre; two centres for research into prostate cancer; additional resources focused on gynaecological cancer; and a number of other projects.

The Office of Rural Health was established which will bring many of our ongoing projects together, so we can better coordinate our activities in the area of rural health and deliver better services, particularly in primary care.

Professional Practice

In March this year, First Ministers signed the Intergovernmental Agreement to establish a national system for the accreditation and registration of nine health professional groups (chiropractic, dental, medical, nursing and midwifery, optometry, osteopathy, pharmacy, physiotherapy and psychology). There will be nine individual professional registration boards reporting to health ministers, a single national structure for administration, with state offices implementing the nationally agreed regulations locally. This will ensure national consistency of recognition of skills as well as professional mobility, and will come into force in 1 July 2010. In combination with these changes, a new nationally consistent approach to the recognition of international medical

graduates has been put into effect. This will ensure that they all have their prior learning appropriately assessed. Where appropriate, international graduates will be given credit for prior learning and experiences, so that they can enter the workforce without delay, with assurances that these doctors are of a uniformly high standard. Medical training has also been a major focus with successful Australian Medical Council accreditation of a number of the new medical schools. With the increase in the number of graduates following the expansion of medical school places, there has been ongoing work with all stakeholders to ensure that appropriate numbers and quality of postgraduate training places are available for these graduates to enter, following completion of medical school. This expansion of training encompasses the community and private sectors, as well as the traditional public sector training environment. This change will ensure that the training of our medical professionals is better aligned with how diseases are currently managed in our community.

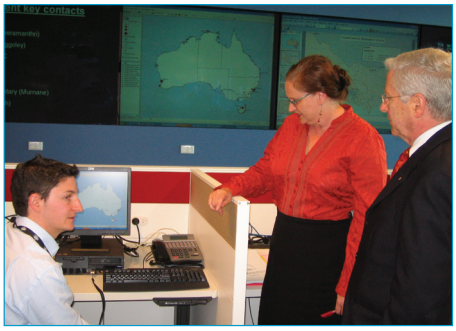
Cancer

Cancer, heart disease and strokes are the leading causes of premature death in Australia. With the ageing of the population and the success in managing acute vascular events, it is little wonder that cancer is challenging heart disease as our principal cause of death. To be successful, the fight against cancer needs to be managed on a number of fronts, ranging from prevention through to early detection, management and palliation.

This year has again seen new initiatives that have built on past success. In the area of prevention, a renewed focus has been on smoking, obesity and excessive alcohol intake; all of which are causal factors in a large number of cancers. For example, epidemiological evidence suggests that alcohol increases the risk of oesophageal cancer.[1] The programs in the future will work at targeting particularly vulnerable groups. The rollout of the vaccine to prevent infection with the human papilloma virus, which is a precursor for cervical cancer changes, is a world first and many countries are looking to us to learn how to manage such a complex task. This year 3.4 million doses of the human papilloma virus vaccine were distributed. A National HPV Register is due to be completed in November 2008 and come into full operation in early 2009. Through the register, the Department will monitor coverage rates and vaccine effectiveness to ensure that the program is operating successfully.

The area of early detection of cancer, has been supported by an important and successful series of programs, including BreastScreen Australia, the National Cervical Screening Program and the National Bowel Screening Program. The Department has commenced a wide-ranging evaluation of the BreastScreen Australia Program under the direction of the Australian Health Ministers' Advisory Council. The evaluation will examine the benefits of the program in terms of reduction of breast cancer death rates and the risks associated with screening. It will also assess and address the ongoing and emerging issues that affect the program, and identify opportunities for overall improvement. We expect the evaluation to be completed in 2009. The Department has also conducted comprehensive reviews of new technologies for the early detection of breast cancer such as digital mammography and Magnetic Resonance Imaging to ensure the most up-to-date technology is available in the early detection of breast cancer. Similarly with new technologies and the impact of the human papilloma virus vaccination, the Department will review the cervical screening program to ensure that this large program delivers the best outcomes.

1 Doll R, Forman D, La Vecchia C, Woutersen R. Alcoholic beverages and cancers of the digestive tract and larynx. In: Macdonald I, ed. *Health Issue Related to Alcohol Consumption.* Oxford: ILSI Europe, Blackwell Science Ltd, 1999: 351-393.



Professor John Horvath (at right) in the National Incident Room.

Over one million invitations to participate in the National Bowel Cancer Screening Program have been sent to eligible Australians since its inception in August 2006. In 2007–08, 627,000 invitations to participate were sent out. Just over 40 per cent of those invited have been recorded as participating so far. A total of 7.7 per cent of those who have participated in the program so far had a positive faecal occult blood test result. Either (suspected) cancers or pre-cancerous polyps were detected in 60 per cent of participants with a positive result, which were further investigated by colonoscopy. Fifty-two cancers have been reported to the Program Register so far. We will extend the program to screen people turning 50, 55 and 65 years of age between January 2008 and December 2010.

To optimise the care of patients with established cancer, many new effective drugs have been added to the Pharmaceutical Benefits Scheme at a cost of around $82 million over the years 2007–08 to 2010–11. These include Lapatinib for metastatic breast cancer ($19 million over the years 2007–08 to 2011–12), Dasatinib for chronic myeloid leukaemia and acute lymphoblastic leukaemia ($7 million), Bortezomib for multiple myeloma ($28 million), Cetuximab for throat cancer ($8 million) and the extension of Pemetrexed to the treatment of mesothelioma ($20 million). There have also been new listings on the Pharmaceutical Benefits Scheme that will help to prevent cancer such as the drug Varenicline to help people quit smoking at a cost of $75 million over the years 2007–08 to 2011–12. Funding has also been made available to establish a comprehensive cancer centre in Sydney, to ensure that best practices of research are being translated to patient care.

The increase in incidences of diabetes and its links to obesity have been a major focus of the work of the Department and, with the establishment of the Preventative Health Taskforce,[2] there will be renewed focus of new and possibly different approaches to preventing this complex problem. The taskforce will advise Government on the most effective interventions to combat the high prevalence risk factors of diabetes and vascular disease, obesity, tobacco and alcohol consumption.

We have been working in other important areas of public health, such as providing advice to food ministers of the health benefits of fortification of food with folate and iodine to prevent the deleterious effects of deficiencies of these substances, particularly on the unborn child.

Indigenous Health

The disparity of health outcomes continue despite the improvements in some chronic disease parameters first reported last year. The solution to 'closing the gap' is multi-sectoral but ensuring a good start to life and reducing the high prevalence of known risk factors have been the focus of our efforts. As part of the Australian Government's Northern Territory Emergency Response, 9,454 voluntary health checks were delivered to children under the age of 16 who live in the prescribed areas. Oral health issues and ear diseases were the two most prominent health issues identified through the child health checks. Other conditions associated with poor nutrition, housing and hygiene were also detected. Over the next two years, the Expanding Health Services Delivery Initiative will increase primary health care service delivery, establish a Remote Area Health Corps to increase the supply of health professionals in the Northern Territory, and build regional approaches to service delivery. Teams of surgeons and health professionals from around Australia will be available to provide additional capacities, when and if required.

2 Website address: <www.preventativehealth.org.au>.

Indigenous Health and Sustained Home Visits

The Australian Nurse Family Partnership Program is based on the work of Professor David Olds and his Nurse-Family Partnership Program model and tools developed in the United States. This program has been the subject of several rigorous longitudinal studies that demonstrate significant social, economic and health benefits for participants in this program.

Professor Olds's model will be adapted to reflect the Australian health care system, the geographic diversity across Indigenous communities and Aboriginal and Torres Strait Islander culture.

The Australian Nurse-Family Partnership Program will reach beyond clinic settings into the home, where positive health behaviours and child rearing practices can best be reinforced into lifelong habits. Health professionals will provide home visiting services to women pregnant with an Aboriginal and Torres Strait Islander child in targeted areas, continuing until the child is two years. Child and family support will be provided to high need children aged 2–8 years in targeted areas.

The program aims to improve pregnancy outcomes by helping women to engage in good preventive health practices, supporting parents to improve child health and development, and helping parents to develop a vision for their own future, including continuing education and finding work.

Transplantation

There has been a lot of attention by many in the community to try to determine why the rate of Australian transplantation of kidneys, livers, hearts and lungs are low when contrasted with many comparable countries. Those organ transplants performed are done to a very high standard by world standards but, with the low rate of organ donors, many potential recipients miss out. The National Clinical Taskforce on Organ and Tissue Donation came up with 51 recommendations to improve organ donation rates. Recommendations included: develop and implement an education and awareness campaign targeted at Aboriginal and Torres Strait Islander peoples; promote the central importance of the Australian Organ Donation Register in an integrated communications strategy; establish a national trigger mechanism for the early identification of potential organ donors in all intensive care units and emergency departments; and establish a national authority to coordinate reform efforts. A national committee that I chair was asked by ministers to bring forward proposals on how to implement these recommendations. The committee has commenced work and will bring forward recommendations to implement national protocols in respect of paired kidney exchanges, donation after cardiac death and clinical triggers.

Rural Health

The relative health disadvantages of people living in rural and remote areas of Australia continue to be a problem. There are less services available due to fewer health professionals, therefore diagnosis is often delayed and treatment inconvenient or inaccessible. This particularly applies to maternity services. There has been a legion of attempts to address these problems in the past. The Office of Rural Health has been established to bring together these programs and explore how to best achieve equitable health care for this sector of the community.

On 30 April 2008, the Minister for Health and Ageing announced the establishment of the Office for Rural Health. During its first year, the Office of Rural Health will review all rural health programs to ensure that they are meeting the needs of rural health professionals and rural communities. Additionally, the Department will review the classification systems that determine eligibility for rural programs to ensure that workforce incentives and rural health services respond to current population figures and areas of need.

Communicable Disease

June to August 2007 was particularly bad for seasonal influenza. Western Australia and Queensland were hardest hit with a number of infants and children dying. The Australian Health Protection Committee worked collaboratively as usual, under the Chair of Ms Murnane, to monitor the situation and ensure that it was seasonal influenza and not a new emerging disease we were dealing with. The lessons learnt for future years was that our 'real time' surveillance was not adequate to manage this situation and the Office of Health Protection is working with state and territory public health units to improve the situation. This year to date the influenza season has been generally mild.

The severity of last year's influenza season had a significant effect on the residents of aged care facilities, where the congregate living arrangements heighten the risk of transmission. Many facilities were affected, in all states and territories, with a number of deaths attributed to influenza. I highlighted the importance of influenza immunisation for residents in a letter to all general practitioners, and similar advice was provided to aged care facilities. In addition, gastroenteritis was of concern. The Office of Aged Care Quality and Compliance worked closely with the Office of Health Protection to improve infection control in residential aged care.

The risks of mosquito borne diseases continue to be a concern and this year has seen a record number of cases of dengue fever in our northern neighbours and increasing concerns that chikungunya fever may become established in Australia.[3] We have been working with the Australian Quarantine and Inspection Service, and the Queensland and Northern Territory Governments to ensure control of the mosquito populations that are the carrier for these diseases.

3 Dengue fever and chikungunya fever are viral diseases transmitted through the bite of infected mosquitos. For further information see <www.health.gov.au>.

Primary Care

This year saw an increased recognition that we need to support models of shared care that deliver more integrated and coordinated services to patients. For those living with a chronic illness, seeing multiple providers and receiving care in a variety of settings is part of everyday life. This experience can be disjointed and fragmented, and involves navigation through the health care maze. The Australian Health Ministers' Conference at its meeting in February 2008 identified that work must be done at both the Commonwealth and state and territory levels to bring together the various aspects of the health system. To support this aim, the Department convened a National Integrated Primary Care Workshop in March 2008 which I attended, along with state and territory health departments, stakeholders from across the sector, and also consumer representatives. The workshop provided a forum in which to share information about innovative or successful models in this space, and to discuss the sorts of mechanisms or tools that can be used to improve the integration of primary care in Australia.

The Department is also currently working to implement the GP Super Clinics program. Thirty-one GP Super Clinics have been announced across Australia and the Australian Government has committed a total of $223.2 million, over four years from 2007–08, to the program. GP Super Clinics provide a valuable opportunity to test new models of service delivery in primary care, especially around the prevention and management of chronic disease using integrated, multi-disciplinary teams.

On 11 June 2008, the Minister for Health and Ageing announced that a National Primary Health Care Strategy will be developed by Government with assistance from an External Reference Group. By announcing this strategy, a first for Australia, the Government recognises that strong primary health care is central to keeping people well, not just looking after them when they are sick. The strategy will provide a road map for the future direction of primary care in Australia.

International Issues

International events have always had the potential to impact on health and health service delivery in Australia. A number of events have highlighted how vulnerable we are to these events. Last year Indonesia announced it would cease sharing influenza viral samples with the World Health Organization thereby putting at risk disease surveillance and vaccine manufacture. Negotiation between all parties continued all year with Secretary Jane Halton chairing the Inter-governmental Working Group, trying to resolve these issues. There has been progress but there is a way to go. If there is no resolution to the problem, the potential risk is the breakdown, not only of global influenza surveillance, but also a loss of information about other infectious diseases and the ultimate failure of the International Health Regulators to have their regulations implemented.

Another serious concern has been the contamination of the anti-coagulant Heparin which is necessary to treat a wide variety of potentially life threatening diseases, so that all Heparin-based products are potentially a risk to patients. In March of this year we were also alerted to the contamination of some products with super sulphated chondroitin sulphate.

It became evident that the majority of contaminated Heparin came from a single supplier, putting the bulk of the world stock at risk. To date, fortunately, there have been no adverse reactions in Australia and at present there is sufficient uncontaminated stock for our clinical needs. The Australian Health Protection Committee working with the clinical colleges and the Australian Medical Association is continuing to manage this evolving problem.

Conclusion and the Future

The next twelve months will be an important watershed. Many of the important health reforms in the delivery of primary care particularly focusing on the management of chronic disease will be implemented. Along with these reforms there will be an increased focus on prevention across the whole spectrum of disease ranging from national programs on major health issues such as obesity, to how individual Australians at risk are screened for diseases such as diabetes and renal diseases.

These important initiatives will be reflected in changes on how health is delivered by a whole range of health professionals and also how we educate the next generation of health professionals to best deliver health care in a changing environment.

Professor John Horvath AO
Chief Medical Officer

Departmental Overview

We value commitment to quality, professionalism, innovation and flexibility.

The Departmental Overview provides information on the Department's role, its management and its 2007–08 outcomes and outputs framework.

About the Department

Vision

The Department of Health and Ageing vision is of better health and active ageing for all Australians. The Department aims to achieve this through the delivery of key Government priorities, as reflected in the *Department of Health and Ageing Corporate Plan 2006–09*, accessible at <www.health.gov.au>, and in the Department's outcome structure (detailed later in this chapter).

Role

In 2007–08, the Department was responsible for achieving the Australian Government's priorities (outcomes) by developing evidence-based policy, managing programs and undertaking research and regulation activities. The Department also led and worked with other agencies, consumers and stakeholders. A detailed discussion of the Department's activities in 2007–08 can be found in Part Two: Performance Reporting.

The Department operated under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*, and administered a large number of Acts which are listed in the 4.6 Freedom of Information chapter.

Executive Team

The Executive Team comprises the Secretary, the Chief Medical Officer and four Deputy Secretaries.

Left to Right: Mary Murnane, Deputy Secretary; David Kalisch, Deputy Secretary; Philip Davies, Deputy Secretary; Professor John Horvath AO, Chief Medical Officer; David Learmonth, Deputy Secretary; and Jane Halton PSM, Secretary.

Jane Halton PSM – Secretary

Ms Jane Halton has been Secretary to the Department since January 2002. In 2007–08, Ms Halton was responsible for all aspects of the Department's operation, including policy advice on and for the administration of Medicare, the Pharmaceutical Benefits Scheme, aged and community care, population health, the regulation of therapeutic goods, hospital financing and private health insurance. She also had responsibility for leadership on health security issues, including matters related to bioterrorism.

Ms Halton currently chairs the National Aboriginal and Torres Strait Islander Health Council, and is a board member of the Australian Institute of Health and Welfare, and the National e-Health Transition Authority. Ms Halton is also a Commissioner of the Australian Commission on Safety and Quality in Health Care, and the chair of the Organisation for Economic Co-operation and Development's Health Committee.

Ms Halton was an Executive Board Member on the World Health Organization (WHO) between 2004 and 2007, and President of the World Health Assembly in 2007. She was Vice-Chair of the Executive Board between 2005 and 2006, and Chair of the WHO Program, Budget and Administration Committee between 2005 and 2007. Furthermore, Ms Halton was Chair of the Australian Obesity Taskforce between 2003 and 2006.

Professor John Horvath AO – Chief Medical Officer

Professor John Horvath has been the Chief Medical Officer for the Australian Government since September 2003. In 2007–08, Professor Horvath was the principal medical adviser to the Minister and the Department of Health and Ageing. Professor Horvath supported the Minister and the Department across the full range of professional health issues, including health and medical research, public health, medical workforce, quality of care, evidence-based medicine, and an outcomes-focused health system. He also had responsibility for the continuous development of professional relationships between the Department and the medical profession, medical colleges and universities.

Mary Murnane – Deputy Secretary

Ms Mary Murnane has been a Deputy Secretary with the Department since May 1993. In 2007–08, Ms Murnane's responsibilities included ageing and aged care, palliative care, health protection and biosecurity, medical and biological research, food policy and regulatory policy.

Ms Murnane oversaw the Department's Ageing and Aged Care Division, the Office of Health Protection, the Regulatory Policy and Governance Division, the Therapeutic Goods Administration, the Office of the Gene Technology Regulator and Food Standards Australia New Zealand. She was also responsible for the Department's Tasmania and Victoria offices, and policy interests in the National Health and Medical Research Council.

Ms Murnane chairs the Australian Health Protection Committee which advises the Australian Health Ministers Council on emergency preparedness.

Philip Davies – Deputy Secretary

Mr Philip Davies has been a Deputy Secretary with the Department since 2002. In 2007–08, Mr Davies' responsibilities included primary care, rural health, and Aboriginal and Torres Strait Islander health. Mr Davies oversaw the Department's Primary and Ambulatory Care Division, the Office for Aboriginal and Torres Strait Islander Health, Business Group and the Department's New South Wales and Northern Territory offices.

Mr Davies is an Honorary Fellow of the Health Services Research Centre at the Victoria University of Wellington, New Zealand and has provided advice on health policy to the World Bank and the World Health Organization.

David Kalisch – Deputy Secretary

Mr David Kalisch was appointed Deputy Secretary with the Department in June 2006. In 2007–08, Mr Kalisch was responsible for acute care, mental health, health workforce and portfolio strategies.

Mr Kalisch oversaw the Department's Acute Care Division, Health Policy Taskforce, Mental Health and Workforce Division, Portfolio Strategies Division, and the Department's South Australia and Western Australia offices.

Mr Kalisch is on the National Blood Authority Advisory Board and attends the board meetings of the Australian Institute of Health and Welfare.

David Learmonth – Deputy Secretary

Mr David Learmonth was appointed Deputy Secretary with the Department in June 2006. In 2007–08, Mr Learmonth was responsible for population health, medical benefits, pharmaceutical benefits, hearing services and sports.

Mr Learmonth oversaw the Department's Population Health Division, the Medical Benefits Division, the Pharmaceutical Benefits Division, and the Department's Australian Capital Territory and Queensland offices.

The Department's Organisational Structure

The Department's organisational structure in 2007–08 was based around the key sectors of Australia's health and ageing system and a number of cross-portfolio functions.

Table 1.1: Divisions with Health and Ageing Sector and Cross-portfolio Functions

Health and Ageing Sector	Cross Portfolio
Acute Care Division	Portfolio Strategies Division
Ageing and Aged Care Division	Office for Aboriginal and Torres Strait Islander Health
Medical Benefits Division	Regulatory Policy and Governance Division
Mental Health and Workforce Division	Business Group
Office of Health Protection	
Pharmaceutical Benefits Division	
Population Health Division	
Primary and Ambulatory Care Division	

The Health Policy Taskforce, the Audit and Fraud Control Branch, the Therapeutic Goods Administration, the National Industrial Chemicals Notification and Assessment Scheme, and the Office of the Gene Technology Regulator also formed part of the Department.

Changes to the Divisional Structure

On 23 November 2007, the Commonwealth assumed ownership and responsibility for the Mersey Community Hospital from the Tasmanian Government. As part of this process, employees at the hospital were engaged by the Department on non-ongoing contracts, with the majority of employees seconded from the Tasmanian Department of Health and Human Services. During the year, the Department engaged in processes to secure an operator to assume management, and operational and administrative responsibility of the Mersey Community Hospital. Further discussion relating to this activity can be found in the Outcome 13 – Acute Care chapter.

The Health and Ageing portfolio was expanded in 2007–08 with the creation of a new Ministry of Sport. The sports function transferred from the former Department of Communications, Information Technology and the Arts to the Department of Health and Ageing on 3 December 2007. Staff were relocated to the Department's Population Health Division.

The Health Policy Taskforce was established to facilitate and coordinate the development of departmental policy positions in the Council of Australian Government (COAG) Health Reform process, and to provide secretariat support for the COAG Health and Ageing Working Group. The Department was also actively involved with setting up the National Health and Hospitals Reform Commission through the provision of both staffing resources and expertise. The Government established the commission to address future challenges in the Australian health system, focusing on health financing, rural health, and the relationship between the public and private sectors.

In late 2007–08, the Department examined its divisional structure and found that, with a few minor adjustments, the current structure will continue to serve the Department well in implementing the Australian Government's health and ageing agenda. Outcomes included the establishment of an Office of Rural Health in 2008–09, to provide the focal point for rural health programs and to align the health workforce with community needs.

The Department also recruited a Commonwealth Chief Nurse and Midwifery Officer on 22 June 2008 to develop a national nursing policy across all jurisdictions, and build and strengthen the nursing profession.

The Department's State and Territory Offices

The Department's State and Territory offices represent the organisation's interests at state and territory level and ensure appropriate integration of services on the ground with State and Territory Government agencies. The State and Territory offices also work in cooperation with other Australian Government agencies and are well positioned to assist in identifying policy.

In 2007–08, State and Territory office staff worked with local stakeholders to ensure services provided through departmental programs were responsive to diverse local needs and conditions.

Contact details for each office can be found in the 6.1 Department of Health and Ageing Contact Details chapter.

Ministerial Team

The Department is responsible to the Minister for Health and Ageing, the Minister for Ageing, the Minister for Sport and the Parliamentary Secretary to the Minister for Health and Ageing.

As at 30 June 2008, The Hon Nicola Roxon MP, as Minister for Health and Ageing and member of Cabinet, held overarching policy responsibility for all issues pertaining to health and ageing.

The Hon Justine Elliot MP, Minister for Ageing, had responsibility for matters relating to ageing, and The Hon Kate Ellis MP, as Minister for Sport, had responsibility for all matters relating to sport.

Senator The Hon Jan McLucas, Parliamentary Secretary to the Minister for Health and Ageing, assisted Minister Roxon by assuming responsibility for matters relating to the Therapeutic Goods Administration, the Australian Radiation Protection and Nuclear Safety Agency, food policy and alcohol and tobacco issues. Senator McLucas was also responsible for blood and organ donation, human cloning and stem cell research, and gene technology regulation.

All three Ministers and the Parliamentary Secretary were appointed to their respective positions on 3 December 2007. A full description of their responsibilities can be found in the 3.7 Ministerial Responsibilities chapter.

Prior to the swearing in of the Rudd Government on 3 December 2007, The Hon Tony Abbott MHR was the Minister for Health and Ageing, and The Hon Christopher Pyne MP, was the Minister for Ageing. Senator The Hon Brett Mason assisted the Minister for Health and Ageing as his Parliamentary Secretary.

Portfolio Outcomes and Outputs Structure

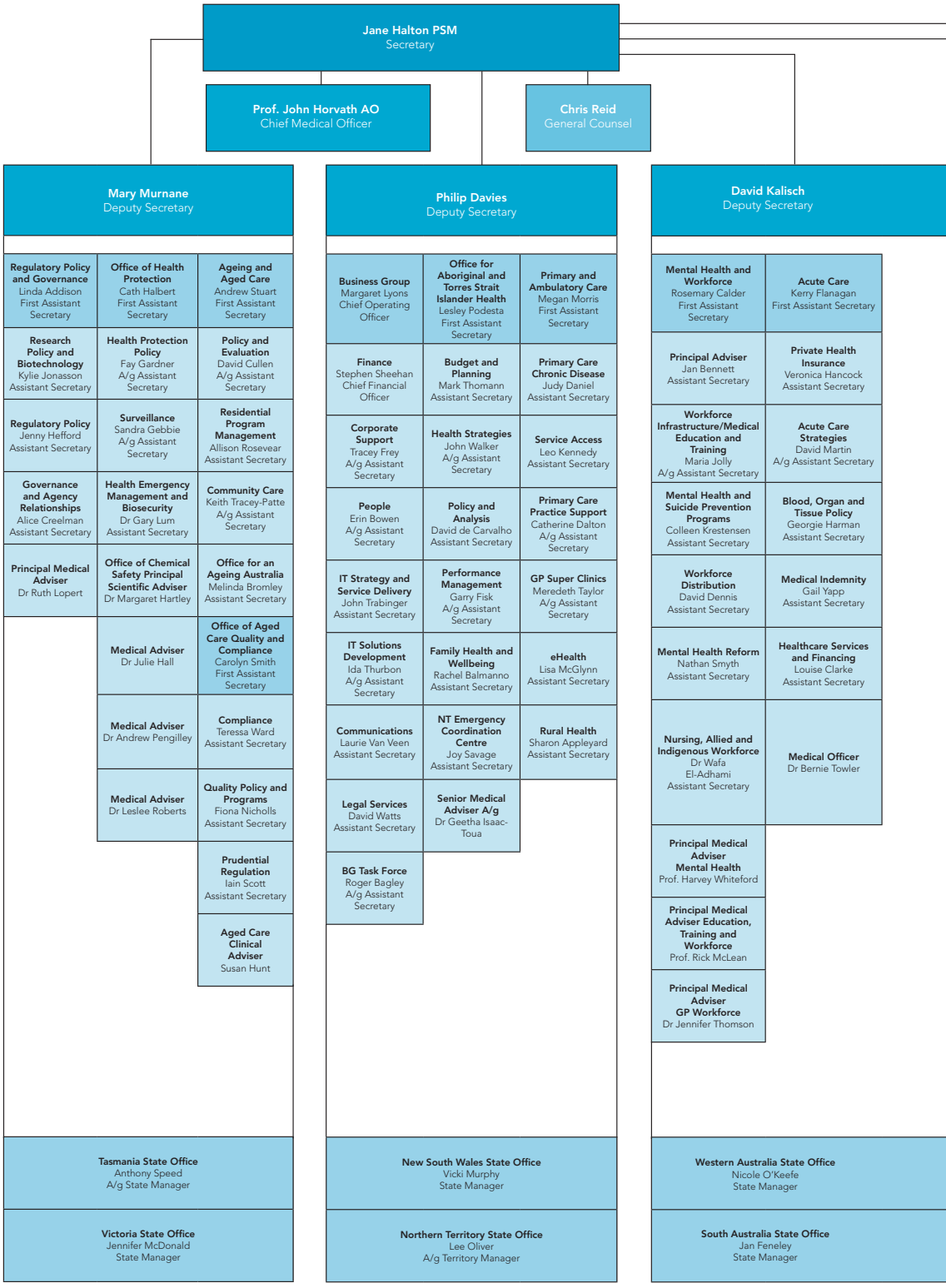
In 2007–08, the Health and Ageing portfolio worked within a 27 outcome structure, 15 of which were specific to the Department. The remaining 12 were specific to the portfolio agencies that received direct funding from the Australian Government (identified later in this section).

Department of Health and Ageing Outcomes

The Department's appropriations and performance management fell under 15 department-specific outcomes reflecting the Australian Government's desired results for health and ageing (see Table 1.2 Department of Health and Ageing Outcome Structure, which appears later in this chapter).

The Department moved from a 14 to 15 outcome structure when responsibility for sport was transferred from the former Department of Communications, Information Technology and the Arts to the Department of Health and Ageing in December 2007.

Departmental Structure Chart as at 30 June 2008



Portfolio Strategies
Richard Eccles
First Assistant Secretary

Budget
Linda Powell
Assistant Secretary

Ministerial and Parliamentary Support
Shirley Browne
Assistant Secretary

International Strategies
Gayle Anderson
Assistant Secretary

Policy Strategies
Damian Coburn
Assistant Secretary

Economic and Statistical Analysis
Greg Coombs
Assistant Secretary

Minister-Counsellor (Health)
Sanjeev Commar
Australian Permanent Mission to the United Nations Geneva, Switzerland

Health Policy Taskforce
Rosemary Huxtable
First Assistant Secretary

Health Policy Taskforce
Simon Cotterell
Assistant Secretary

David Learmonth
Deputy Secretary

Population Health
Jennifer Bryant
First Assistant Secretary

Drug Strategy
Virginia Hart
Assistant Secretary

Population Health Strategy Unit
Peter Morris
Assistant Secretary

Food and Healthy Living
Cath Peachey
A/g Assistant Secretary

Targeted Prevention Programs
Catherine Farrell
A/g Assistant Secretary

Population Health Programs
Andriana Koukari
Assistant Secretary

Sport
Bill Rowe
Assistant Secretary

Chronic Disease and Palliative Care
Jennie Roe
Assistant Secretary

Principal Adviser Chronic Disease
Rosemary Knight

Pharmaceutical Benefits
Stephen Dellar
A/g First Assistant Secretary

Access and Systems
Declan O'Connor-Cox
Assistant Secretary

Pharmaceutical Evaluation
Diana Macdonell
A/g Assistant Secretary

Community Pharmacy
Sue Campion
Assistant Secretary

Policy and Analysis
Harold Lomas
A/g Assistant Secretary

Medical Officer
Dr John Primrose

Principal Pharmacy Adviser
Kim Bessell

Medical Benefits
Tony Kingdon
First Assistant Secretary

MBS Policy Development
Peter Woodley
Assistant Secretary

MBS Policy Implementation
Samantha Robertson
Assistant Secretary

Diagnostics and Technology
Yvonne Korn
Assistant Secretary

Office of Hearing Services
Jenny Williams
A/g Assistant Secretary

Principal Medical Adviser
Dr Brian Richards

Audit and Fraud Control
Colin Cronin
Assistant Secretary

Australian Capital Territory Office
Ann Atkinson
A/g Territory Manager

Queensland State Office
Elizabeth Cain
State Manager

Therapeutic Goods Administration
Dr Rohan Hammett
National Manager

Principal Medical Adviser A/g
Dr Ruth Lopert

Business Management Group
Ngaire Bryan
Executive Director

Office of Prescription Medicines
Dr Leonie Hunt
Assistant Secretary

Office of Financial and Property Services
Craig Jordan
Chief Financial Officer

Clinical Evaluation Units Medical Officers M05
Dr Jason Ferla
Dr Kerri Mackay
Dr James McGinness
Dr Neil Mitchell
Dr Grahame Dickson

Office of Legal Services
Terry Lee
Legal Counsel

Office of Non Prescription Medicines
Pio Cesarin
Assistant Secretary

Office of Human Resources
Shaun McCarthy
A/g Assistant Secretary

Office of Manufacturing Quality
Dr Mark Doverty
Assistant Secretary

Office of Devices, Blood and Tissues
Dr Larry Kelly
Assistant Secretary

Office of Laboratories and Scientific Services
Vivienne Christ
A/g Assistant Secretary

Office of Devices, Blood and Tissues MO5
Dr Graeme Harris
Dr Richard Pembrey

Office of Complementary Medicines
Prof. David Briggs
Senior Principal Research Scientist

Blood and Tissues Unit
Prof. Albert Farrugia
Senior Principal Research Scientist

Principal Scientific Advisor
Dr Fiona Cumming

Executive Support Unit
Christine Bell
A/g Assistant Secretary

Office of Medicine Safety Monitoring
Dr Gary Lacey
A/g Assistant Secretary

Statutory Office-Holders Reporting Directly to the Minister

National Industrial Chemicals Notification and Assessment Scheme
Dr Marion Healy
A/g Assistant Secretary

Office of the Gene Technology Regulator
Elizabeth Flynn
A/g Regulator

OGTR Regulatory Practice and Compliance
Greg Barber
A/g Director

OGTR Evaluation
Jonathon Benyei
Director

Table 1.2: Department of Health and Ageing Outcome Structure

Department-specific Outcomes	Divisions Responsible
1. Population Health The incidence of preventable mortality, illness and injury in Australians is minimised	Population Health Division Regulatory Policy and Governance Division Therapeutic Goods Administration National Industrial Chemicals Notification and Assessment Scheme Office of the Gene Technology Regulator Office of Health Protection
2. Access to Pharmaceutical Services Australians have access to cost-effective medicines	Pharmaceutical Benefits Division
3. Access to Medical Services Australians have access to cost-effective medical services	Medical Benefits Division Primary and Ambulatory Care Division
4. Aged Care and Population Ageing[1] Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported	Ageing and Aged Care Division Office of Aged Care Quality and Compliance
5. Primary Care[2] Australians have access to high quality, well integrated and cost-effective primary care	Primary and Ambulatory Care Division Mental Health and Workforce Division
6. Rural Health Improved health outcomes for Australians living in regional, rural and remote locations	Primary and Ambulatory Care Division (Other areas across the Department also contributed to this outcome.)
7. Hearing Services Australians have access through the Hearing Services Program to hearing services and devices	Medical Benefits Division
8. Indigenous Health Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs	Office for Aboriginal and Torres Strait Islander Health (Although this outcome is primarily the responsibility of the Office, other programs within the Department were managed to ensure effective and accessible health care for Indigenous Australians.)
9. Private Health A viable private health industry to improve the choice of health services for Australians	Acute Care Division
10. Health System Capacity and Quality The capacity and quality of the health care system meets the needs of Australians	Population Health Division Portfolio Strategies Division Primary and Ambulatory Care Division Regulatory Policy and Governance Division

1 The Aged Care Standards and Accreditation Agency Ltd also contributed to the achievement of Outcome 4.
2 General Practice Education and Training Ltd also contributed to the achievement of Outcome 5.

Department-specific Outcomes	Divisions Responsible
11. Mental Health Improved mental health care for all Australians	Mental Health and Workforce Division
12. Health Workforce Capacity Australians have access to an enhanced health workforce	Mental Health and Workforce Division
13. Acute Care Australians have access to public hospitals and related hospital care underpinned by appropriate medical indemnity arrangements	Acute Care Division
14. Biosecurity and Emergency Response Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters	Office of Health Protection
15. Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians	Population Health Division

Departmental Outputs

The Department described its core activities in 2007–08 in terms of the following two output groups:

- Output Group 1 – Policy Advice: this included the provision of policy advice and ministerial services to the Ministers, Parliamentary Secretary and Parliament; and
- Output Group 2 – Program Management: this included the development and management of contracts and grants for administered funds and the payment of administered funds. This output group also included the administration of legislation; and the provision of information to stakeholders on departmental programs.

Portfolio Agency Outcomes

Eleven portfolio agencies also received direct appropriation by outcome, as shown in Table 1.3 Health and Ageing Portfolio Agencies Outcomes. Agencies' performance against the following agency-specific outcomes is reported in their respective annual reports.

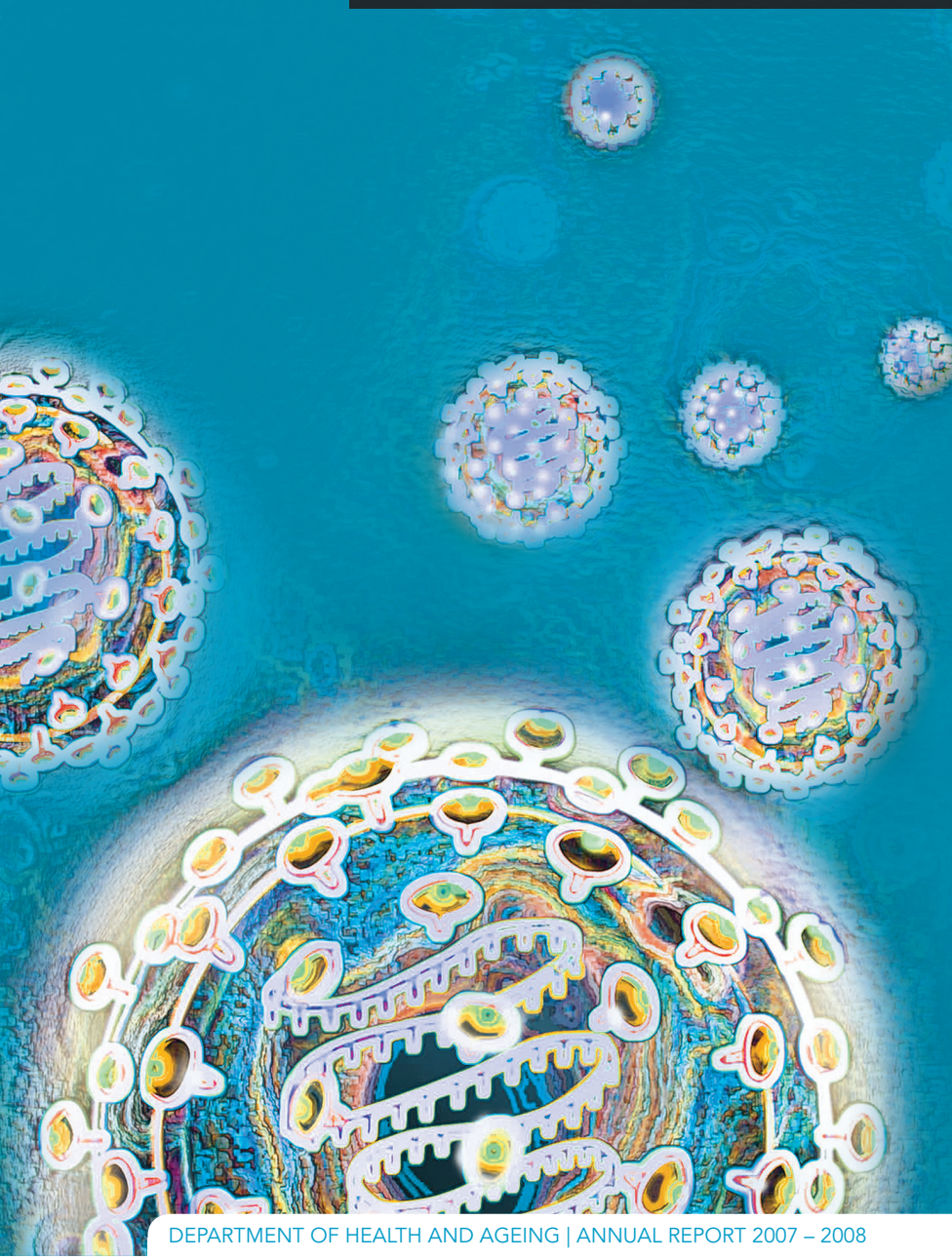
Table 1.3: Health and Ageing Portfolio Agencies Outcomes

Portfolio Agency	Outcomes
Australian Institute of Health and Welfare	**Outcome 1.** Better health and wellbeing for Australians through better health and welfare statistics and information.
Australian Radiation Protection and Nuclear Safety Agency	**Outcome 1.** The Australian people and the environment are protected from the harmful effects of radiation.
Australian Sports Anti-Doping Authority	**Outcome 1.** The protection of Australia's sporting integrity through eliminating doping.
Australian Sports Commission	**Outcome 1.** An effective national sports system that offers improved participation in quality sports activities by Australians. **Outcome 2.** Excellence in sports performances by Australians.
Cancer Australia	**Outcome 1.** National consistency in cancer prevention and care that is scientifically based.
Food Standards Australia New Zealand	**Outcome 1.** A safe food supply and well-informed consumers.
National Blood Authority	**Outcome 1.** Australia's blood supply is secure and well managed.
National Health and Medical Research Council	**Outcome 1.** Australia's health system benefits from high quality health and medical research conducted at the highest ethical standard, well-developed research capabilities and sound evidence-based advice that informs health policy and practice.
Private Health Insurance Administration Council	**Outcome 1.** The prudential safety of registered private health insurance funds, the best interests of members of those funds, and a competitive level of private health insurance premiums, are efficiently regulated to support a viable industry.
Private Health Insurance Ombudsman	**Outcome 1.** Consumers and providers have confidence in the administration of private health insurance.
Professional Services Review	**Outcome 1.** Australians are protected from meeting the cost and associated risks of inappropriate practices of health service providers.

Contact details for these organisations can be found in the 6.2 Portfolio Agencies' Contact Details chapter.

PART 02

Performance Reporting



PART 02

Performance Reporting

We value developing, delivering and evaluating programs effectively, and working with other agencies to achieve results for the Australian Government and community.

Part Two discusses the main activities of the Department's 15 outcomes, reporting on the Department's performance against the key strategic directions and targets detailed in the *2007–08 Health and Ageing Portfolio Budget Statements* and the *2007–08 Health and Ageing Portfolio Additional Estimates Statements*. This section also includes financial reporting on Budget estimates and actual expenses for 2007–08, and services provided to the Ministerial team.

Our Performance

We:

- plan our business around our Outcomes. We do this by setting out our key strategic directions for each financial year in the Portfolio Budget Statements, which guide our business and operational plans;
- use the Capability Map and Performance Development Scheme to align individual, team and departmental goals and ensure they are met;
- provide people with the systems, tools and information needed to achieve these goals;
- promote the Australian Public Service Values and Code of Conduct;
- follow Australian Government financial management policies, and the Department's Chief Executive Instructions and Procedural Rules;
- anticipate opportunities and what might go wrong, and manage risk;
- evaluate our progress to measure our success; and
- seek to continuously improve program performance and the way we use our resources.

Department of Health and Ageing Corporate Plan 2006–09

2.1 Financial Summaries

Table 2.1.1 shows the total resourcing for the Department, including Administered expenses, revenue from Government (appropriations), revenue from other sources and the total price of outputs. Total resourcing for the Department for 2007–08 was $46.490 billion.

2.1.1: All Outcomes – Financial Resources Summary

	Actual 2007–08 $'000	Budget Estimate 2007–08 $'000
Administered		
Outcome 1 – Population Health	995,248	1,024,180
Outcome 2 – Access to Pharmaceutical Services	7,615,353	7,674,631
Outcome 3 – Access to Medical Services	13,052,026	12,918,311
Outcome 4 – Aged Care and Population Ageing	7,418,221	7,512,461
Outcome 5 – Primary Care	862,955	855,198
Outcome 6 – Rural Health	142,761	136,883
Outcome 7 – Hearing Services	286,227	285,911
Outcome 8 – Indigenous Health	471,963	491,824
Outcome 9 – Private Health	3,643,184	3,551,912
Outcome 10 – Health System Capacity and Quality	130,743	145,131
Outcome 11 – Mental Health	158,485	161,490
Outcome 12 – Health Workforce Capacity	331,705	333,272
Outcome 13 – Acute Care	10,499,910	10,542,022
Outcome 14 – Biosecurity and Emergency Response	67,662	69,470
Outcome 15 – Development of a Stonger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians	109,098	139,605
Total Administered Expenses	**45,785,541**	**45,842,301**
Departmental		
Revenue from Government	583,186	581,579
Revenue from Other Sources	121,295	117,679
Total Price of Outputs	**704,481**	**699,258**
Total Price of Outputs and Administered Expenses	**46,490,022**	**46,541,559**

Table 2.1.2 illustrates the total cost of all programs administrered by the Health consolidated entity, split by Outcome and Appropriation type for 2007–08.

2.1.2: Reconciliation of Outcomes and Appropriation Elements 2007–08

Outcome	Appropriation Bill No 1, 3 & 5 $'000	Appropriation Bill No 2, 4 & 6 $'000	Special Appropriation $'000	Other Expenses Administered on behalf of Government $'000	Total Administered Expenses $'000	Departmental Outputs $'000	Annotated Appropriation $'000	Total Outcomes $'000
1	202,562	249,739	542,947	–	995,248	63,457	102,924	1,161,629
2	419,044	–	7,196,309	–	7,615,353	55,527	959	7,671,839
3	93,835	1,200	12,956,991	–	13,052,026	30,155	925	13,083,106
4	471,943	1,082,196	5,864,082	–	7,418,221	186,525	3,885	7,608,631
5	862,955	–	–	–	862,955	41,676	904	905,535
6	142,761	–	–	–	142,761	11,543	248	154,552
7	286,227	–	–	–	286,227	10,233	195	296,655
8	471,963	–	–	–	471,963	65,440	1,332	538,735
9	10,731	–	3,632,453	–	3,643,184	10,690	2,628	3,656,502
10	127,991	–	2,752	–	130,743	23,422	671	154,836
11	128,163	–	30,322	–	158,485	14,592	320	173,397
12	231,425	100,280	–	–	331,705	17,865	386	349,956
13	53,916	156,805	10,289,189	–	10,499,910	24,699	1,171	10,525,780
14	38,697	15,287	–	13,678	67,662	25,210	4,544	97,416
15	93,058	16,040	–	–	109,098	2,152	203	111,453
Total	**3,635,271**	**1,621,547**	**40,515,045**	**13,678**	**45,785,541**	**583,186**	**121,295**	**46,490,022**

2.2 Services to the Ministers and Parliamentary Secretary

During 2007–08, the Department provided extensive support services to the Ministers and the Parliamentary Secretary. These included the preparation of Ministerial correspondence, Question Time Briefs, answers to Parliamentary Questions on Notice and Ministerial requests for briefing.

The Department reports on the support services provided to the Ministers and Parliamentary Secretary through the following whole-of-department performance indicator.

Indicator	Efficient provision of quality ministerial and parliamentary documents.
Measured by:	The number of items prepared and the percentage provided within agreed timeframes.
Reference Point/Target:	27,000–32,000 items of Ministerial correspondence processed. 2,500–2,800 Question Time Briefs prepared. 150–250 Parliamentary Questions on Notice answered. 1,200–1,600 Ministerial requests for briefing. Percentage of documents prepared within agreed timeframes.

Ministerial Correspondence

- Number processed: 35,879 (including 4,272 campaign items for information)
- Number requiring a response: 20,587
- Number of responses completed on time: 17,269
- Percentage completed on time: 84%

Question Time Briefs

- Number completed (new/updated): 2,930
- Number completed on time: 2,930
- Percentage completed on time: 100%

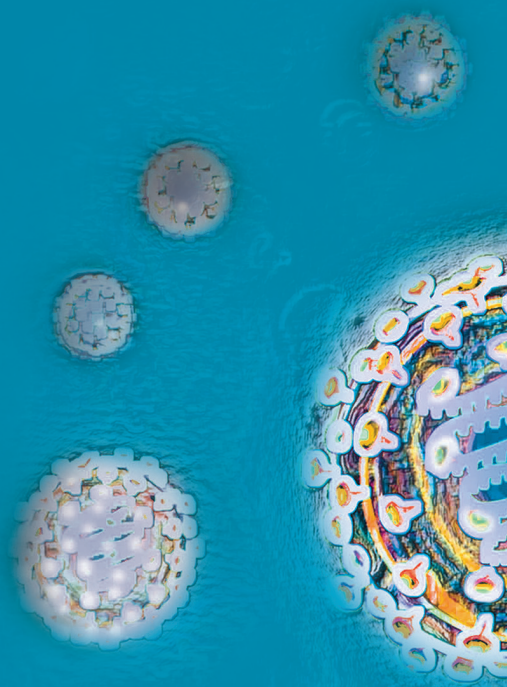
Parliamentary Questions on Notice

- Number completed: 108
- Number completed on time: 52
- Percentage completed on time: 48%

The Department received fewer Parliamentary Questions on Notice than in recent years, most likely as a result of the Federal Election in November 2007.

Ministerial Requests for Briefing

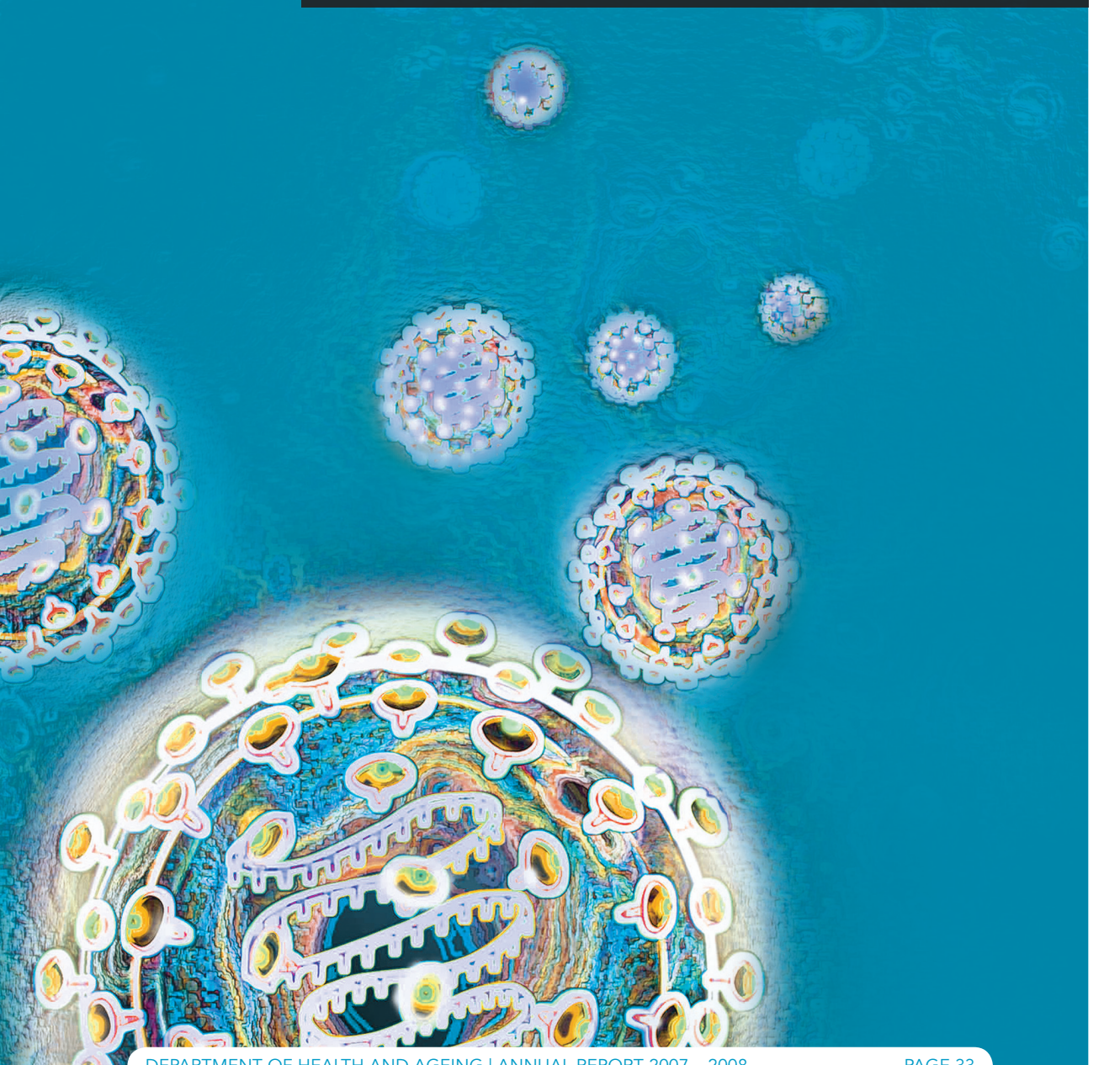
- Number completed: 1,310
- Number completed on time: 1,069
- Percentage completed on time: 82%



OUTCOME 01

Population Health

The incidence of preventable mortality, illness and injury in Australians is minimised



OUTCOME 01

Population Health

Outcome 1 aims to reduce the occurrence of preventable mortality, illness and injury in the community through initiatives that promote the need to stay healthy and help people stay well.

During 2007–08, the Department worked to achieve this by managing programs under Outcome 1 which encouraged people to adopt healthy lifestyles, and provided the community with access to vaccines and advice on immunisation. The Department also delivered programs to help improve the early detection of cancer, and reduce and control the spread of communicable diseases such as HIV/AIDs and sexually transmissible infections. Focus was also on reducing the demand, supply and harm caused by illicit drug use. In addition, the Department regulated therapeutic goods, industrial chemicals and gene technology, and provided policy advice for radiation protection and nuclear safety.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 1 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

Outcome 1 was managed in 2007–08 by the Population Health Division, the Regulatory Policy and Governance Division, the Therapeutic Goods Administration, the National Industrial Chemicals Notification and Assessment Scheme, the Office of Health Protection and the Office of the Gene Technology Regulator. The Department's State and Territory Offices also contributed to the achievement of this outcome.

Major Achievements

- Distributed nationally 3.4 million doses of the human papilloma virus vaccine for the prevention of cervical cancer under the National HPV Vaccination Program for young women.
- Contributed to a raised awareness and early detection of bowel cancer by distributing 627,000 screening invitations to eligible Australians in all states and territories.
- Coordinated the development of a nationally agreed response to the use of meth/amphetamine through the National Amphetamine-Type Stimulants Strategy.
- Surveyed the eating and physical activity habits of over 4,000 children through the National Children's Nutrition and Physical Activity Survey. Data collected will be used to inform the development of preventative health policies and programs and healthy food products.
- Assisted in the control and eradication of equine influenza through the emergency approval of a genetically modified animal vaccine.
- Promoted safer chemical use and better regulation of chemicals by implementing recommendations from the 2006–07 Existing Chemicals Program Review.

Challenges

- Reducing the demand for and supply of alcohol, tobacco, illicit drugs and limiting the harm they cause to high risk groups including young people and Indigenous Australians.
- Ongoing increases in chronic diseases and rates of childhood and adult obesity.
- Delayed implementation of the findings of the review of regulatory arrangements for hard surface disinfectants because of competing priorities and an extended consultation period at the request of a key industry stakeholder.

Key Strategic Directions for 2007–08 – Major Activities

Encouraging Australians to Adopt Healthy Lifestyle Choices to Help Prevent Chronic Disease

While Australia has one of the best health systems in the world, and technology, medical interventions and medicines continue to improve, a growing number of Australians are developing diseases and suffering premature death because of avoidable lifestyle risk factors. During 2007–08, the Department worked to address this issue by managing a range of initiatives to help people to stay healthy, or to help them improve their health, now and into the future.

Promoting Healthy Lifestyles through the Australian Better Health Initiative

Working with the states and territories, the Department implemented elements of the Council of Australian Governments Australian Better Health Initiative to, amongst other things, encourage healthy people to avoid chronic disease through healthy lifestyle choices. This included a community and school grants program to help 'at risk' target groups, such as children, adolescents, young women and Indigenous communities, to increase their levels of physical activity and adopt good eating habits. Through this initiative, the Department saw 320 grants awarded in 2007–08 to not-for-profit community organisations to conduct healthy eating and/or physical activity projects across Australia. This included the FITKIDZ project in Armidale, New South Wales, and the Active Rural Communities project in Bunbury, Western Australia.

Other activities involved a Healthy Active National Schools Competition, which encouraged primary school children to develop a campaign for their peers that promoted healthy, active lifestyles. Over 100 entries were received from schools across the country.

Addressing Smoking During Pregnancy and Alcohol Misuse

Smoking during pregnancy is known to cause significant adverse health outcomes, including an increased likelihood of bleeding during pregnancy, premature birth and an unhealthy birth weight for babies. In 2007–08, the Department managed the National Smoke-Free Pregnancy Project to help women stop smoking during and after pregnancy. The project was designed to establish effective, sustainable and realistic tobacco brief interventions for pregnant women who smoke, by training midwives in public birthing services throughout Australia in brief intervention techniques.

The Smoke-Free Pregnancy Assessment and Intervention Form is used to prompt and record the smoking and pregnancy brief intervention with the pregnant woman and her partner. The form is then incorporated into the woman's medical records. The brief intervention is based on the internationally recognised '5As' (Ask, Advise, Assess, Assist/arrange, Ask Again) framework for brief intervention and includes education about the availability of the Quitline services and faxed referrals to these services to support behaviour change.

The Department also worked to promote responsible drinking practices through the distribution of health promotion resources throughout the community. This included the distribution of a range of products designed to highlight the Alcohol Australian Guidelines and the Standard Drink concept.

In addition, the Department worked across the Government, jurisdictions, and with stakeholders, to ensure complementary efforts in addressing alcohol abuse. Achievements included the development and endorsement of national tobacco and binge drinking strategies. These strategies will be implemented in the new year. A priority will be addressing binge drinking among young Australians, by supporting community level

initiatives to confront the culture of binge drinking, particularly in sporting organisations. Early intervention initiatives will help young people assume personal responsibility for their drinking, and the Department will deliver an advertising campaign to confront young people with the costs and consequences of binge drinking.

Diabetes Prevention

Many Australians, particularly those over 40, are at risk of developing type 2 diabetes through lifestyle factors relating to nutrition and physical activity. Without effective interventions, by 2030 around 3.3 million Australians are likely to have type 2 diabetes.

In 2007–08, the Department contributed to the Commonwealth's input to the Council of Australian Governments Reducing the Risk of type 2 Diabetes initiative, by developing a new Medicare Item – Type 2 Diabetes Risk Evaluation. Released on 1 July 2008, the item enables general practitioners to review patients aged 40 to 49 years who are at high risk of developing type 2 diabetes, and instigate early interventions to help prevent the disease. The new financial year will see the Department working with the Divisions of General Practice network to deliver lifestyle modification programs for this target group.

Supporting Targeted Disease Prevention and Protection through Screening and Immunisation

Addressing Sexually Transmitted and Blood Borne Infections

Much work has been undertaken over the last few years to reduce the spread of sexually transmitted and blood borne viral infections. Positive results include declining rates of AIDS diagnoses, which have fallen from a population rate of 1.5 per 100,000 over the period 1997–2001, to 1.2 per 100,000 between 2002 and 2006. This decline reflects the wide availability of effective antiretroviral therapies. The per capita rate of diagnosis of hepatitis C infection has also declined over the past five years to 61.1 per 100,000 population in 2006, representing a 25 per cent reduction since 2002.[1]

While this is good news, rates of sexually transmissible infections have generally increased. For example, the most recently confirmed data show that the population rate of diagnosis of human immunodeficiency virus (HIV) infection has continued its gradual increase over the previous five years to 5.1 per 100,000 population. The population rate of diagnosis of Chlamydia in 2006 was 232 per 100,000 population, representing a 12 per cent increase over the rate in 2005.[2]

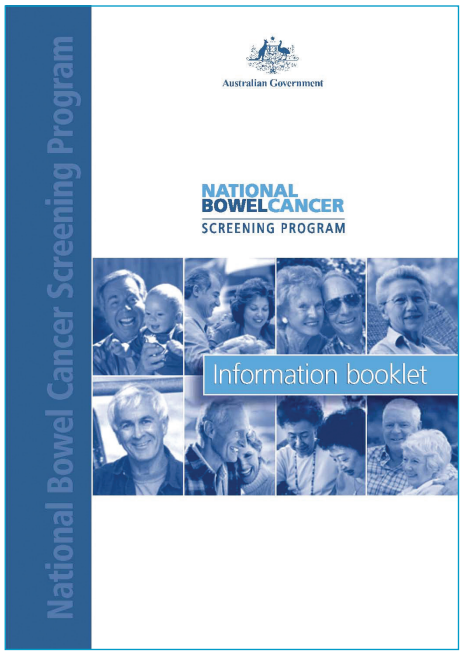
In 2007–08, the Department facilitated the Australian Health Ministers' endorsement of Custodial Settings Guidelines addressing hepatitis C in custodial settings, and the National Guidelines for the Management of People with HIV Who Place Others at Risk. The Department also updated the National Hepatitis C Resource Manual, a resource highly valued by health care workers. The manual aims to enhance the health outcomes of people affected or potentially affected by hepatitis C, by providing standardised, accurate and current information about hepatitis C and associated issues to a wide range of health care providers.

In addition, the Department implemented stage 1 of a targeted grants program for testing Chlamydia. Stage 1 incorporated a range of innovative projects targeting high risk groups including young people, Aboriginal and Torres Strait Islander people, homosexually active men and pregnant women. The projects are being conducted in urban, rural and remote Australia, including hospitals and community centres.

Immunisation

Through the Department's strong relationships with the states and territories, the Immunise Australia Program continued to deliver high immunisation coverage rates with 92.8 per cent of non Indigenous and 91.8 per cent of

[1,2] Source of data: National Centre in HIV Epidemiology and Clinical Research (NCHECR). *HIV/AIDS, viral hepatitis and sexually transmissible infections in Australia Annual Surveillance Report 2007*. NCHECR, The University of New South Wales, Sydney, NSW; Australian Institute of Health and Welfare, Canberra, ACT. 2007.



Indigenous children at two years of age being fully immunised in 2007–08. Maintaining a high proportion of immunisation coverage in children will be a priority for the Department in the new year. The Department will continue to work with the states and territories to improve immunisation coverage and surveillance through the Australian Immunisation Agreements and policy forums such as the National Immunisation Committee.

The Department added the rotavirus vaccine to the National Immunisation Program in July 2007. Rotavirus gastroenteritis is a highly infectious virus causing severe diarrhoea and is responsible for around half of all cases of hospitalisation of children less than five years of age. The rotavirus vaccine is now available from general practitioners and other immunisation service providers such as local community immunisation clinics.

Protection from Cervical Cancer

Work continued in the areas of early detection and prevention of cervical cancer through the National Cervical Screening Program and the free delivery of the human papilloma virus vaccine. Since the introduction of the National Cervical Screening Program there has been a 48 per cent reduction in the incidence of cervical cancer. Human papilloma virus is a very common virus, with four out of five people having it at some stage of their lives. In some cases, it can increase a woman's risk of cervical cancer. A major achievement was the distribution of 3.4 million doses of the vaccine to school girls between the ages of 12 and 18 years, and to young women under the age of 27 years through general practitioners and community immunisation clinics. A National HPV Register is being developed on behalf of the Department by the Victorian Cytology Services. Information collected by the register will be used to evaluate the effectiveness of the vaccine in reducing cervical cancer in the longer term, and to inform future policy.

Bowel Cancer Screening

The Department aims to improve the rates of early detection, and reduce the number of bowel cancer-related deaths each year, through the National Bowel Cancer Screening Program. A major achievement in 2007–08, was the distribution of approximately 627,000 screening invitations to eligible people across Australia (bringing the total number of invitations sent between 1 August 2006 and 30 June 2008 to over one million). Invitees included people turning 55 or 65 years of age between 1 May 2006 and 30 June 2008, and those involved in the pilot program. These people were invited to complete a faecal occult blood test in the privacy of their own home and mail it to a pathology laboratory for analysis.

At 30 June 2008, the participation rate for the program was approximately 40 per cent. A national register tracks participants through the screening pathway. Data indicates that 52 cancers have been reported to the program register so far.

Reducing the Demand, Supply and Harm Caused by Illicit Drug Use

The Department continued to administer funding to the highly successful Illicit Drug Diversion Initiative, which diverts non-violent drug offenders away from the criminal justice system and into assessment, education and

treatment services. A national evaluation of the initiative in 2007 indicated that it is being implemented widely, with police and court-based diversion programs operating in every state and territory. There are currently more than 30 initiative-funded diversion programs operating nationally, almost double the number that were operating in 2003. As at 30 June 2006, approximately 108,000 diversions had occurred since the program began in 1999. The Department also increased treatment options for those seeking help with their substance abuse, by supporting a number of non-government treatment organisations through programs such as the Non-Government Organisation Treatment Grants Program and the Amphetamine-Type Stimulants Grants Program.

To improve the alcohol and other drugs sector's capacity to help people with their addictions, the Department funded a number of workforce development initiatives. These included the Improved Services for People with Drug and Alcohol Problems and Mental Illness initiative, from *GO to WHOA psychostimulant training package* which assists health professionals to manage and treat users of psychostimulants, and the Indigenous National Alcohol and Other Drug Workforce Development Program. The Pilbara Aboriginal Alcohol and Drug Program and the development of the Indigenous Risk Impact Screen were also supported.

The Department developed and implemented the National Drugs Campaign to inform people about how illicit drug use can affect a person's health, relationships, work or study, and quality of life. The campaign also suggests positive alternatives to drugs, as well as options for seeking help. The Department also launched the National Cannabis Prevention and Information Centre to provide a free, confidential telephone helpline, an informative website for the general community and professionals (<www.ncpic.org.au>), and training and treatment options for the workforce. Through these, the centre aims to reduce the use of cannabis, and related harms in Australia and support services which deliver treatment to those with cannabis problems.

A major achievement was the development of nationally agreed responses to the use of meth/amphetamine through the National Amphetamine-Type Stimulants Strategy. Endorsed by the Ministerial Council on Drug Strategy in May 2008, the strategy addresses problems associated with the use of amphetamine-type stimulants, recommending actions to prevent and reduce the supply and use of drugs. It also aims to improve people's access to quality treatment and develop the workforce, organisations and systems providing care.

The Department collaborated with government agencies, states and territories, health professionals, the law enforcement sector, consumers and other stakeholders, to develop the responses. The development of the document means that the Australian community should see a decrease in amphetamine-type stimulant use, be better educated about the risks and harms associated with this group of illicit drugs, and if needed, have access to treatment and support services equipped with an appropriately skilled workforce. In response to the National Amphetamine-Type Stimulants Strategy, the Department is developing an education program about illicit drug use targeting young people who use meth/amphetamines.

Addressing Maternal, Child and Youth Health Issues

Assistance for Pregnant Women

The National Pregnancy Support Helpline provides women with free, confidential and professional advice about options for where there is unplanned pregnancy. The Department monitored the quality of service and usage of the helpline to ensure it provided professional non-directive counselling and was available seven days each week on a 24 hours basis. In 2007–08 there were 4,369 calls to the helpline.

The Department, in conjunction with State and Territory Governments and the National Health Medical Research Council, commenced the development of National

Evidence-Based Antenatal Care Guidelines in 2007–08. Expected to be completed by 2010, the guidelines will be a key tool to assist health professionals to provide the most effective and appropriate antenatal care.

Breastfeeding Support

Breastfeeding in the early weeks of a child's life can be difficult and supporting women who have difficulties is important in raising the rate of breastfeeding in Australia.

In 2007–08, the Department commenced work on the upgrade of the Australian Breastfeeding Association's existing telephone counselling service to a new national toll-free 24 hour helpline. When fully operational in December 2008, the service will provide all new mothers who want to breastfeed with access to one-to-one expert support. The Department will monitor the helpline to ensure it provides quality service to breastfeeding mothers and their partners.

Improving Children's Health

The Department produced the *Get Set 4 Life Guide – Habits for Healthy Kids* for parents of children aged four years. The guide provides parents with practical information about healthy living habits such as healthy eating, playing and learning, skin and sun protection and hygiene. The guide will be provided to all parents and/or carers as part of the Healthy Kids Check that is undertaken in conjunction with the four year old immunisations.

The Department also jointly funded – with the Department of Agriculture, Fisheries and Forestry, and the Australian Food and Grocery Council – a National Children's Nutrition and Physical Activity Survey. This major achievement resulted in the collection of data on the foods consumed and physical activities undertaken by over 4,000 children aged 2 to 16 years. The survey also measured data on height, weight and waist circumference. The first results will be released in 2008 and will be used to inform the development of preventative health policies and programs and healthy food products.

Helping Homeless Youth

The Innovative Health Services for Homeless Youth Program was piloted in 1991, following the Human Rights and Equal Opportunity Commission's (1989) *Our Homeless Children* (Burdekin) report, which found that homeless young people with chronic health problems are reluctant to seek treatment through mainstream services because they see them as judgemental or unsympathetic to their situations.

The Department extended the Innovative Health Services for Homeless Youth Agreements with the states and territories in 2007–08, to ensure that homeless and otherwise at-risk youth aged 12 to 24 years can continue to access mainstream and specialised health services.

Development of a Regulatory Framework for an Expanded Nuclear Industry

A priority identified in the *2007–08 Health and Ageing Portfolio Budget Statements* was to develop options for regulating an expanded nuclear industry with the Australian Radiation Protection and Nuclear Safety Agency. Following a change of government objectives in 2007, this project did not proceed. The Australian Radiation Protection and Nuclear Safety Agency, however, undertook other ongoing regulatory and advisory activities, with the aim of protecting people and the environment from the harmful effects of radiation. Discussion on the agency's work during the year can be found in the *2007–08 Annual Report of the Chief Executive Officer of the Australian Radiation Protection and Nuclear Safety Agency.*

Establishment of the Australia New Zealand Therapeutic Products Authority

Another change in direction occurred on 16 July 2007 when the New Zealand Government announced that it would not proceed with legislation to enable the establishment of the Australia New Zealand Therapeutic Products Authority – a joint

agency for the regulation of therapeutic products. While this postponed negotiations between Australia and New Zealand, agreement for a joint scheme remains in place.

The Department, through the Therapeutic Goods Administration, reviewed the work it had undertaken up until this point, so the proposed regulatory reforms could be used to contribute to the safety and efficacy of medicines and therapeutic devices in Australia. This resulted in a reform package which focuses on increasing the transparency and availability of consumer information, and enhancing post-market monitoring and product safety. The reforms also propose ways to reduce regulatory burden on industry. Should the Australian Government agree with the proposed reforms in 2008–09, the Department will manage the legislative changes necessary to implement the reform agenda, following a series of consultative workshops with a diverse range of stakeholders.

Enhancing Gene Technology Regulation

A 2005–06 independent review of the *Gene Technology Act 2000* found that the national gene technology regulatory scheme and the Act had worked well in the five years following their introduction, and that no major changes were required. However, it also suggested a number of minor changes to improve the operation of the Act. In 2007–08, the Department, through the Office of the Gene Technology Regulator, amended the *Gene Technology Act 2000* and the Gene Technology Regulations 2001, and acted on the review's recommendations.

The Department, through the Office of the Gene Technology Regulator, provided information and training to organisations about the legislative and non legislative changes to processes and procedures resulting from the review. The most notable of legislative changes was the streamlined process for assessing licence applications for limited and controlled release of genetically modified organisms to the environment. The Department also supported the Regulator in the issue of revised Guidelines and Forms for the Certification of Physical Containment Facilities, and in a 'Regulator's Forum' which was convened with the heads of other Australian Government regulatory agencies to further cooperation and minimise regulatory duplication. In addition, the Office of the Gene Technology Regulator developed a framework for Post Release Review to support ongoing oversight of general/commercial releases of genetically modified organisms. The review was incorporated into the revised *Risk Analysis Framework* published in November 2007.

As recommended by the review of the Act, the Office of the Gene Technology Regulator established the new Gene Technology Ethics and Community Consultative Committee which commenced on 1 January 2008.

Emergency Approval of a Genetically Modified Vaccine to Combat Equine Influenza

A major achievement was the Department's contribution to the control and eradication of an outbreak of equine influenza in Australia. In September 2007, the Department supported the Parliamentary Secretary in making the *Gene Technology (Equine Influenza Vaccine) Emergency Dealing Determination 2007*, which temporarily authorised the importation, transportation, possession, use and disposal of two genetically modified vaccines: ProteqFlu and ProteqFlu Te.

This involved the rapid preparation of risk assessment advice by the Gene Technology Regulator, and coordination of input across the Department and with other Australian and State and Territory Government agencies. The Office of the Gene Technology Regulator also monitored compliance with the conditions of the determination, inspecting sites in Queensland, Victoria, New South Wales and the Australian Capital Territory (all of which were fully compliant).

A Responsive Regulatory Scheme for Industrial Chemicals, and High Quality Public Health Advice

Pesticide and Chemical Safety

Ensuring that workers, the public and the environment are protected from the risks posed by pesticides and other chemicals used in the community is an important part of the Department's work. During the year, the Department assessed the risks of such substances, provided advice to the Government on potential human health effects, and established risk-based health standards to promote safe use by the public and/or workers.

The Department led the development of chemical policy advice on matters relating to national and international chemical negotiations, harmonisation issues and treaties, to protect Australians and the international community through a consistent and cooperative approach to chemical control and regulation.

The Department also contributed to the National Drug Strategy by providing regulatory advice on drug controls and administering a regulatory framework for the importation/exportation of certain drugs – such as narcotics, anabolic steroids and antibiotics – to ensure licit use in accordance with international and national obligations.

Industrial Chemicals

A focus was also on protecting people and the environment from risks posed by industrial chemicals. Through the National Industrial Chemicals Notification and Assessment Scheme, the Department contributed to action on four potentially dangerous chemicals which were found present in consumer items such as toothpastes, cosmetics and children's toys. These chemicals included formaldehyde, diethylene glycol, 1,4 butanediol, and methyldibromo glutaronitrile. Working in cooperation with other government agencies, the Department recommended controls that restrict the presence of these chemicals in certain consumer products to protect public health and ensure consumer safety. The Department also provided advice on formaldehyde in accommodation units used for housing workers in the Northern Territory, and worked to restrict the use of certain lead compounds in industrial inks and surface coatings.

Many ingredients in cosmetic products are classed as industrial chemicals. To make sure these products are safe, the Department introduced a new cosmetics standard, to amend the regulatory status of certain cosmetic products and to improve the consistency of requirements across this product range. The Department also delivered a comprehensive education and awareness campaign to achieve a strong industry understanding of, and compliance with, the new arrangements.

A major achievement was the implementation of major reforms coming out of the 2006–07 Existing Chemicals Program Review, to make the framework for the assessment and management of existing chemicals more flexible and responsive. The Department improved its processes for engaging and communicating with industry and the community. Preparatory work was also undertaken to improve mechanisms to identify chemicals of concern. While the review of the regulatory arrangements for hard surface disinfectant products did not progress as quickly as anticipated, an independent review of the current arrangements has now been undertaken. The Department consulted with the public on reform options, with the consultation period being extended at the request of industry stakeholders, and the Department is now formulating advice to Government before finalising the arrangements in 2008–09.

Performance Information for Outcome 1 Administered Programs

Administered Funding – Population Health Programs	
Including: 1.1 Chronic Disease – Early Detection and Prevention; 1.2 Communicable Disease Control; 1.3 Drug Strategy; 1.4 Food and Regulatory Policy; 1.5 Immunisation; and 1.6 Public Health.	
Indicator:	Effective screening programs delivered in accordance with a sound evidence base and with responsiveness to new and emerging trends.
Measured by:	Breast cancer and cervical screening rates for women in the target age groups, and participant rates in the National Bowel Cancer Screening Program.
Reference Point/ Target:	Participation rates in breast cancer and cervical screening programs increase; and participation rates for bowel cancer screening.
Result: Indicator met.	

Breast Cancer

The latest available data through BreastScreen Australia on breast cancer screening rates for women in the target age range indicate that participation rates remained stable at 56.2% in 2004–05 compared with 55.6% in 2003–04. In 2004–05 participation of women in the target age range was significantly higher in outer regions (59.5%), inner regional (58.0%) and remote areas (57.8%) than in major cities (54.7%) and in very remote areas (45.9%). The participation rate for Aboriginal and Torres Strait Islander women aged 50–69 years, 35.8%, was much lower than the non-Aboriginal and Torres Strait Islander rate of 55.9%. However, the rate for Aboriginal and Torres Strait Islander women has increased significantly from 31.8% in 1999–2000, to 35.8% in 2004–05.

Cervical Cancer

For the first time participation in the National Cervical Screening Program was reported using two-year, three-year and five-year participation rates. In 2005–06, the two-year participation for women aged 20–69 years was 60.6%, a small reduction from 2004–05 when two-year participation was 61%. However, three-year participation for women in the target age range in 2004–05 was 73.1% and five-year participation was 85.9%. The three year participation rate compares favourably with 69% for England, and 64% for Wales. The five year participation rate was higher than England (79%), Wales (75%) and the Netherlands (77%), but lower than Finland (90%), which has the highest five-year screening rate in the world.

Bowel Cancer

At 30 June 2008, the crude participation rate for the National Bowel Cancer Screening Program was approximately 40%. This figure is based on the number of completed faecal occult blood test kits received as a proportion of the number of people invited. This is an increase from 30 June 2007, when the participation rate for the program was 35.8%.

Indicator:	Improved knowledge, attitude and behaviours in relation to diseases and health risks through targeted health promotion and disease prevention campaigns, including social marketing.
Measured by:	Levels of awareness of healthy lifestyles and health risks, and modified behaviours in relation to risk, in specific target populations. Initiatives targeting nutrition, physical activity, obesity, overweight and injury.
Reference Point/ Target:	Improvements in knowledge, attitudes and behaviours in relation to disease and health risks. Australian Better Health Initiative measures developed and implemented.

Result: Indicator met.

Initiatives developed and managed to improve knowledge, attitudes and behaviours in relation to diseases included:

- the Around Australia in 40 Days Walking Challenge for high school students. Approximately 35,000 students from over 300 schools around Australia participated in the challenge, which required students to record their steps for forty days using a pedometer; and
- the development of the *Get Set 4 Life Guide – Habits for Healthy Kids* to provide parents and/or carers of four year old children with practical information to assist with the development of healthy habits. The guide contributes to efforts to reduce childhood obesity, increased physical activity in children and overall improved health outcomes for Australian children.

Indicator:	Effective communicable disease prevention and detection in accordance with a sound evidence base and with responsiveness to new and emerging trends.
Measured by:	Improved notification rates of HIV/AIDS, hepatitis C, and sexually transmissible infections.
Reference Point/ Target:	A positive impact on notification rates of HIV/AIDS, hepatitis C and sexually transmissible infections.

Result: Indicator not met.

In 2007–08, the Department continued to implement national strategies aimed at bringing about a positive effect on notification rates of HIV/AIDS, hepatitis C and sexually transmissible infections, and supported the targeted prevention and management of infections with funding to community organisations to implement prevention programs.

While the notification rates of AIDS and hepatitis C diagnoses have declined, there has not been a positive effect on the notification rates of HIV and other sexually transmissible infections (refer to data quoted under the Key Strategic Direction – Supporting Targeted Disease Prevention and Protection through Screening and Immunisation).

The Department commissioned formative, qualitative research to explore knowledge, attitudes, beliefs and behaviours relating to sexually transmissible infections. The research identified: the need to raise awareness and knowledge of these infections within the general community (in particular the younger population); increase the perception of personal risk and susceptibility to sexually transmissible infections; and promote sexually responsible behaviours in order to prevent transmission. The research is informing the activities of a new national sexually transmissible infections prevention program, as well as refocusing how resources can be used more effectively to address increasing rates.

Indicator:	Reduced community harm caused by licit and illicit drugs.
Measured by:	Number of Australians using tobacco or illicit drugs and/or consuming alcohol at harmful levels.
Reference Point/ Target:	Continued reduction in the population using tobacco or illicit drugs and/or consuming alcohol at harmful levels.

Result: Indicator substantially met.

The results of the 2007 National Drug Strategy Household Survey indicate that between 2004 and 2007, there was a decrease in the number of Australians aged 14 and over who smoked daily (17.4% to 16.6%), or had used an illicit drug in the previous 12 months (15.3% to 13.4%). Use of cannabis, the most commonly used illicit drug in Australia, declined significantly in that time, with 11.3% of Australians aged 14 and over reporting recent cannabis use in 2004, compared with 9.1% in 2007.

The Household Survey also indicates that the proportion of individuals drinking alcohol at risky levels remained relatively stable between 2004 and 2007. In 2007, 10.3% of individuals aged 14 and over drank at risky or high risk levels for long term harm (compared with 10.1% in 2004), and 34.6% drank at risk of high risk levels for harm in the short term (compared with 35.0% in 2004).

Indicator:	High rates of immunisation coverage for vaccines funded through the National Immunisation Program.
Measured by:	a) Immunisation rates in the target age groups. b) Notification rates of Vaccine Preventable Diseases.
Reference Point/ Target:	a) Increase from previous year. b) A positive impact on notification rates of Vaccine Preventable Diseases.

Result: Indicator substantially met.

National immunisation coverage rates increased in 2007–08 for children aged between 12 and 15 months and for children aged between 72 and 75 months were as follows:

- coverage in age cohort 1 (12 – <15 months) increased from 91.0% at 31 March 2007 to 91.3% at 31 March 2008;
- coverage in age cohort 2 (24 – <27 months) increased from 92.0.% at 31 March 2007 to 92.8% at 31 March 2008; and
- coverage in age cohort 3 (72 – <75 months) increased from 88.0% at 31 March 2007 to 88.5% at 31 March 2008.

The continuing high rates of immunisation coverage rates have resulted in low notifications of vaccine preventable diseases as indicated for the years 2006 and 2007 in Table 2.3.1.1.

Table 2.3.1.1: Notifications of Vaccine Preventable Diseases – 2006 and 2007

	Year	
Vaccine Preventable Disease	2006	2007
Diptheria	0	0
Poliomyelitis	0	0
Rubella (congenital)	0	2
Hib	8	9
Measles	19	3
Pertussis	237	199
Rubella	3	2
Mumps	2	8
Tetanus	0	0
Invasive Pneumococcal Disease	158	200
Total	**427**	**423**

Source: National Notifiable Disease Surveillance System – Department of Health and Ageing, 2006, 2007.

Indicator:	Health economic evaluations of investments in disease prevention and health promotion.
Measured by:	The number of evaluations undertaken.
Reference Point/ Target:	All programs scheduled for evaluation are assessed through the Priority Setting Mechanism for Prevention.
Result: Not applicable. No major programs funded under the National Public Health Program were due for evaluation in 2007–08.	

Indicator:	Reform of the Public Health Education and Research Program in accordance with the recommendations of the 2005 Health Education and Research Program review (Phase 3).
Measured by:	Extent of implementation of the review of recommendations and stakeholder satisfaction.
Reference Point/ Target:	Comprehensive implementation of review recommendations to satisfaction of stakeholders.
Result: Indicator substantially met.	

The Public Health Education Program implemented a contestable funding pool to address emerging public health priorities (ie biosecurity, Indigenous health, nutrition and physical exercise) in line with the 2005 PHERP Phase 3 review recommendations.

Contestable funding is available for time limited projects directed at fulfilling specific workforce education, training and capacity building requirements. Funding is provided through a contestable funding process which allows for projects to be funded to meet emerging public health priorities. The Department progressed the review's recommendation to develop a National Quality Framework, including draft core competencies for postgraduate public health education. Developing the framework involved consultation and workshops with key stakeholders.

The Department also realigned all core program funding objectives and outcomes to reflect the 2005 review recommendations; and strengthened accountability requirements for the overall program.

Performance Information for Outcome 1 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
The Department provided high quality and timely evidence-based policy research to support the work of the new Preventative Health Taskforce, which was established by the Government on 9 April 2008 as a key source of advice in refocusing the health system on prevention. This included developing background papers addressing overweight and obesity, and future directions in preventative health. The Department also sourced background papers covering alcohol, tobacco and international perspectives on the prevention of chronic disease from internationally recognised experts. These documents were provided to the taskforce for its 23 June 2008 meeting and will be used to inform the development of the National Preventative Health Strategy. As part of the Evaluation of BreastScreen Australia, the Department completed qualitative research on the views of BreastScreen Australia participants and non-participants within the target and eligible population, as well as health practitioners, to determine the program's acceptability and barriers to participation. The research is one of several projects which will inform the evaluation. The evaluation final report will be submitted to the Australian Health Ministers' Advisory Council in 2009.	

An economic evaluation of the National Bowel Cancer Screening Program was undertaken in 2007–08. The evaluation was completed in September 2007 and informed planning for the next phase of the National Bowel Cancer Screening Program which commenced on 1 July 2008.

The Department also managed a consultancy which resulted in the discussion paper *Review of Evidence Regarding Chronic Disease Prevention in Aboriginal and Torres Strait Islander Communities.*

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Actual expenses varied from budgeted expenses by -2.83%.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development through consultation mechanisms and submissions on departmental discussion papers.
Result: Indicator met.	

During 2007–08, the Department offered a wide range of stakeholders the opportunity to participate in policy and program development. For example the Department:

- directly engaged State and Territory Governments in a collaborative effort to develop a national integrated strategic approach to chronic disease management and prevention, through the Australian Population Health Development Principal Committee;
- consulted with the states and territories and breast cancer stakeholder organisations to inform the BreastScreen Australia Evaluation;
- utilised the National Bowel Cancer Screening Program Advisory Group to provide expert advice on the program's development and implementation. Through the advisory group, State and Territory Governments, health professionals, consumers and government agencies including Medicare Australia and the Australian Institute of Health and Welfare were given the opportunity to contribute to the program's strategic policy direction; and
- convened the National Pregnancy Counselling Expert Advisory Committee, a group of expert clinicians and community representatives, to provide advice and input on the management and evaluation of the National Pregnancy Support Helpline.

Performance Information for Outcome 1 Regulatory Activities

Output Group 2 – Program Management	
Indicator:	Timeliness of evaluations and appeals of decisions on applications in relation to: • entry of products onto the Australian Register of Therapeutic Goods; • dealings with genetically modified organisms; and • industrial chemicals.
Measured by:	Evaluations and appeals of decisions made within legislated timeframes, where applicable.
Reference Point/ Target:	100% of evaluations are made within legislated timeframes. 100% of appeals of decisions are considered within legislated timeframes.
Result: Indicator substantially met.	
The Therapeutic Goods Administration completed the evaluation of 99.7% of Category 1[3] (363/364) and 100% of Category 3 (1,182/1,182) evaluations within legislated timeframes (255 and 45 working days, respectively). No Category 2 evaluations were undertaken in 2007–08 (see Table 2.3.1.2). One Category 1 evaluation was completed in 259 working days rather than the 255 day statutory timeframe. Procedures were reviewed to prevent a recurrence of the incident.	

Table 2.3.1.2: Number of Prescription Medicines Submissions

	2006–07	2007–08
Category 1	406	438
Category 2	0	0
Category 3	966	1,203

Source: Data extract from Strategic Integrated Management Environment System – Prescription Medicines Subsystem.

During 2007–08, 100% of the 79 Design Examination Conformity Assessments for medical devices were completed within the 255 day legislated timeframe. Recommendations arising from a business process review are being implemented to deal with the backlog arising from a combination of the late transitions of product by industry to the new regulatory framework and higher than predicted application rates. The Department anticipates the implementation of these business improvement measures will address the backlog issue.

The Gene Technology Regulator conducted 33 licence application evaluations, with 100% completed within the legislated timeframe. The Regulator also approved eight accreditation applications and 244 certifications of facilities, all within legislated timeframes. There were no appeals of decisions made by the Gene Technology Regulator.

[3] Category 1 refers to an application to register a new prescription medicine or change to a medicine not meeting the requirements for Category 2 or Category 3 applications.
Category 2 refers to an application to register a prescription medicine where two independent evaluation reports from acceptable countries are available.
Category 3 refers to an application involving changes to the quality data of medicines already registered and not involving clinical, non-clinical or bioequivalence data.

The National Industrial Chemicals Notification and Assessment Scheme achieved a rate of 96% of evaluations within legislated timeframes and considered 288 notifications for new chemicals. Of these notifications, 197 assessment certificates and 122 permits were issued. These figures include some notifications received in 2006–07. Some of the notifications received this year will have certificates or permits issued in 2008–09. There were no Administrative Appeals Tribunal appeals during the year.

Indicator:	Timeliness of evaluations of applications on human health aspects of pesticides and veterinary medicines and setting human health standards for chemicals and pesticides.
Measured by:	Evaluations are made within agreed timeframes.
Reference Point/ Target:	97% of evaluations and 100% of standards on human health safety are made within agreed timeframes.

Result: Indicator met.

In 2007–08, the Department completed 145 registration human health assessment reports, meeting 98.3% of agreed timeframes. All registration assessment reports were accepted by the Australian Pesticides and Veterinary Medicines Authority.

The Department completed 19 new human health risk assessments under the existing chemical review program – nine priority chemicals were identified, and a further ten priority chemicals amended. The Department consolidated advice on previously assessed chemicals and published reviews, including input on public comments and additional studies. 100% of pesticide review work orders were completed within the agreed timeframes.

The Department established or amended 148 public health standards for pesticides following their review, 100% of which were made within the agreed timeframe.

The National Drugs and Poisons Scheduling Committee made 99 scheduling decisions during the year (20 agricultural and veterinary chemicals, 68 medicines, 11 chemicals and six other changes to the Standard). Of the 99 scheduling decisions, five were subject to post meeting comment and all but two were accepted. There were three amendments of the Standard for the Uniform Scheduling of Drugs and Poisons, 22nd edition; and one to the consolidated Standard for the Uniform Scheduling of Drugs and Poisons, 23rd edition.

Indicator:	Timeliness of licensing and surveillance audits of Australian and overseas manufacturers.
Measured by:	Audits performed within target timeframes.
Reference Point/ Target:	100% of audits are performed within target timeframes.

Result: Indicator met.

Four hundred and ten audits were performed during the year and 395 (96.3%) were performed within the target timeframe. There were no overdue audits at the end of the financial year.

Indicator:	Efficient post-marketing surveillance testing of therapeutic products.
Measured by:	Number of therapeutic products tested.
Reference Point/ Target:	Minimum of 800 therapeutic products tested.
Result: Indicator met.	
The Office of Laboratories and Scientific Services maintained testing of therapeutic goods during major ongoing refurbishments of laboratory facilities. Eight hundred and eighteen products were tested, which consisted of 2,038 samples in 2007–08. In addition, protocol release evaluations were completed for 676 batches of biological medicines.	

Indicator:	Compliance with conditions in licences to undertake dealing with genetically modified organisms.
Measured by:	Percentage of field trials inspected.
Reference Point/ Target:	Minimum of 20% of field trials inspected.
Result: Indicator met.	
The Office of the Gene Technology Regulator significantly exceeded this target: 51% of field trials were inspected in 2007–08. No significant risks to human health or the environment were identified.	

Indicator:	Efficient issuing and reporting of permits and licences for controlled and other substances.
Measured by:	Timeliness of permits and licences issued and reported.
Reference Point/ Target:	97% of permits and licences completed within agreed targets.
Result: Indicator substantially met.	
The Department granted a total of 5,170 licences and permits authorising the import, export and manufacture of controlled drug substances. 95.4% of licenses and permits were issued within the applicable timeframe which substantially met the target of 97.0%. Over two million legitimate movements of controlled drugs between establishments were monitored and reported to state and territory health agencies within agreed timeframes. The Department also fully met the reporting requirements of the United Nations International Narcotics Control Board through the provision of estimates and statistical data concerning the scientific and medical use of drugs.	

Indicator:	High level of compliance with the *Therapeutic Goods Act 1989*, the *Gene Technology Act 2000* and the *Industrial Chemicals (Notification and Assessment) Act 1989*.
Measured by:	Breaches of the *Therapeutic Goods Act 1989*, the *Gene Technology Act 2000* and the *Industrial Chemicals (Notification and Assessment) Act 1989* are investigated and appropriate action taken.
Reference Point/ Target:	Reports of alleged breaches are assessed within 10 working days and appropriate response initiated.

Result: Indicator met.

The Therapeutic Goods Administration investigated 1,017 alleged breaches under the *Therapeutic Goods Act 1989*. During 2007–08, 1,017 new referrals breaches were received from stakeholders including members of the public, industry, local and international law enforcement and regulatory agencies, with 913 investigations completed. Three hundred and seventy-six formal warnings were issued to persons/companies and 13 persons/companies were charged with 96 criminal offences.

The Office of the Gene Technology Regulator assessed 21 reports (100%) of alleged breaches of the *Gene Technology Act 2000* within 10 working days.

The National Industrial Chemicals Notification and Assessment Scheme assessed all forty-six reports of breaches within 10 working days and initiated appropriate responses.

Indicator:	Consultation with stakeholders on regulatory change in relation to therapeutic products, genetically modified organisms, industrial chemicals, pesticides and veterinary medicines.
Measured by:	Timeliness and thoroughness of consultation.
Reference Point/ Target:	Stakeholders affected by regulatory change are effectively consulted.

Result: Indicator met.

The Therapeutic Goods Administration undertook formal stakeholder consultations in a number of areas, including:

- improved access to product information and consumer medicines information and improving business practices in the Therapeutic Goods Administration;
- regulation of labelling and packaging therapeutic products in Australia;
- the development of Rules and Standards to apply under the Australia New Zealand Therapeutic Products Authority; and
- the streamlining of business processes associated with the regulation of medical devices.

Also during the year there were regular meetings with the TGA-Industry Consultative Committee and bilateral meetings with industry stakeholders. Regular consultation meetings were also held with the Consumers Health Forum and Choice.

In 2007–08, the inaugural meeting of the new Gene Technology Ethics and Community Consultative Committee was held.

The National Industrial Chemicals Notification and Assessment Scheme consulted with stakeholders on proposals for regulatory change. These proposals included the:

- development of a standard for cosmetics;
- revision of the framework for the existing chemicals assessment program;
- review of the regulation of chemicals in hard surface disinfectants; and
- the implications of the emerging field on nanotechnology on assessment processes.

The scheme used a range of consultation mechanisms including: new advisory committees; release of written proposals with a public submission process (disinfectants); and public meetings. The scheme also used its Community Engagement Charter as a guide to the conduct of all consultations with the wider community.

Indicator:	International relationships facilitate cooperation and harmonisation in the implementation of regulatory controls for therapeutic products, genetically modified organisms and industrial chemicals.
Measured by:	a) Cooperative arrangements in place with key international regulatory agencies; and b) active participation in key international forums.
Reference Point/ Target:	High degree of cooperation with key international regulatory agencies.

Result: Indicator met.

The Therapeutic Goods Administration continued its cooperative arrangements with key international regulatory agencies in 2007–08 and actively participated in international forums. This included:

- working with the Biologics and Genetic Therapies Directorate of Health Canada on a Parallel Review Project. The project will provide a mechanism for sharing information on the evaluation processes between Canada and Australia, with the two agencies reviewing one or more submissions in parallel;
- working on the variation of the Australia-European Community Mutual Recognition Agreement with the Department of Foreign Affairs and Trade and the former Department of Industry, Tourism and Resources;
- progression of the implementation and confidence building phase of the Australia/Canada Memorandum of Understanding on Quality Management Systems for Medical Devices with Health Canada; and
- consulting with Health Canada, the US Food and Drug Administration, the European Commission, the Health Sciences Authority (Singapore), the Ministry of Health (Malaysia), and the State Food and Drug Administration (China), as well as other regional regulators.

The Office of the Gene Technology Regulator participated in:

- the Organisation for Economic Co-operation and Development Working Group on the Harmonisation of Regulatory Oversight in Biotechnology;

- the European Food Safety Authority Scientific Forum on Environmental Risk Assessment of GM Plants;
- the Australian delegation to the Fourth Meeting of the Parties to the Cartagena Protocol on Biosafety; and
- the Australian delegation to the Australian Group Plenary regarding biological weapons control.

In 2007–08, the National Industrial Chemicals Notification and Assessment Scheme:

- formalised its bilateral arrangement with Canada for cooperation on new chemical assessments, formally recognising the Canadian system. This improves the efficiency of Australia's processes by utilising Canadian assessments performed under particular circumstances;
- played an active role in the Organisation for Economic Co-operation and Development Taskforce on Existing Chemicals by reviewing assessments for the High Production Volume Program, as a member of the steering group for the project tracking the phase-out of hazardous perfluorinated chemicals and the introduction of safer alternatives;
- contributed to the work of the New Chemicals taskforce, by acting as one of the sponsoring countries under the new chemicals co-notification program, and leading the work aimed at achieving harmonisation of the criteria for polymers of low concern; and
- participated in the leadership group for the Working Party on Manufactured Nanomaterials, and was responsible for leading the development of a database on relevant research.

Evaluations

Evaluation of the Council of Australian Governments Illicit Drug Diversion Initiative	
Commencement Date:	01/09/06
End Date:	01/04/08
Related Performance Indicator:	Reduced community harm caused by licit and illicit drugs.
Web Address for Published Results:	<www.aihw.gov.au/publications/index.cfm/title/10496>

Evaluation of the Non-Government Organisation Treatment Grants Program	
Commencement Date:	This program is being evaluated as part of the Evaluation and Monitoring of the National Drug Strategy 2004–09 which commenced on 28/08/08.
End Date:	30/03/09 (Evaluation and Monitoring of the National Drug Strategy 2004–09)
Related Performance Indicator:	Reduced community harm caused by licit and illicit drugs.

Evaluation of the Three National Research Centres of Excellence	
Commencement Date:	07/05/07
End Date:	30/11/07

Related Performance Indicator:	Reduced community harm caused by licit and illicit drugs.
Web Address for Published Results:	<www.latrobe.edu.au/aipc/results.php>

Evaluation of the Australian Better Health Initiative	
Commencement Date:	26/05/08
End Date:	March 2010
Related Key Strategic Direction:	Encouraging Australians to Adopt Healthy Lifestyle Choices to Help Prevent Chronic Disease.

Evaluation of BreastScreen Australia	
Commencement Date:	01/07/06
End Date:	Mid 2009.
Related Performance Indicator:	Relevant and timely evidence-based policy research.
Web Address for Published Results:	<www.cancerscreening.gov.au>

Major Reviews

Review of the Australian Alcohol Guidelines Health Risks and Benefits 2001	
Commencement Date:	February 2006.
End Date:	December 2008.
Related Performance Indicator:	Reduced community harm caused by licit and illicit drugs.

Review Public Health Outcome Funding Agreements	
Commencement Date:	The Public Health Outcome Funding Agreements Review was scheduled to commence as soon as practicable after 30 June 2007. Following the new Government's decision to roll the existing health related Specific Purpose Payments, including the Public Health Outcome Funding Agreements, into a new broadbanded National Health Care Agreement, the Minister for Health and Ageing and State and Territory Health Ministers agreed not to proceed with the review.
End Date:	Not applicable.
Related Key Strategic Direction/ Performance Indicator:	Not applicable.

Outcome 1 - Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 1.1: Chronic Disease - Early Detection and Prevention				
Appropriation Bill 1/3/5	31,078	26,294	(4,784)	51,924
	31,078	**26,294**	**(4,784)**	**51,924**
Program 1.2: Communicable Disease Control				
Appropriation Bill 1/3/5	18,724	17,891	(833)	21,749
Appropriation Bill 2/4/6	2,320	2,322	2	2,366
	21,044	**20,213**	**(831)**	**24,115**
Program 1.3: Drug Strategy				
Appropriation Bill 1/3/5	121,806	101,888	(19,918)	141,831
Appropriation Bill 2/4/6	55,503	57,285	1,782	64,024
	177,309	**159,173**	**(18,136)**	**205,855**
Program 1.4: Food and Regulatory Planning				
Appropriation Bill 1/3/5	663	184	(479)	584
	663	**184**	**(479)**	**584**
Program 1.5: Immunisation				
National Health Act 1953 - Essential Vaccines	521,719	542,947	21,228	255,880
Total Special Appropriations	**521,719**	**542,947**	**21,228**	**255,880**
Appropriation Bill 1/3/5	30,452	19,334	(11,118)	27,071
Appropriation Bill 2/4/6	19,648	19,647	(1)	8,200
	571,819	**581,928**	**10,109**	**291,151**
Program 1.6: Public Health				
Appropriation Bill 1/3/5	51,761	36,970	(14,791)	108,148
Appropriation Bill 2/4/6	170,506	170,485	(21)	174,170
	222,267	**207,455**	**(14,812)**	**282,318**
Total Administered Expenses	**1,024,180**	**995,248**	**(28,932)**	**855,947**

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Departmental Appropriations				
Output Group 1 - Policy Advice	25,336	24,433	(903)	23,349
Output Group 2 - Program Management	31,727	29,982	(1,745)	29,239
Total price of departmental outputs *(Total revenue from Government & other sources)*	**57,063**	**54,415**	**(2,648)**	**52,588**
Total revenue from Government (appropriations) contributing to price of departmental outputs	54,797	52,535	(2,262)	50,321
Total revenue from other sources	2,266	1,880	(386)	2,267
Total price of departmental outputs *(Total revenue from Government & other sources)*	**57,063**	**54,415**	**(2,648)**	**52,588**
Departmental Regulators				
Therapeutic Goods Administration				
Output Group 2 - Program Management	93,777	95,384	1,607	93,715
Office of Gene Technology Regulator				
Output Group 2 - Program Management	7,961	7,961	-	7,919
National Industrial Chemicals Notification and Assessment Scheme				
Output Group 2 - Program Management	8,425	8,621	196	8,882
Total price of departmental regulator outputs	**110,163**	**111,966**	**1,803**	**110,516**
Total revenue from Government (appropriations) contributing to price of departmental outputs	10,921	10,921	-	10,815
Total revenue from other sources	99,242	101,045	1,803	99,701
Total price of departmental regulator outputs *(Total revenue from Government & other sources)*	**110,163**	**111,966**	**1,803**	**110,516**
Total estimated resourcing for Outcome 1 *(Total price of outputs & administered expenses)*	**1,191,406**	**1,161,629**	**(29,777)**	**1,019,051**
Average Staffing Level (Number) Department	991	988	(3)	1,020

OUTCOME 02

Access to Pharmaceutical Services

Australians have access to cost-effective medicines

OUTCOME 02

Access to Pharmaceutical Services

Outcome 2 aims to provide all Australians with reliable, timely and affordable access to cost-effective and high quality medicines.

To help achieve this in 2007–08, the Department managed programs under Outcome 2 to provide Australians with timely, reliable and affordable access to necessary medicines, pharmaceutical services and products that help individuals manage their conditions.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 2 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

Outcome 2 was managed in 2007–08 by the Pharmaceutical Benefits Division.

Major Achievements

- Helped improve the affordability and sustainability of the Pharmaceutical Benefits Scheme through the implementation of streamlined authority and pricing arrangements. These changes will enable Australians to access new and expensive medicines whilst ensuring the scheme remains affordable into the future.
- Continued to facilitate the listing of high cost drugs on the Pharmaceutical Benefits Scheme to improve and extend the lives of Australians who would otherwise not be able to afford them. In 2007–08, 11 high cost drugs were listed or had their indication extended.
- Allowing optometrists the ability to prescribe certain medicines under the Pharmaceutical Benefits Scheme provided eligible Australians more affordable and timely access to those medicines.
- Brought 355 community pharmacies into the National Diabetes Services Scheme as new outlets for subsidised products.

Key Strategic Directions for 2007–08 – Major Activities

Reforming the Pharmaceutical Benefits Scheme

The Department began implementing changes to the Pharmaceutical Benefits Scheme to provide Australians with continued access to new and expensive medicines, while ensuring the Pharmaceutical Benefits Scheme remains affordable into the future.
A major achievement was the implementation of streamlined authority arrangements and price disclosure arrangements.

Streamlined Authority Arrangements

The Department implemented streamlined authority arrangements on 1 July 2007 for approximately 200 of the 450 Authority Required items listed on the Pharmaceutical Benefits Scheme. These arrangements reduce the administrative burden on prescribers, allowing them to spend more time with their patients by eliminating the need to contact Medicare Australia before prescribing.

Guarantee of Supply

The Department also implemented guarantee of supply requirements: any supplier that lists a new brand of an existing medicine, or offers a price reduction, must guarantee supply of that brand for up to 24 months.

Pricing Arrangements

On 1 August 2007, the Pharmaceutical Benefits Scheme was split into two separate formularies with different pricing arrangements for single brand and multiple brand medicines.

The Department worked with pharmaceutical companies, Medicines Australia and the Generic Medicines Industry Association, to ensure the effective operation of the new price disclosure arrangements. These new

arrangements will provide better value from competition, by ensuring the prices of Pharmaceutical Benefits Scheme medicines more closely reflect the price at which they are sold to pharmacists. As at 30 June 2008, 18 drugs were subject to price disclosure.

Community Pharmacies

During 2007–08, the Department finalised arrangements to give effect to the structural adjustment package for community pharmacies relating to the mandatory Pharmaceutical Benefits Scheme Reform price reductions which commenced on 1 August 2008.

On 1 July 2007, an incentive of 40 cents for each prescription processed using PBS Online came into effect. An incentive of $1.50 to dispense a substitutable, premium-free brand and an incentive which increases pharmacy mark-ups and dispensing fees came into effect from 1 August 2008. Through this adjustment package, pharmacists receive the remuneration agreed under the Fourth Community Pharmacy Agreement and patients therefore continue to have access to the medicines they need.

Supporting Timely Access to Medicines for All Australians

Access to Medicines through the Community Service Obligation

The Community Service Obligation Funding Pool aims to ensure that all Australians can access the full range of Pharmaceutical Benefits Scheme medicines from their community pharmacy, when they need them. It achieves this by financially assisting wholesalers to deliver Pharmaceutical Benefits Scheme medicines to community pharmacies, in a timely manner.

The Community Service Obligation was established on 1 July 2006 under the Fourth Community Pharmacy Agreement between the Australian Government and the Pharmacy Guild of Australia. During the year, the Department successfully finalised the transfer of the Community Service Obligation Funding Pool to the Community Service Obligation Administration Agency, which is responsible for undertaking payment calculations, monitoring distributors' performance and managing a complaints and sanctions framework.

High Cost Drugs

Another major achievement was the listing of five high costs drugs on the Pharmaceutical Benefits Scheme, and the extension of six already-listed high cost drugs. These drugs help extend or improve the lives of many Australians who would otherwise not be able to afford to benefit from them. Recent listings included Atomoxetine (Strattera®) for the treatment of attention deficit hyperactivity disorder, Ranibizumab (Lucentis®) and Docetaxel (Taxotere®) for the treatment of prostate cancer.

Additions to the Life Saving Drugs Program

Financial assistance under the Life Saving Drugs Program is provided for access to drugs to treat rare inherited enzyme deficiencies. During 2007–08, the Department established arrangements for access to Galsulfase (Naglazyme®) under the program, to help people with Mucopolysaccharidosis Type 6, a progressive disease that leads to dysfunction in a range of organs and ultimately severe disability.

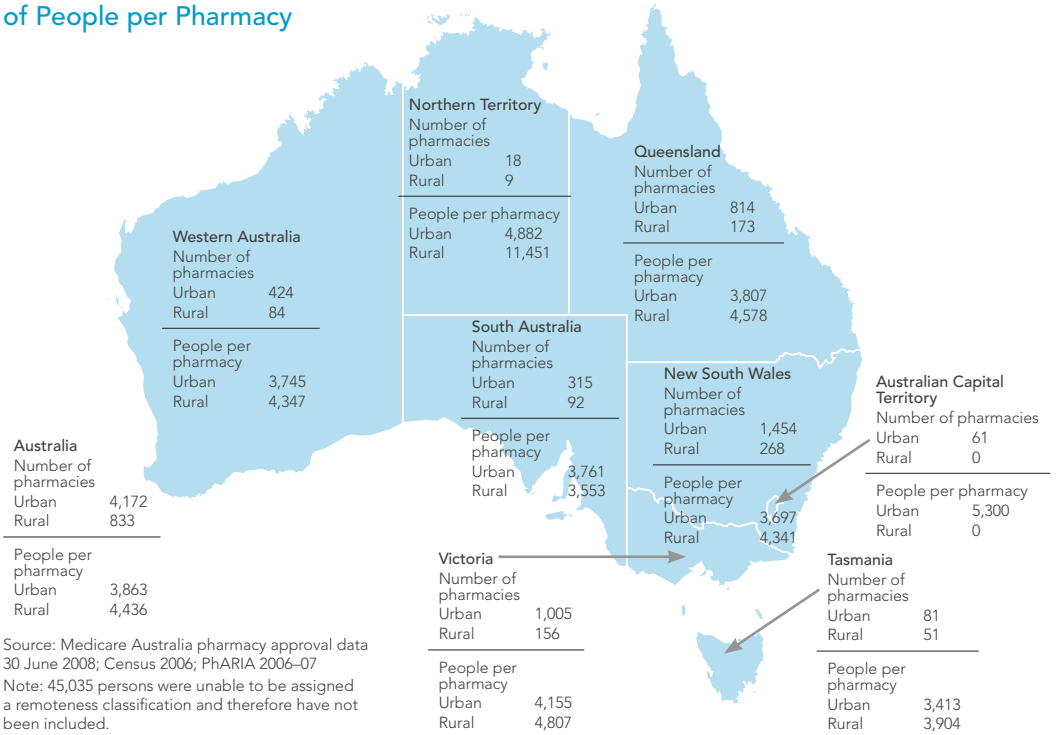
Prescribing Rights for Optometrists

The Department successfully provided for optometrists accredited to prescribe under state or territory law, to apply for approval as Pharmaceutical Benefits Scheme prescribers; and for certain Pharmaceutical Benefits Scheme eye medicines to be listed for optometrist prescribing. These arrangements came into operation on 1 January 2008. Around 300 optometrists have been approved as Pharmaceutical Benefits Scheme prescribers and the number is expected to grow annually. This initiative will improve access to eye medicines and contribute to eye care for the community, particularly for older people, lower income groups and people in rural areas. Consistent with a multidisciplinary approach to care, the changes will help to make better use of optometrist services, reduce delays in access to eye treatments, support continuity of therapy and reduce costs to consumers.

Pharmacy Programs

During 2007–08, the Department continued to support the provision of seven programs and services under the Fourth Community Pharmacy Agreement. This included implementing the Diabetes Pilot Program, and the Dose Administration Aids and Patient Medication Profile Programs. The pharmacist support and counselling provided through the Diabetes Pilot Program will assist patients with poorly controlled Type 2 Diabetes Mellitus to improve the management of their condition and their use of associated medications. The Dose Administration Aids and Patient

Figure 2.1: Total Number of Pharmacies and Average Number of People per Pharmacy



Source: Medicare Australia pharmacy approval data 30 June 2008; Census 2006; PhARIA 2006–07

Note: 45,035 persons were unable to be assigned a remoteness classification and therefore have not been included.

Medication Profile Programs will help to reduce medication-related hospitalisations and adverse events, through improving medication management adherence for people in the community, including those on multiple medications. The programs will trial and evaluate the costs and benefits of Dose Administration Aids and Patient Medication Profile provision through community pharmacies to community based patients.

The Department, through Diabetes Australia, manages the National Diabetes Services Scheme, which ensures that people with diabetes are better able to access necessary products and services. A major achievement in 2007–08 was the establishment of 355 community pharmacies as new National Diabetes Services Scheme outlets, increasing the total number of pharmacies participating in the scheme by 24.4 per cent to 1,810.

Focus in 2008–09 will be on subsidising the cost of insulin pumps for people under the age of 18 with type 1 diabetes. Insulin pumps significantly improve the health of users and reduce the need for parents to supervise the management of their children's diabetes. A means tested subsidy and pump supply will be managed through a grant agreement between the Department and the Juvenile Diabetes Research Foundation. Around 700 children will benefit from this initiative over the next four years.

Recovering the Cost of Listing Medicines on the Pharmaceutical Benefits Scheme

While the Department saw a number of successes during the year, there was a delay in implementing cost recovery arrangements for the Pharmaceutical Benefits Scheme.

The 2005–06 Budget announced that the costs associated with the listing of products on the Pharmaceutical Benefits Scheme and the National Immunisation Program would be recovered from the pharmaceutical industry from 1 July 2007. Requests to list new medicines or vaccines, or to vary the listing of existing products, involves a resource intensive process which includes the independent evaluation of complex submissions by the Pharmaceutical Benefits Advisory Committee, its subcommittees and the Pharmaceutical Benefits Pricing Authority. Amending legislation was not introduced in the Parliament before it was dissolved prior to the 2007 Federal election and the proposal lapsed. During this time the Department continued consulting with the pharmaceutical industry about the implementation of cost recovery.

The 2008–09 Budget proposed that cost recovery arrangements would commence in the 2008–09 financial year. Following this announcement, the Department finalised the fee model and undertook a series of information sessions with industry representatives and peak bodies about the implementation of the cost recovery arrangements. The relevant legislation was passed by the House of Representatives but did not pass through the Senate.

Performance Information for Outcome 2 Administered Programs

Administered Funding – Pharmaceutical Services Programs	
Including: 2.1 Community Pharmacy and Pharmaceutical Awareness; 2.2 Pharmaceuticals and Pharmaceutical Services; and 2.3 Targeted Assistance – Pharmaceutical Aids and Appliances.	
Indicator:	Effectiveness of the Herceptin® program.
Measured by:	Number of patients assisted through the Herceptin® program.
Reference Point/ Target:	1,000 patients assisted.
Result: Indicator met.	
1,136 patients were assisted through the Herceptin® program in 2007–08. It is expected that the number of patients having access to the program in future will reduce due to the 1 May 2008 Pharmaceutical Benefits Scheme listing of Tykerb® (Lapatinib) which is used in late stage breast cancer when the disease has progressed after using Herceptin® (Trastuzumab).	

Indicator:	Pharmaceutical Benefits Scheme prescriptions will be subsidised for general and concessional patients.
Measured by:	The number of Pharmaceutical Benefits Scheme prescriptions subsidised.
Reference Point/ Target:	188 million Pharmaceutical Benefits Scheme prescriptions subsidised, representing approximately 9.0 prescriptions per capita.
Result: Indicator substantially met.	
171 million Pharmaceutical Benefits Scheme prescriptions were subsidised, representing approximately 8.1 prescriptions per capita.	

Indicator:	Families and singles qualify for reduced patient co-payments under the Pharmaceutical Benefits Scheme safety net.
Measured by:	The number of families and singles that qualify for reduced patient co-payments under the Pharmaceutical Benefits Scheme safety net.
Reference Point/ Target:	1 million families and singles qualify.
Result: Indicator met.	
1 million families and singles qualified in 2007–08 for reduced patient co-payments under the Pharmaceutical Benefit Scheme safety net.	

Indicator:	Achieve better value from medicines that are subject to price competition.
Measured by:	Restructure of the Schedule of Pharmaceutical Benefits to create separate formularies for single and multiple brand medications.

Reference Point/ Target:	Implementation by 1 August 2007.
Result: Indicator met.	
The *National Health Amendment (Pharmaceutical Benefits Scheme) Act 2007* received royal assent on 28 June 2007 and gave effect to the Schedule of Pharmaceutical Benefits being split from 1 August 2007 into Formulary 1 containing single brand medicines and Formulary 2 containing multiple brand medicines.	

Indicator:	Persons with diabetes benefit from subsidised products and services through the National Diabetes Services Scheme.
Measured by:	The number of persons with diabetes benefit from subsidised products and services through the National Diabetes Services Scheme.
Reference Point/ Target:	An estimated 862,200 persons with diabetes benefit from subsidised products.
Result: Indicator met.	
People with diabetes registered on the National Diabetes Services Scheme were assisted in managing their condition through access to subsidised products such as needles, syringes, special injection systems and insulin pump consumables, and services such as information and support. In 2007–08, around 897,868 people with diabetes obtained subsidised products or services through the scheme. Of these 491,113 (54.7%) obtained subsidised products.	

Indicator:	New pharmacy programs and services are implemented in an efficient and effective manner.
Measured by:	Extent of community pharmacy participation in new programs; and the number of services provided.
Reference Point/ Target:	All new pharmacy programs to be operational by 30 June 2008.
Result: Indicator substantially met.	
In 2007–08, the Department implemented seven new programs and services. These included the Dose Administration Aids Program, the Patient Medication Profile Program, the Diabetes Pilot Program, the Pharmacy Connectivity Incentive Program, the Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander Peoples Program, the Aboriginal and Torres Strait Islander Pharmacy Assistant Traineeship Scheme and the scoping and research phase for a Hepatitis C Health Promotion Program. Major achievements include: • as at 30 June 2008, 4,065 pharmacies (80%) were participating in the Dose Administration Aids Program. Approximately 107,000 patients have received services since the introduction of the program in September 2007; • in the first three months of implementation to June 2008, 2,388 patients received services from 533 pharmacies participating in the Patient Medication Profile Program;	

- pharmacist participation in Stage One of the Diabetes Pilot Program was fully subscribed with 90 pharmacies completing training and credentialing requirements. Approximately 500 patients are expected to be recruited for this stage; and
- the Pharmacy Connectivity Incentive Program commenced on 1 January 2008. Payments to participating community pharmacies started in April 2008.

Indicator:	All areas for review identified in the Fourth Community Pharmacy Agreement are completed during the life of the agreement.
Measured by:	The number of reviews completed.
Reference Point/ Target:	All reviews completed.
Result: Indicator met.	
A review on the Concessional Entitlement Validation payment was completed during the year, and five others relating to complex community pharmacy issues including the review of the existing Pharmaceutical Benefits Scheme supply arrangements in aged care residential facilities and private hospitals and the Section 100 review, are underway. The Government and the Pharmacy Guild of Australia through the Agreement Consultative Committee agreed in 2006–07 to stagger the commencement dates of all reviews.	

Performance Information for Outcome 2 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator substantially met.	
Evidence-based policy research undertaken by the Department, such as the provision of policy advice on changes to the Pharmaceutical Benefits Scheme, as required by the Minister, was provided and accepted within the required timeframes and to the satisfaction of the Minister.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator substantially met.	
The actual expenses varied from budgeted expenses in 2007–08 by -1.0%. Outcome 2 administers several very large demand driven programs, some of which have parameters that change throughout the year. These programs can be unpredictable in their usage and hence are hard to budget for with 100% accuracy.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participated in program development (eg. through surveys, conferences and meetings).
Note: This Performance Indicator was amended in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*	
Result: Indicator met.	
Key organisations, including the Pharmacy Guild of Australia and the Pharmaceutical Society, peak general practice organisations and disease-specific representative bodies had continued involvement in the development and implementation of Fourth Community Pharmacy Agreement programs and services. The Department had extensive consultation with a range of stakeholders in the development of its programs in 2007–08 including Medicines Australia, the Generics Medicines Industry Association and drug companies in the listing of Life Saving Drugs.	

Major Review

Review of Issues Impacting on Community Pharmacy Under the Fourth Community Pharmacy Agreement	
Commencement Date:	05/06/08
End Date:	20/10/2008
Related Performance Indicator:	All areas for review identified in the Fourth Community Pharmacy Agreement are completed during the life of the agreement.

Outcome 2 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 2.1: Community Pharmacy and Pharmaceutical Awareness				
Appropriation Bill 1/3/5	199,313	192,540	(6,773)	376,570
	199,313	**192,540**	**(6,773)**	**376,570**
Program 2.2: Pharmaceuticals and Pharmaceutical Services				
National Health Act 1953 – Pharmaceuticals Benefits	7,042,244	7,008,868	(33,376)	7,331,657
Total Special Appropriations	**7,042,244**	**7,008,868**	**(33,376)**	**7,331,657**
Appropriation Bill 1/3/5	153,000	153,000	–	179,109
	7,195,244	**7,161,868**	**(33,376)**	**7,510,766**
Program 2.3: Targeted Assistance – Pharmaceuticals, Aids and Appliances				
National Health Act 1953 – Aids and Appliances	191,519	187,442	(4,077)	203,891
Total Special Appropriations	**191,519**	**187,442**	**(4,077)**	**203,891**
Appropriation Bill 1/3/5	88,555	73,503	(15,052)	94,214
	280,074	**260,945**	**(19,129)**	**298,105**
Total Administered Expenses	**7,674,631**	**7,615,353**	**(59,278)**	**8,185,441**
Departmental Appropriations				
Output Group 1 – Policy Advice	40,448	40,387	(61)	39,863
Output Group 2 – Program Management	16,123	16,099	(24)	15,889
Total price of departmental outputs *(Total revenue from Government & other sources)*	**56,571**	**56,486**	**(85)**	**55,752**
Total revenue from Government (appropriations) contributing to price of departmental outputs	55,626	55,527	(99)	54,805
Total revenue from other sources	945	959	14	947
Total price of departmental outputs *(Total revenue from Government & other sources)*	**56,571**	**56,486**	**(85)**	**55,752**
Total estimated resourcing for Outcome 2 *(Total price of outputs & administered expenses)*	**7,731,202**	**7,671,839**	**(59,363)**	**8,241,193**
Average Staffing Level (Number) Department	262	273	11	264

OUTCOME 03

Access to Medical Services

Australians have access to cost-effective medical services

OUTCOME 03

Access to Medical Services

Outcome 3 aims to provide Australians with access to the medical services they need to manage their health.

During 2007–08, the Department delivered initiatives under Outcome 3 to help people have access to medical, diagnostic imaging and pathology services; and promote better access to radiation therapy for cancer patients. The Department also helped ensure that the Medicare Benefits Schedule was kept up-to-date with changes in clinical practice, and worked with the medical profession to ensure that the schedule reflected and encouraged appropriate clinical practice.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 3 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

The Medicare Benefits Division was responsible for Outcome 3 in 2007–08. The Primary and Ambulatory Care Division also contributed to this outcome.

Major Achievements

- Introduced new items into the Medicare Benefits Schedule for attendances by geriatricians to provide for comprehensive geriatric assessment and management of patients aged over 65.
- Introduced in September 2007, in collaboration with Medicare Australia, an incentives package to increase the level of electronic claiming of Medicare rebates by medical practitioners. This means greater patient convenience as many people will no longer need to go to a Medicare Australia office to receive their rebate.
- Established the framework for the Diagnostic Imaging Accreditation Scheme to ensure that all practices provide the same high quality, effective and safe diagnostic imaging services, regardless of by whom, when and where the service is performed.
- In consultation with a broad range of stakeholders, developed a national strategic framework for the promotion of quality in pathology requesting and service delivery. This framework highlights the pathology sector's engagement with the national agendas for patient safety and quality, e-health readiness, the importance of evidence-based clinical practice and chronic disease management (particularly for special needs groups).

Key Strategic Directions for 2007–08 – Major Activities

Subsidised Quality Services under Medicare

Amendments to the Medicare Benefits Schedule

During 2007–08, the Department ensured that the Medicare Benefits Schedule was kept up-to-date with changes in clinical services which supported and encouraged appropriate clinical practice standards, by introducing 532 new items, 331 amended items and deleting 23 out-of-date items. This compares with 249 new items, 249 amendments and 27 deletions in 2006–07. A major achievement was the introduction of items for geriatricians' comprehensive assessment and management of patients over 65. The four items will help older patients, particularly those with complex medical, physical and psychological problems, to receive the care they need through sessions of 30 or 60 minutes duration. Other new items included comprehensive consultations with consultant physicians where the patient has at least two morbidities, and for psychiatrists to provide initial teleconsultations on new patients.

Transitional Support Package for the Electronic Claiming for Medicare Rebates

As a joint initiative between the Department and Medicare Australia, a package of incentives was rolled out to increase the take-up and use of electronic claiming of Medicare rebates and to provide greater patient convenience, as many people will no longer need to go to a Medicare Australia office to receive their rebate. The incentives include a lump sum payment for the initial use of Medicare Online or Medicare Easyclaim and a transaction-based incentive to encourage ongoing use, together with a payment to software vendors to assist practices to connect to Medicare Online and Easyclaim. Incentives also include a transitional support payment to pathologists changing electronic channels from Medclaims to Medicare Online, and access for specialists to the '90-Day Pay Doctor Via Claimant' facility where claims are submitted electronically. During 2007–08, the rate of electronic claiming using Medicare Online and Easyclaim increased from 49 per cent to 65 per cent for general practitioners and from 16 per cent to 29 per cent for specialists.

Medicare-eligible Magnetic Resonance Imaging Services

Magnetic Resonance Imaging units use strong magnetic fields to generate images to assist in diagnosing and managing illnesses and injuries. In 2007–08, the Department commenced implementation of an expansion of Medicare-eligible Magnetic Resonance Imaging services. When fully implemented, this initiative will result in a 13 per cent increase in the number of Medicare-eligible Magnetic Resonance Imaging units in Australia, taking the total number from 112 to 127. In 2007–08, the first of these 15 additional Medicare-eligible Magnetic Resonance Imaging units commenced operation at Wollongong Hospital in New South Wales.

The Department also worked to provide capital funding for Kempsey Base Hospital to purchase a mobile computed tomography scanner and ultrasound machine, and for positron emission tomography facilities in Hobart and Newcastle.

Improving Quality in Pathology Services and Diagnostic Imaging

The Department supported the provision of quality pathology services funded under the Medicare Benefits Schedule, through the work of the National Pathology Accreditation Advisory Council. Activities undertaken by the council included drafting accreditation standards and the establishment of a strategic framework for the promotion of quality laboratory service provisions. Project work under the Quality Use of Pathology Program also helped to identify best practice requesting patterns for the use of pathology funded under Medicare. Best practice in this area of clinical activity will mean that patients are more likely to get the right tests at the right time for the management of their health and also will be less likely to be subjected to unnecessary testing. This is particularly important for the management of chronic disease such as diabetes and cardiovascular disease.

A major achievement was the implementation of a framework for the Diagnostic Imaging Accreditation Scheme. Under the scheme,

practices providing all diagnostic imaging services, except for cardiac imaging, nuclear medicine imaging, and obstetric and gynaecological ultrasound, must be accredited, or be registered to become accredited, to be eligible for Medicare benefits. Stage one of the scheme commenced on 1 July 2008 and will ensure that diagnostic imaging practices provide the same high quality, effective and safe services regardless of who, when and where the service is performed. Practices registered to participate in the scheme and practices new to the scheme will need to become accredited against entry level standards by 30 June 2010. Stage two of the scheme will commence on 1 July 2010 and will involve practices becoming accredited against more complex standards.

Ensuring the Medicare Benefits Schedule Reflects and Encourages Appropriate Clinical Practice

To help ensure that the Medicare Benefits Schedule reflects and encourages appropriate clinical practice, the Department established the Professional Services Review Advisory Committee to oversee the workings of the Professional Services Review Scheme, and to implement the outcomes of a 2006–07 review of the scheme.

The Professional Services Review Scheme protects the integrity of the Medicare and Pharmaceutical Benefits schemes by reviewing, investigating and determining whether a medical or dental practitioner, podiatrist, chiropractor, physiotherapist or optometrist has acted inappropriately when providing Medicare services.

Efficient and Rigorous Assessment of New Technologies Funded Through Medicare

Review of Technologies and Medical Procedures

Through the provision of secretariat services and the management of contracts to evaluate research into the safety, effectiveness and cost-effectiveness of new and emerging medical technologies and procedures, the Department maintained the Medical Services Advisory Committee's capacity to provide advice on the circumstances under which public funding should be supported for such services, to help ensure the Medicare Benefits Schedule is sustainable and supports appropriate clinical care.

The committee completed 12 assessments of technologies and medical procedures in 2007–08, two of which were added to the Medicare Benefits Schedule: double balloon enteroscopy and endoscopic ultrasound for staging pancreatic, gastric, oesophageal and hepato-biliary neoplasms. A further two received permanent Medicare funding following a review of new evidence: hysteroscopic sterilisation and endoluminal grafting for abdominal aortic aneurysm.

The Department continued to support the Health Policy Advisory Committee on Technology, whose membership includes representatives from the Department and all state and territory health authorities, to undertake 'horizon scanning' (a process whereby new medical technologies are identified and appraised in terms of their potential impact on health care and associated systems, with the aim of considering these technologies before they are widely diffused so that their introduction can be effectively managed). The committee provides evidence-based advice on emerging medical technologies before they are likely to be considered for a full health technology assessment. In 2007–08, the committee reviewed approximately 80 technologies, including: quantitative ultrasound for osteoporosis screening; breast cancer diagnosis using ultrasound elasticity imaging; and kidney transplantation using incompatible blood group donors.

Review of Health Technology Assessment Procedures

The Medical Service Advisory Committee advises the Minister for Health and Ageing on the strength of evidence to support public funding for new medical technologies and

procedures. During 2007–08, the Department implemented a range of processes to strengthen the committee's operation. Specific achievements included: the finalisation of conflict of interest guidelines; the development of guidelines for recording committee meeting deliberations; revision of the Medical Service Advisory Committee guidelines for economic evaluation; and more explicit articulation in assessment reports of the factors underpinning the committee's advice, including routine acknowledgment of any dissenting or minority views.

In addition, work commenced on a number of longer term reforms including the introduction of a front end triage process and the addition of a streamlined assessment methodology for certain low risk applications to replace the Medical Service Advisory Committee's current 'one size fits all' approach to evaluation of new technologies. Development of key performance indicators, that provide for better accountability in relation to the timeliness, quality and transparency of the committee's processes and a review of current arrangements for engaging clinical experts and consumers in the assessment process is also underway within the Department.

Providing Incentives for Better Care for Patients with Chronic and Complex Conditions

Better Care for Patients with Chronic and Complex Conditions

During 2007–08, the Department introduced two new Medicare items to support better provision of health services to patients with chronic and complex conditions. The new Medicare items that commenced on 1 November 2007 make available increased funding for consultant physicians who provide comprehensive assessments, and treatment and management plans for patients. The higher Medicare fee recognises and remunerates consultant physicians for the additional time and complexity involved in treating patients with multiple morbidities. This initiative also increased the accessibility and affordability of consultant physician services for patients with multiple morbidities. The higher fee provides an incentive for consultant physicians to practise in the non-procedural specialities; and encourages new medical graduates to undertake training in these specialties. This will increase the consultant physician workforce in the future.

The Department developed these items in close consultation with the medical profession.

Supporting Testing for Diabetes in Aboriginal and Torres Strait Islander Health Services

The Department continued to support a growing number of Aboriginal and Torres Strait Islander health services that provide pathology testing for the monitoring of diabetes at the point of care (100 sites), as at 30 June 2008. The technical support provided by the Flinders University and the Royal College of Pathologists of Australasia Quality Assurance Programs Pty Ltd under the Quality Assurance of Aboriginal and Torres Strait Islander Medical Services project allows the services to provide a flexible and responsive model of care, with the aim of preventing further disease progression.

Improved Access to Radiation Oncology Services

Support for Radiation Oncology Facilities

The Department helped improve access to radiation oncology services by assisting radiation oncology facilities to meet the high cost of purchasing expensive treatment and radiotherapy equipment. Through the Radiation Oncology Health Program Grant Program, the Department provided funding for 31 public and 20 private radiation oncology facilities. Two new private facilities in New South Wales and four in Queensland were approved to receive equipment grants, and funding was also provided for seven items of radiation oncology equipment at existing centres.

In addition, the Department provided capital funding contributions for new radiation oncology facilities in Bunbury in Western Australia, Lismore in New South Wales, and

Darwin in the Northern Territory; and for expanded services at Royal Prince Alfred Hospital in Sydney. Initial project payments have been made and this has allowed for the planning and/or construction of facilities in these areas to commence. The Department also partly funded a new radiation oncology facility which has opened in Toowoomba, Queensland.

Radiation Oncology Workforce

A focus during the year was on increasing the non-medical workforce trained in radiation therapy and medical physics. The Department worked with the radiation oncology sector on a number of workforce projects. As part of this activity, the Department provided funding for five clinical tutor positions to support additional radiation therapy students to complete their training. In addition, eight radiation therapy students were jointly funded by the Department of Health Western Australia and Perth Radiation Oncology (a private radiation oncology provider). The Department also provided incentives to radiation oncology facilities to take on additional radiation therapy trainees and radiation oncology medical physics trainees by contributing to the salaries of these positions. These incentives assisted with increasing the available workforce and thus the capacity to provide treatment services.

Priority-driven Collaborative Cancer Research Scheme

The Priority-driven Collaborative Cancer Research Scheme is a new funding program to support Australian researchers to work collaboratively to generate evidence, increase knowledge and improve the translation of research into policy and practice in identified priority areas. In 2007–08, the Department commenced collaborations with Cancer Australia, the National Breast Cancer Foundation, and the Prostate Cancer Foundation of Australia to deliver the cancer research scheme. The Department also signed funding agreements with six research institutions that will undertake research with a specific radiation oncology focus.

Improved Access to Optometric Services for People in Rural and Remote Communities

A priority during this year was to implement new arrangements for the Visiting Optometrists Scheme. The scheme provides improved access to optometry services for people in rural and remote communities. The Department introduced new arrangements that directed services towards areas of greatest need, particularly remote and very remote communities and Aboriginal and Torres Strait Islander communities. The Department also provided improved financial incentives to optometrists to encourage their participation in the scheme.

As a first step in the implementation process, the Department 'grandparented' 65 optometrists, previously approved to participate in the scheme, into the new arrangements. New funding agreements will enable these optometrists to continue to deliver outreach optometry services in approved locations from 1 January 2008 to 30 June 2010.

The second phase of the implementation process, undertaken by the Department in April 2008, involved a national call for expressions of interest seeking optometrists to provide outreach optometry services to identified national priority locations. These locations were determined by the Department, in consultation with key stakeholders, including State and Northern Territory Governments, the Optometrists' Association Australia and Vision 2020 Australia. Thirty-one applications were received and additional services will commence in the second half of 2008.

Performance Information for Outcome 3 Administered Programs

Administered Funding – Access to Medical Services Programs	
Including: 3.1 Medicare Services; 3.2 Alternative Funding for Health Service Provision; 3.3 Diagnostic Imaging Services; 3.4 Pathology Services; 3.5 Chronic Disease – Radiation Oncology; and 3.6 Targeted Assistance – Medical.	
Indicator:	Efficient Medicare services.
Measured by:	Number of Medicare rebates provided.
Reference Point/ Target:	Medicare rebates will be provided for an estimated 275 million services, representing approximately 13 services per capita.
Note: The target for this performance indicator was amended in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*	
Result: Indicator met.	
The Department's estimates of Medicare Benefits Schedule expenditure continued to provide an accurate guide for the Government and the community on future expenditure, having regard for such factors as the effects of new policy, population growth, and Australians' changing patterns of use of medical services. In the 2007–08 Portfolio Additional Estimates, the service target was revised from 264 million (12.6 services per capita) to 275 million (13 services per capita) due mainly to strong uptake of newly introduced primary care items.	

Indicator:	Efficiency of assessments for evidence of safety, efficacy and cost effectiveness.
Measured by:	Percentage of new medical technologies listed for funding under the Medicare Benefits Schedule have been assessed for safety, efficacy and cost effectiveness.
Reference Point/ Target:	100% of new medical technologies listed for funding under the Medicare Benefits Schedule have been assessed for evidence of safety, efficacy and cost effectiveness.
Result: Indicator met.	
100% of services involving new technologies that were added to or confirmed as part of the Medicare Benefits Schedule were assessed by the Medical Services Advisory Committee for safety, efficacy and cost effectiveness. These included: double balloon enteroscopy; endoscopic ultrasound for staging pancreatic, gastric, oesophageal and hepato-biliary neoplasms; hysteroscopic sterilisation; and endoluminal grafting for abdominal aortic aneurysms.	

Performance Information for Outcome 3 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator substantially met.	
The Department produced evidence-based policy research such as the provision of policy advice to the Minister for the implementation of changes to the Medicare Benefits Schedule. Twelve Medical Services Advisory Committee Submissions were also completed.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Actual expenses for Outcome 3 were $13.052 billion compared to the predicted $12.918 billion (which was a 1% variance from budgeted expenses). This variance was primarily due to a higher demand for services than estimated within the Medicare Benefits Schedule.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development through surveys, conferences, meetings and consultative bodies.
Result: Indicator met.	
Stakeholders met with the Department through the Medicare Benefits Consultative Committee, Memorandum of Understanding Committees and working groups. Stakeholders also participated in program development through meetings.	

Major Reviews

Reducing Regulatory Burdens on Business	
Commencement Date:	To date, the Government has not decided on the timing to proceed with a review of health technology assessment in response to the *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business.*
End Date:	Not applicable.

Extended Medicare Safety Net	
Commencement Date:	15/03/07
End Date:	To be determined.
Related Performance Indicator:	Efficient Medicare services.

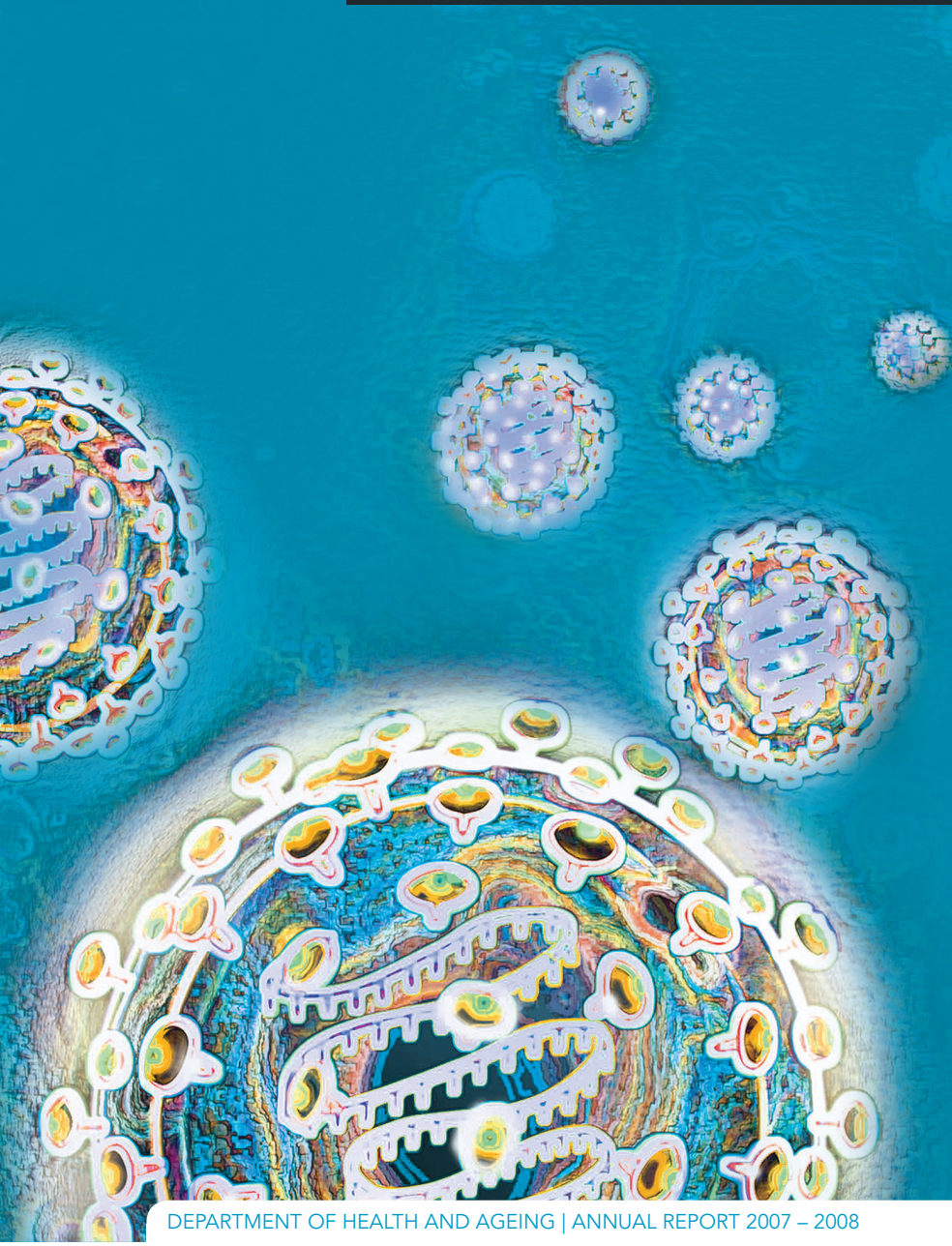
Outcome 3 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 3.1: Medicare Services				
Health Insurance Act 1973 – Medicare Benefits	12,818,269	12,956,991	138,722	13,597,055
Dental Benefits Act 2008	–	–	–	91,475
Total Special Appropriations	**12,818,269**	**12,956,991**	**138,722**	**13,688,530**
Program 3.2: Alternative Funding for Health Service Provision				
Appropriation Bill 1/3/5	3,785	3,098	(687)	3,422
	3,785	**3,098**	**(687)**	**3,422**
Program 3.3: Diagnostic Imaging Services				
Appropriation Bill 1/3/5	6,971	6,873	(98)	11,092
Appropriation Bill 2/4/6	1,200	1,200	–	11,300
	8,171	**8,073**	**(98)**	**22,392**
Program 3.4: Pathology Services				
Appropriation Bill 1/3/5	3,651	3,349	(302)	4,215
	3,651	**3,349**	**(302)**	**4,215**
Program 3.5: Chronic Disease – Radiation Oncology				
Appropriation Bill 1/3/5	68,850	65,450	(3,400)	93,880
Appropriation Bill 2/4/6	1,185	–	(1,185)	6,001
	70,035	**65,450**	**(4,585)**	**99,881**
Program 3.6: Targeted Assistance – Medical				
Appropriation Bill 1/3/5	14,400	15,065	665	38,379
	14,400	**15,065**	**665**	**38,379**
Total Administered Expenses	**12,918,311**	**13,052,026**	**133,715**	**13,856,819**
Departmental Appropriations				
Output Group 1 – Policy Advice	24,060	24,592	532	23,228
Output Group 2 – Program Management	6,358	6,488	130	6,138
Total price of departmental outputs *(Total revenue from Government & other sources)*	**30,418**	**31,080**	**662**	**29,366**
Total revenue from Government (appropriations) contributing to price of departmental outputs	29,605	30,155	550	28,546
Total revenue from other sources	813	925	112	820
Total price of departmental outputs *(Total revenue from Government & other sources)*	**30,418**	**31,080**	**662**	**29,366**
Total estimated resourcing for Outcome 3 *(Total price of outputs & administered expenses)*	**12,948,729**	**13,083,106**	**134,377**	**13,886,185**
Average Staffing Level (Number) Department	176	178	2	164

OUTCOME 04

Aged Care and Population Ageing

Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported



OUTCOME 04

Aged Care and Population Ageing

Outcome 4 aims to ensure that older Australians receive high quality, accessible, and affordable aged care; and carers get the support they need to look after frail older people living at home. Outcome 4 also aims to encourage older people to remain active members of the community.

To help achieve this in 2007–08, the Department managed programs under Outcome 4 which evaluated the community care needs and/or eligibility for residential aged care of frail older people. The Department also delivered programs to help older Australians to access culturally appropriate care, residential and flexible aged care services. Other areas of focus were on increasing the aged care workforce, and supporting people with dementia.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 4 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

Outcome 4 was managed in 2007–08 by the Ageing and Aged Care Division, the Office of Aged Care Quality and Compliance and the Department's State and Territory Offices. The Aged Care Standards and Accreditation Agency, which produces its own annual report, also contributed to this outcome.

Major Achievements

- Implemented significant reforms in the funding of residential aged care resulting in better matching of funding to care needs and targeting of funding to residents with higher care needs.
- Provided support for the establishment and operation of the Ministerial Conference on Ageing which will ensure better coordination of jurisdiction policies, and programs to include older people in discussion.
- Helped ensure the safety and security of people receiving care through the investigation of complaints made to the Aged Care Complaints Investigation Scheme.
- Made arrangements for cash bonuses to be paid to eligible nurses to attract qualified nurses back into the residential aged care workforce.

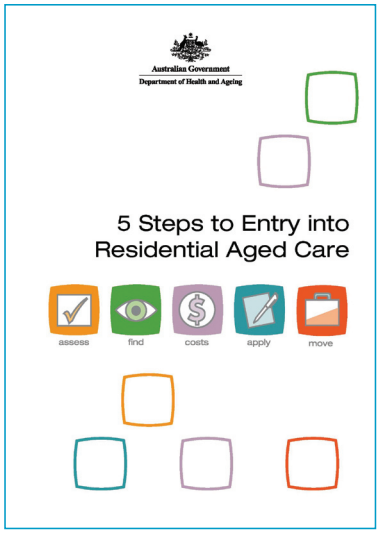
Key Strategic Directions for 2007–08 – Major Activities

Reform of the Residential and Community Aged Care Sectors to Ensure a Fair and Sustainable Aged Care System

Residential Aged Care Funding Reforms

In 2007–08, the Department implemented significant reforms in the funding of residential aged care resulting in better matching of funding to care needs and targeting of funding to those residents with higher care needs to improve access to and the quality of care for people with high needs. These reforms included a new fairer income test, a new accommodation supplement that provided for more equitable treatment for all residents and a new funding instrument.

Throughout the development and implementation of the new Aged Care Funding Instrument, the Department worked with an industry reference group whose membership included provider, worker and consumer representatives. This new system has three funded levels for personal care and includes two new funding supplements. The new supplements will better target funding towards residents with dementia and challenging behaviours, and residents who have complex health care needs, including those who need palliative care. The Aged Care Funding Instrument measures residents' needs for care rather than care being



provided. This is a more objective measure of resident care needs. The instrument has been designed to reduce the amount of documentation, and can now be claimed online directly through Medicare Australia (accessible at: <medicareaustralia.gov.au>).

Reforms to the Community Care System

The Department worked in partnership with State and Territory Governments and the sector to commence reforms to the community care system outlined in A New Strategy for Community Care – *The Way Forward*. This initiative aims to strengthen community care by streamlining administrative arrangements and creating a nationally consistent and fairer way to help frail, older Australians and people with disabilities to live in their own homes for as long as possible.

Common arrangements, built upon the individual arrangements already in place in each state and territory, were implemented. Each of the states and territories progressed these common arrangements during 2007–08.

The Council of Australian Governments' agreement in 2006 endorsed the efforts already underway identifying two priorities, including more timely and consistent assessments for frail older people by Aged Care Assessment Teams, and simplified entry (Access Points) and assessment processes for the Home and Community Care Program. Specific achievements included the signing of the Home and Community Care Review Agreement between the Commonwealth and each state and territory, confirming national agreement to the implementation of the reforms by 2010–11, and the development of nationally consistent approaches to intake assessment of clients and carers (known as the Australian Community Care Needs Assessment and the Carers' Eligibility and Needs Assessment).

Access Point Demonstration Projects established in each jurisdiction streamline entry arrangements, eligibility testing, assessment, and referral processes, including the use of the Australian Community Care Needs Assessment and the Carers' Eligibility and Needs Assessment. They help people and their carers to navigate the community care system, and to be initially assessed and referred to appropriate services for their needs.

Other achievements included a set of draft principles and framework for a national fees policy. Seven draft quality standards and associated performance criteria have also been developed for pilot, together with a reporting tool and guidelines for assessors and service providers. This is to ensure that the community care reform work strategically aligns with and supports Council of Australian Governments and other Government directions which emerged during 2007–08.

Ministerial Conference on Ageing

The Department acted as the interim Secretariat to the Ministerial Conference on Ageing which met for the first time on 13 June 2008. The Ministerial Conference provides a forum where Commonwealth, State and Territory and local governments can cooperate to ensure that policies and programs are focused on the inclusion of older people. Ministers at the conference agreed to establish an expert group to advise governments on the challenges of psychogeriatric care, and to support a forum with States, Territories and local government on aged care planning and allocation processes.

Ensuring the Safety and Security of People Receiving Care

Aged Care Complaints Investigation

The Department's Aged Care Complaints Investigation Scheme completed its first year of operation in May 2008. Through the scheme, the Department has the ability to investigate potential breaches of an approved provider's responsibilities under the *Aged Care Act 1997*. By 30 June 2008 the Complaints Investigation Scheme had received 11,323 contacts and investigated 7,496 cases. The remaining contacts were addressed either through the provision of information or were out of scope of the scheme. In investigating the 7,496 cases, the scheme conducted 4,768 site visits. There were 930 instances where a breach was identified. Of these, 214 Notices of Required Action were issued to address the breach and in the remainder of cases, resolution was achieved either through conciliation or the approved provider had already undertaken remedial action to address the problem.

From 1 July 2007, compulsory reporting requirements were introduced for incidents or allegations of sexual or serious physical assault in residential aged care with protection for approved providers and staff that make these reports. In 2007–08, the Department received 200 reports of alleged sexual assault and 725 reports of alleged physical assault. The police are responsible for investigating the assaults and the Department is aware of charges being laid in six cases during the reporting period. The Department checks that the Approved Provider has made a referral to police and organised suitable arrangements to protect residents in the aged care facility.

Aged Care Commissioner

Approved providers and other parties affected by decisions under the Aged Care Complaints Investigation Scheme have a right to seek an examination of those decisions by the Aged Care Commissioner. Parties can also request the Commissioner to examine the handling and investigation of a complaint by the scheme. During 2007–08, the Commissioner reviewed 88 examinable decisions and provided her recommendations to the Department. After the Department receives a recommendation from the Commissioner about an examinable decision, the Department must, taking into consideration the recommendation, reconsider the decision. In 2007–08, the Department completed a reconsideration of 78 of the 88 Commissioner recommendations. Of those 78, in all but 10 instances the outcome of the Department's reconsideration was consistent with the Commissioner's recommendation. The outstanding 10 recommendations which were not considered by the Department in 2007–08 will be reconsidered in 2008–09.

Police Checks

Under the *Aged Care Act 1997*, certain staff and volunteers need to undergo a police check and assessment for suitability to work in aged care. In 2007–08, the Department obtained a one-off statement from all approved providers in respect of 4,468 services regarding their compliance with police check requirements. The Department also commenced strengthening police check criteria by expanding the requirement for aged care staff to undergo police checks. This will mean that staff who have both supervised and unsupervised access to people receiving care will be required to undergo a police check.

Financial Security for Aged Care Residents

Following the insolvency of Lifestyle Care Providers Pty Ltd, the Department acted to protect residents that had paid lump sums for their entry to its residential care service. The refunds of those lump sums that were accommodation bonds were made under the Accommodation Bond Guarantee Scheme, while the remainder were made as 'act of grace' payments. In total, nearly $970,000 was paid out to residents and the Department is currently pursuing Lifestyle Care Providers Pty Ltd to attempt to recover this amount.

Ensuring an Adequate and Well-trained Workforce

The Department funds a number of vocational education and training programs and scholarships for aged care workers in residential and community care settings. In January 2008, the Prime Minister announced the commencement of the Bringing Nurses Back into Aged Care program, which aims to encourage up to 1,000 nurses to return to the aged care workforce. The Department has appointed the Royal College of Nursing Australia to administer the aged care nurses incentives.

Improved Access to Care for People from Culturally and Linguistically Diverse Backgrounds

Community Partners

The Department approved 72 projects under the Community Partners Program to improve access to aged care services for older people from a culturally and linguistically diverse background. This was an increase from 35 projects during the previous year. Funding was provided to organisations representing older people from over 16 language groups and 14 projects targeted multiple culturally and linguistically diverse communities. The funded organisations include community based and charitable, local government and State and Territory Governments. For example, activities funded under the program included information dissemination activities, translated materials relating to aged care, cultural briefings for aged care providers and the establishment of partnerships with aged care services.

Training in Culturally Appropriate Care

The Department also funded an organisation in each state and territory under the Partners in Culturally Appropriate Care Program to train aged care service providers in culturally appropriate care. The organisations also undertook a new role in 2007–08 to assist in the coordination of activities, the reduction of duplication, and to assist projects funded under the Community Partners Program to achieve required objectives and outcomes.

One of the many achievements of the Partners in Culturally Appropriate Care Program in 2007–08 was the development of a training program for aged care service providers who are managing older people suffering from the effects of past trauma. This program has been developed in Western Australia in partnership with the Association for Services to Torture and Trauma Survivors Inc and will be rolled out nationally in partnership with state and territory members of the Forum of Australian Services for Survivors of Torture and Trauma.

Transition Care

The Department also developed an approach to implement an additional 2,000 transition care places over the next four years. Transition Care assists older people after a hospital episode by providing additional therapies and support, so that they can regain their functioning and independence. In 2008–09, the Department will continue to work collaboratively with the states and territories to ensure appropriate access to transition care by Aboriginal and Torres Strait Islander people.

Supporting Older Australians to Have Healthy, Independent and Active Lives

Ambassador for Ageing

The Department provided secretariat support for the Ambassador for Ageing, following the appointment on 12 April 2008 of Ms Noeline Brown. The Ambassador is involved in a range of activities and events across Australia promoting positive and active ageing and encouraging recognition

and respect for the continuing contribution made by older Australians. In May 2008, the Ambassador attended several regional functions to celebrate the work of older volunteers, addressed the National Community Care Conference and spoke to a Council on the Ageing Forum.

Provision of Information

The Department also provided a range of information for the community and the aged care industry through print and other media to communicate its programs and services. The Aged Care Information Line (1800 500 853) continued to be popular with the public, with the number of calls increasing from previous years. In 2007–08, there were 99,039 calls, compared with 94,634 in 2006–07 and 90,286 in 2005–06. The helpline is listed in all White Pages directories, with additional mention in the Age Page at the front of each White Pages directory. More than 8.6 million print items, including the *Aged Care 5 Steps* booklet and Carer Information kits, were distributed by the Department's storage and distribution contractor, National Mailing and Marketing. The Department also sponsored a number of awards and events that supported positive ageing. The new year will mark the tenth year of the Department's sponsorship of the Senior Australian of the Year Award.

Support for People with Dementia

To provide support through better consumer and health professional integration, the Department managed programs that provided training and education support for people living with dementia and their carers. The Department implemented Dementia Behaviour Management Advisory Services nationally, a further round of the Dementia Research Grants Program to promote and support the growing need for dementia-focused research, and a Dementia Caring Pilot which provided skill enhancement activities for carers. The Department also supported the formation of the Minister's Dementia Advisory Group to provide advice to the Minister for Ageing on issues relating to the monitoring, evaluation and future directions of the dementia-related initiatives.

Continence Management

Under Phase 3 of the National Continence Management Strategy, the Department provided funding to the Pharmacy Guild of Australia to provide community pharmacists and pharmacy assistants with the information and skills to better inform the public of continence assistance available. Pharmacists and pharmacy assistants also encouraged individuals to seek readily accessible, appropriate and discreet information about their condition or symptoms. This included encouraging people to seek appropriate professional assessment and providing access to information resources on how to better manage their condition.

Eye Health

The Department supported 12 new projects under the second round of the National Eye Health Demonstration Grants Program. These grants are to trial and evaluate innovative methods of eye health promotion and service delivery. For example, funding was provided to The Royal Victorian Eye and Ear Hospital to evaluate shared care arrangements for glaucoma, diabetic retinopathy and macular degeneration. Another supported project was the development of skills and knowledge in Aboriginal Eye Health Workers by the International Centre of Eye Care Education.

Table 2.3.4.1: Allocated and Operational Aged Care Places per 1,000 Persons Aged 70 Years and Over at 30 June 2008

	Ratio of Allocated Places				Ratio of Operational Places			
	All Residential	Community Care	Transition Care	Total	All Residential	Community Care	Transition Care	Total
New South Wales	99.9	22.9	1.1	124.0	87.2	22.8	1.0	111.0
Victoria	99.5	23.1	1.1	123.6	88.0	23.0	1.0	112.0
Queensland	98.0	22.3	1.1	121.4	85.4	22.2	0.9	108.5
South Australia	100.9	23.1	1.1	125.1	95.2	22.9	1.0	119.1
Western Australia	97.0	23.5	1.0	121.5	83.4	23.4	0.9	107.7
Tasmania	93.1	24.0	1.3	118.4	85.9	23.7	1.1	110.7
Northern Territory	111.4	127.4	3.6	242.4	95.0	127.4	2.6	225.0
Australian Capital Territory	105.9	28.7	1.6	136.2	76.8	28.6	1.5	106.9
Australia	**99.2**	**23.3**	**1.1**	**123.6**	**87.3**	**23.2**	**1.0**	**111.5**

[1] The places in Table 2.3.4.1 include flexible care places. The higher levels of provision in the Northern Territory address the care needs of Aboriginal people aged 50 years and over.

Table 2.3.4.2: Allocated and Operational Places by Region per 1,000 Persons Aged 70 and Over at 30 June 2008[2]

	Ratio of Allocated Places				Ratio of Operational Places			
Aged Care Planning Region	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
New South Wales			1.1				1.0	
Central Coast	93.9	24.4		118.3	83.3	24.4		107.6
Central West	93.3	22.6		115.9	91.3	22.4		113.7
Far North Coast	95.4	22.2		117.6	79.9	22.1		102.1
Hunter	97.8	22.2		120.0	84.6	22.2		106.8
Illawarra	100.6	23.5		124.0	78.9	23.5		102.4
Inner West	118.8	22.4		141.2	112.8	22.4		135.2
Mid North Coast	98.5	22.6		121.1	78.8	22.4		101.2
Nepean	94.1	22.0		116.2	91.6	22.0		113.7
New England	96.2	23.5		119.8	85.0	23.5		108.5
Northern Sydney	104.4	22.1		126.5	98.5	22.1		120.6
Orana Far West	95.1	26.9		122.0	93.2	26.2		119.5
Riverina/Murray	97.4	22.0		119.5	81.6	21.8		103.5
South East Sydney	95.6	22.4		118.0	78.2	22.4		100.6
South West Sydney	102.0	23.1		125.1	85.1	23.1		108.1
Southern Highlands	104.3	23.9		128.2	89.2	23.9		113.1
Western Sydney	101.4	23.8		125.2	89.3	23.8		113.1

Aged Care Planning Region	Ratio of Allocated Places				Ratio of Operational Places			
	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
Victoria			1.1				1.0	
Barwon-South Western	98.6	24.4		123.0	91.9	24.4		116.4
Eastern Metro	98.1	24.8		123.0	86.6	24.8		111.4
Gippsland	93.0	21.3		114.3	82.8	21.3		104.1
Grampians	96.8	18.2		115.0	87.7	18.2		105.9
Hume	101.6	24.5		126.1	92.2	24.5		116.7
Loddon-Mallee	97.6	21.1		118.7	90.7	21.1		111.8
Northern Metro	99.5	18.5		118.1	81.3	18.5		99.9
Southern Metro	102.0	20.7		122.7	90.7	20.7		111.4
Western Metro	101.7	33.9		135.6	89.8	33.6		123.4
Queensland			1.1				0.9	
Brisbane North	106.1	26.7		132.8	101.0	26.3		127.3
Brisbane South	100.2	24.2		124.4	90.0	23.7		113.7
Cabool	93.0	19.1		112.1	81.6	19.1		100.8
Central West	123.7	57.8		181.5	123.7	53.8		177.5
Darling Downs	95.6	18.3		113.9	88.2	18.2		106.4
Far North	92.7	26.9		119.5	80.5	26.9		107.3
Fitzroy	98.3	24.0		122.3	92.8	23.8		116.6
Logan River Valley	98.1	17.1		115.1	85.9	17.1		103.0
Mackay	87.3	23.7		111.0	82.9	23.7		106.6
North West	93.6	103.8		197.4	93.6	103.8		197.4
Northern	95.3	20.5		115.8	94.5	20.5		115.0
South Coast	99.4	18.7		118.0	76.0	18.7		94.6
South West	107.4	62.4		169.7	105.5	62.4		167.8
Sunshine Coast	100.5	20.3		120.8	78.3	20.3		98.6
West Moreton	95.3	18.4		113.7	83.1	18.4		101.5
Wide Bay	92.6	22.4		115.0	73.7	21.9		95.7
South Australia			1.1				1.0	
Eyre Peninsula	96.2	29.0		125.1	96.2	24.7		120.9
Hills, Mallee and Southern	91.5	25.5		117.0	81.0	25.5		106.5
Metropolitan East	125.0	31.4		156.4	123.6	31.2		154.9
Metropolitan North	101.8	17.9		119.6	93.7	17.9		111.5
Metropolitan South	102.8	22.1		124.9	93.7	22.1		115.7
Metropolitan West	88.4	18.7		107.1	87.2	18.7		105.9
Mid North	79.0	27.8		106.8	76.1	27.8		103.9

Aged Care Planning Region	Ratio of Allocated Places				Ratio of Operational Places			
	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
Riverland	93.2	17.5		110.8	82.5	17.5		100.0
South East	91.0	24.9		116.0	85.5	24.9		110.5
Whyalla, Flinders and Far North	92.5	38.1		130.6	87.9	38.1		126.0
Yorke, Lower North and Barossa	95.4	21.1		116.5	91.0	21.1		112.1
Western Australia			1.0				0.9	
Goldfields	107.2	26.2		133.4	107.2	26.2		133.4
Great Southern	88.6	24.4		113.0	82.8	24.4		107.2
Kimberley	172.0	75.6		247.7	172.0	75.6		247.7
Metropolitan East	108.9	20.8		129.7	88.5	20.8		109.3
Metropolitan North	91.2	22.8		114.0	80.5	22.8		103.3
Metropolitan South East	109.6	25.0		134.6	101.7	24.3		126.0
Metropolitan South West	89.3	20.5		109.8	71.1	20.5		91.6
Mid West	84.3	35.3		119.6	68.4	35.3		103.7
Pilbara	129.7	92.4		222.0	105.3	92.4		197.7
South West	100.1	22.6		122.7	79.4	22.6		102.0
Wheatbelt	76.2	28.4		104.6	75.7	28.4		104.0
Tasmania			1.3				1.1	
North Western	87.4	19.9		107.2	81.3	19.2		100.5
Northern	96.9	24.3		121.2	90.3	23.8		114.0
Southern	93.5	25.9		119.4	85.5	25.9		111.4
Northern Territory			3.6				2.6	
Alice Springs	146.1	182.2		328.3	146.1	182.2		328.3
Barkly	105.0	232.0		337.0	105.0	232.0		337.0
Darwin	94.9	88.8		183.7	70.6	88.8		159.4
East Arnhem	85.2	420.5		505.7	85.2	420.5		505.7
Katherine	183.5	181.4		365.0	183.5	181.4		365.0
Australian Capital Territory			1.6				1.5	
Australian Capital Territory	105.9	28.7		134.6	76.8	28.6		105.4

[2] The ratios in Table 2.3.4.2 are based on estimates of the population aged 70 years and over as at 30 June 2008 from small area projections prepared by the Australian Bureau of Statistics. The places in Table 2.3.4.2 include flexible care places. The higher levels of provision in the Northern Territory address the care needs of Aboriginal people aged 50 years and over. In this table, community care places include Community Aged Care packages and Extended Aged Care at Home packages. Some aged care planning region boundaries have changed since they appeared in the Annual Report for 2006–07, to align with Australian Bureau of Statistics changes to Statistical Local Areas.

Performance Information for Outcome 4 Administered Programs

Administered Funding – Aged Care and Population Ageing Programs	
Including: 4.1 Aged Care Assessment; 4.2 Aged Care Workforce; 4.3 Ageing Information and Support; 4.4 Community Care; 4.5 Culturally Appropriate Aged Care; 4.6 Dementia; 4.7 Flexible Aged Care; and 4.8 Residential Care.	
Indicator:	Provision of operational aged care places.
Measured by:	Extent to which target is met.
Reference Point/ Target:	Progress towards meeting the target of 113 aged care places per 1,000 persons aged 70 years and over by June 2011.
Note: This performance indicator was amended in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*	
Result: Indicator substantially met.	
As at 30 June 2008, there were 111.5 aged care places per 1,000 persons aged 70 years or over. See Tables 2.3.4.1 and 2.3.4.2. The Department is on track to meet this target, to be achieved by the end of June 2011. This performance indicator was amended to take account of the new government's commitment to increase the rate of operationalisation of residential aged care places, and thus the Indicator was changed to reflect the base against which each year's performance will be measured.	

Indicator:	Quality residential aged care and services achieved through the Aged Care Standards and Accreditation Agency's accreditation and monitoring of Australian Government-funded aged care homes.
Measured by:	Percentage of services compliant with the 44 outcomes under the Accreditation Standards.
Reference Point/ Target:	At least 97% of services are compliant in 2007–08.
Result: Indicator met.	
As at 30 June 2008, 98.8% of residential aged care services met the 1999 Certification Instrument, an increase from 96.3% as at 30 June 2007. The 1.2% that did not meet the target are being closely managed by the Department. A total 95.2% of services met the 2008 privacy and space targets at 30 June 2008. The Aged Care Standards and Accreditation Agency conducted 426 accreditation site audits, 87 review audits and 4,731 support contacts. A total 2,846 homes were accredited by 30 June 2008. Of these homes, 92.2% (2,650 homes) had been awarded three years' accreditation and only 1.6% (46 homes) were identified as having some non-compliance.	

Indicator:	Provider participation in the quality reporting process.
Measured by:	Percentage of providers of Community Aged Care Packages, Extended Aged Care at Home and National Respite for Carers Program services that participate.
Reference Point/ Target:	100% of providers to participate in the quality reporting process over a 3 year cycle from 2005–06 to 2007–08.
Result: Indicator met.	

As at 30 June 2008, 100% of required providers of community Aged Care Packages, Extended Aged Care Packages, and National Respite Carers Program services had participated by the end of the final year of the three-year program of the quality reporting. Quality reporting is the Australian Government's process for encouraging community care providers to improve the quality of their service delivery. It encourages a continuous quality improvement approach, supporting approved providers to continuously review their policies and practices, and demonstrate improvements in service delivery.

Indicator:	Growth in the level of services provided through the Home and Community Care Program and the number of carers provided with respite assistance through the National Respite for Carers Program.
Measured by:	Increase in the number of services delivered as reported through the Minimum Data Set.
Reference Point/ Target:	An increase in the number of services delivered. There were approximately 2.043 million instances of Home and Community Care services in 2006–07.
Note: This performance indicator was amended in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*	
Result: Indicator met.	
This reference point/target was amended in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements* to remove the reference to the number of Home and Community Care clients accessing Home and Community Care services, which is not linked to the indicator. There were approximately 2.076 million instances of Home and Community Care services in 2007–08, and 118,000 instances of respite assistance were provided to carers through the National Respite for Carers Program.	

Indicator:	Support for older Australians to enable them to have healthy, independent and active lives.
Measured by:	a) Rates of awareness of ageing issues and the role of older Australians in the community. b) Level of consumer access to care options. c) Rates of access to continence support and advice.
Reference Point/ Target:	a) An average of at least 30,000 unique visits to the Seniors Portal each month. b) 40,000 unique visits per month to the aged care consumer website. c) 18,000 calls to the National Continence Helpline in 2007–08.
Result: Indicator not met.	
The average number of unique visits to the Seniors Portal (<www.seniors.gov.au>) in 2007–08 was over 21,000 per month. This is an increase compared with the average number of visits for the 2006–07 year which was 18,000 per month. The increase in visitor numbers was less than anticipated. A review of the portal has been completed. The average number of unique visits to Aged Care Australia (<www.agedcareaustralia.gov.au>) was 15,000 per month. This was less than anticipated, however market testing indicated the site met users' needs. Further promotion of the website will be undertaken. The total number of calls to the National Continence Helpline was 19,000. This is an increase on the previous annual total of 18,000.	

Indicator:	Support for people with dementia and their carers.
Measured by:	Development and successful implementation of dementia-related training, research and support projects and services.
Reference Point/ Target:	Training, research and support projects and services are implemented by 30 June 2008.
Result: Indicator met.	
Training resources for ambulance workers were finalised in preparation for piloting; work began on the preparation of training resources for police workers; and more than 11,600 residential and community aged care workers had received training which met the requirements of the national dementia competency 'provide care support responsive to nature of dementia' by June 2008. Three dementia collaborative research centres were fully operational and conducting research on: assessment and better care; prevention, early intervention and risk reduction; and carers, consumers and social research. Fifteen projects were funded under round two of the Dementia Research Grants Program at a cost of over $9 million. The Dementia Behaviour Management Advisory Services were established in each state and territory to provide support services for people with dementia and their carers where the behaviour of the person with dementia impacts on their care.	

Indicator:	Increased training opportunities for the aged care workforce in order to improve skills and qualifications.
Measured by:	The number of training opportunities provided through the Better Skills for Better Care Program.
Reference Point/ Target:	Up to 15,750 vocational education and training places, and up to 5,250 medication management training places by June 2008.
Result: Indicator substantially met.	
The Department made available over 15,900 vocational education and training places, and 4,200 medication management training in the four years to 30 June 2008. While demand for this training in Victoria remained constant, demand across other states and territories fell by 22% from 2006–07 to 2007–08. This program is currently under review.	

Performance Information for Outcome 4 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
Three dementia collaborative research centres are fully operational and conducting research on assessment and better care; prevention, early intervention and risk reduction; carers, consumers and social research. Fifteen projects were funded under round two of the Dementia Research Grants Program at a cost of over $9 million.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
The actual expenses were 1.5% less than budgeted expenses because the value of claims against the residential care program, whilst it is demand driven, were less than estimated.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participated in program development through surveys, conferences, meetings and consultative bodies.
Result: Indicator met.	
Stakeholders participated in program development through: • the Ageing Consultative Committee which includes representatives of peak stakeholders and provided high level expert advice to the Minister for Ageing and the Department; • discussions with representatives of residential aged care consumers, workers and providers on the introduction of the new Aged Care Funding Instrument; • collaboration with the states and territories on the implementation of the new Home and Community Care Review Agreements; • the 2007 Survey of Aged Care Homes; and • advisory and management committees for dementia, incontinence and other initiatives.	

Evaluation

Evaluating the Prudential Regulation Framework	
Commencement Date:	1/08/07
End Date:	30/06/08
Related Key Strategic Direction:	Ensuring the Safety and Security of People Receiving Care.

Major Review

Review of Subsidies and Services in Australian Government-Funded Community Aged Care Programs	
Commencement Date:	18/09/06
End Date:	30/06/08
Related Key Strategic Direction:	Reform of the Residential and Community Aged Care Sectors to Ensure a Fair and Sustainable Aged Care System.

Outcome 4 – Financial Resources Summary

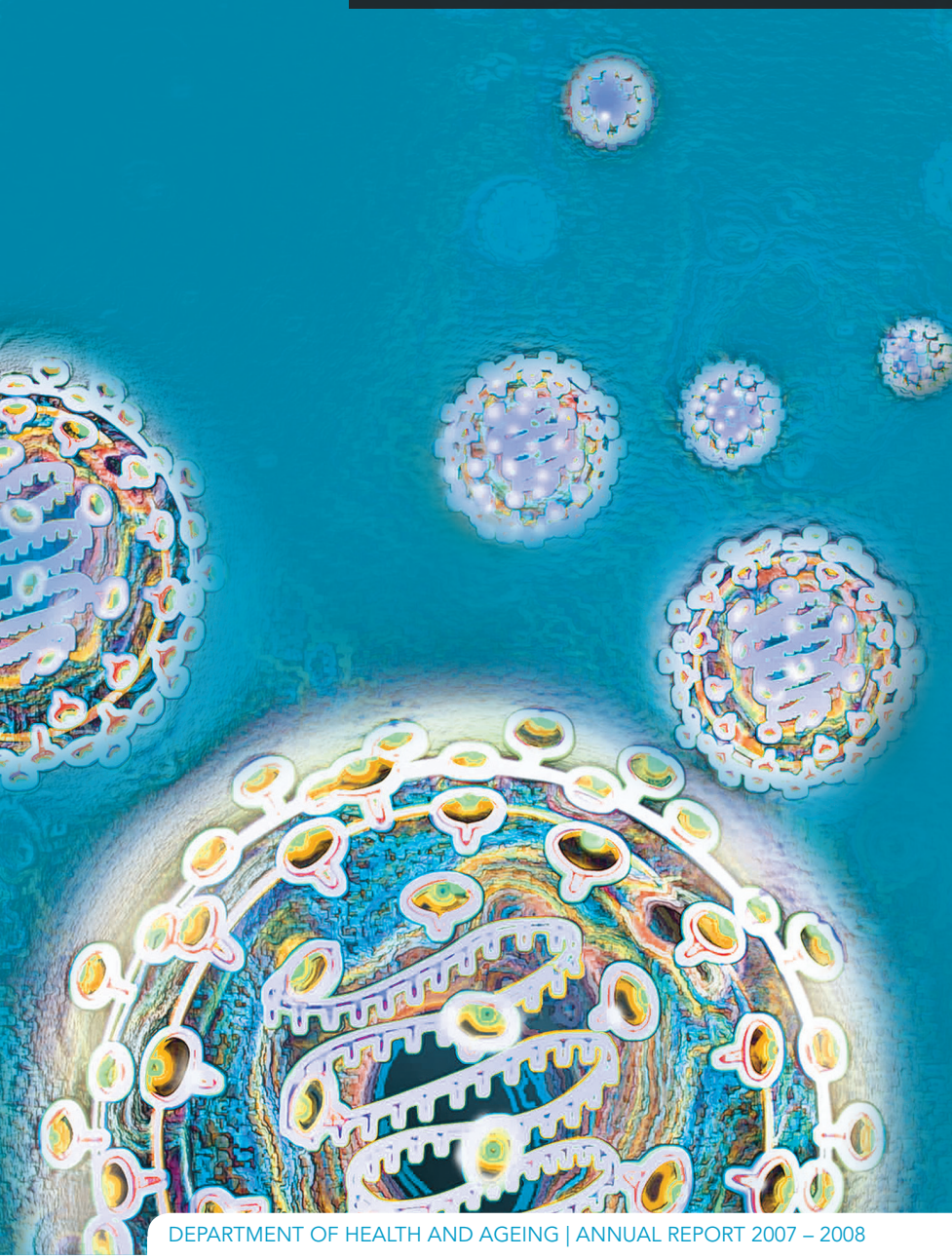
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 4.1: Aged Care Assessment				
Appropriation Bill 1/3/5	5,657	5,483	(174)	7,902
Appropriation Bill 2/4/6	68,392	68,361	(31)	71,858
	74,049	**73,844**	**(205)**	**79,760**
Program 4.2: Aged Care Workforce				
Appropriation Bill 1/3/5	34,403	46,946	12,543	55,828
	34,403	**46,946**	**12,543**	**55,828**
Program 4.3: Ageing Information and Support				
Appropriation Bill 1/3/5	39,689	33,676	(6,013)	36,087
	39,689	**33,676**	**(6,013)**	**36,087**
Program 4.4: Community Care				
Aged Care Act 1997 – Community Care Subsidies	444,104	447,781	3,677	526,318
Total Special Appropriations	**444,104**	**447,781**	**3,677**	**526,318**
Appropriation Bill 1/3/5	263,903	259,303	(4,600)	289,467
Appropriation Bill 2/4/6	1,013,956	1,013,835	(121)	1,103,863
	1,721,963	**1,720,919**	**(1,044)**	**1,919,648**
Program 4.5: Culturally Appropriate Aged Care				
Appropriation Bill 1/3/5	27,136	26,952	(184)	29,280
	27,136	**26,952**	**(184)**	**29,280**
Program 4.6: Dementia				
Appropriation Bill 1/3/5	32,394	31,219	(1,175)	31,629
	32,394	**31,219**	**(1,175)**	**31,629**
Program 4.7: Flexible Aged Care				
Aged Care Act 1997 – Flexible Care Subsidies	332,289	335,095	2,806	410,072
Total Special Appropriations	**332,289**	**335,095**	**2,806**	**410,072**
Program 4.8: Residential Care				
Aged Care Act 1997 or *Aged Care (Consequential Provisions) Act 1997* – Residential Care Subsidies	5,174,940	5,081,207	(93,733)	5,725,042
Aged Care (Bond Security) Act 2006	560	–	(560)	–
Total Special Appropriations	**5,175,500**	**5,081,207**	**(94,293)**	**5,725,042**
Appropriation Bill 1/3/5	75,038	68,363	(6,675)	149,904
	5,250,538	**5,149,570**	**(100,968)**	**5,874,946**
Total Administered Expenses	**7,512,461**	**7,418,221**	**(94,240)**	**8,437,250**

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Departmental Appropriations				
Output Group 1 – Policy Advice	34,541	35,013	472	33,851
Output Group 2 – Program Management	153,183	155,397	2,214	150,122
Total price of departmental outputs *(Total revenue from Government & other sources)*	**187,724**	**190,410**	**2,686**	**183,973**
Total revenue from Government (appropriations) contributing to price of departmental outputs	184,819	186,525	1,706	181,071
Total revenue from other sources	2,905	3,885	980	2,902
Total price of departmental outputs *(Total revenue from Government & other sources)*	**187,724**	**190,410**	**2,686**	**183,973**
Total estimated resourcing for Outcome 4 *(Total price of outputs & administered expenses)*	**7,700,185**	**7,608,631**	**(91,554)**	**8,621,223**
Average Staffing Level (Number) Department	1,135	1,137	2	1,090

OUTCOME 05

Primary Care

Australians have access to high quality, well-integrated and cost-effective primary care



OUTCOME 05

Primary Care

Outcome 5 aims to provide Australians with access to quality, cost-effective primary care, including primary mental health care, that is evidence-based and coordinated with other forms of care, such as specialist and aged care services.

The Department helped achieve Outcome 5 in 2007–08 by supporting general practitioner training and managing initiatives that encouraged general practices to undertake targeted activities such as cervical cancer screening and asthma and diabetes management. The Department also managed programs which focused on influencing the quality and standard of services, funding research, and helping general practitioners to access best business practice.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 5 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

Outcome 5 was managed in 2007–08 by the Primary and Ambulatory Care Division and the Mental Health and Workforce Division. General Practice Education and Training Ltd, which produces its own annual report, also contributed to this outcome.

Major Achievements

- Increased community access to after hours general practice services through executing funding agreements for 84 after hours general practice services across Australia.
- Contributed to improving access to general practice services through the introduction of increases to the call out loading for general practitioners attending patients in residential aged care facilities; and the Medicare rebate for general practitioner contributions to care plans for aged care residents and people in the community with chronic conditions and complex care needs.
- Commenced implementation of the GP Super Clinics program, which will establish 31 clinics to provide multi-disciplinary primary care in areas with poor access to primary care services.
- Developed shared employment arrangements between government and non-government mental health services under the Mental Health Nurse Incentive Program, to better integrate services for people with severe mental illness.
- Assisted doctors who wish to pursue a career in general practice through the Australian General Practice Training Program, which provides postgraduate vocational training. Six hundred and nineteen doctors commenced in the program during the 2007 training year, and 594 of the 600 places available in 2008 were filled.

Challenges

- Merging the former Round the Clock Medicare: Investing in After Hours GP Services and After Hours Primary Medical Care programs into the new single, streamlined General Practice After Hours Program commencing from 2008–09.
- Complexities in developing program specifications meant that funding agreements were finalised with only two GP Super Clinics in 2007–08, rather than the expected six.
- Currently only around 27 per cent of Australian medical graduates seek to enter the Australian General Practice Training Program.
- Lower than anticipated up-take by eligible organisations was experienced in the Mental Health Nurse Incentive Program.

Key Strategic Directions for 2007–08 – Major Activities

Development of a National Primary Health Care Strategy

On 11 June 2008, the Minister for Health and Ageing announced that a National Primary Health Care Strategy will be developed by Government with assistance from an External Reference Group. The strategy will look at how to deliver better frontline care for families and set the future direction for primary care in Australia. By 30 June 2008, the Department had established the External Reference Group and made arrangements for its ongoing support, with a schedule for meetings through 2008–09 to consider the Minister's priorities and provide advice and input to the development of the strategy.

Ensuring Access to Medicare-Eligible After Hours General Practice Services

In 2007–08, the Department worked to improve people's access to doctors through initiatives that support the development of new after hours services, and help existing after hours services to enhance the care they provide. A major achievement was the execution of a further 70 funding agreements under the former Round the Clock Medicare: Investing in After Hours GP Services Program, and for 14 after hours services through the former After Hours Primary Medical Care Program. As at 30 June 2008, the total number of after hours services supported by the Department was 180 with funding agreements for a further 24 successful applicants still being negotiated.

The Department also moved to merge the former After Hours Primary Medical Care and the Round the Clock Medicare: Investing in After Hours GP Services programs from 2008–09. Under the new single program, titled the General Practice After Hours Program, up to 100 grants will be available each year to assist new and existing after hours general practice services to meet their operating costs. These grants will be for a maximum of $100,000 (GST exclusive) over two years, and will be allocated following a competitive, merit-based selection process. Funding will also be available to support existing services funded by the Department under the former After Hours Primary Medical Care Program.

Meeting Aged Care Residents' Primary Care Needs

Changes to Medicare Benefits Arrangements

During the year, the Department implemented changes to existing Medicare benefits arrangements to better help residents in aged care facilities to obtain access to general practice services. A major achievement was the increase of the call out loading for general practitioner attendances to patients in residential aged care facilities by an additional $18.90 to $41.35 from 1 November 2007. Medicare rebates were also increased by

$18.90 to $62.30 where general practitioners contribute to the preparation of care plans for aged care residents and people in the community with chronic conditions and complex care needs. There were 8.8 per cent more general practitioner attendances to patients in aged care facilities between November 2007 and June 2008, compared with the same period in the previous year.

Aged Care Access Initiative

The Department also commenced work on restructuring the Aged Care GP Panels Initiative, which had the purpose of improving access to primary care services by residents of aged care facilities, into the Aged Care Access Initiative. This work followed recommendations arising from a 2007 review of the Aged Care GP Panels Initiative, which included consultation with stakeholders.

The revised program will focus on supporting direct service provision to aged care residents through incentive payments to general practitioners and the purchase of allied health services where these are not funded through Medicare or other government programs. Specifically, it will provide an incentive payment through the Practice Incentives Program directly to general practitioners who provide eligible services in aged care homes, and a payment for clinical care provided by allied health professionals in aged care homes.

Helping People to Self-Manage their Chronic Conditions

The Sharing Health Care Initiative provides Australians with chronic disease information and strategies to assist in the management of their conditions. Funding was provided in 2007–08 for the development of tools to assist consumers in the self-management of conditions such as osteoarthritis and rheumatoid arthritis, as well as a number of resources on chronic disease self-management to assist health professionals.

In 2007–08, the Department sought to expand the evidence base on the effectiveness of chronic disease self-management interventions for people with a chronic disease, their carers and their families. The Department, in partnership with the National Health and Medical Research Council, is funding research grants to examine evidence-based chronic disease self-management techniques, with a particular focus on harder to reach population groups. Research applications were received in March 2008 and underwent a peer review process. Successful applications are likely to be announced in early 2009.

Better General Practice Management of Chronic Disease

Australian Primary Care Collaboratives Program

The Australian Primary Care Collaboratives Program helps general practitioners and other primary health care providers to work together to improve patient clinical outcomes, reduce lifestyle risk factors and maintain good health for people with chronic and complex conditions. It aims to achieve this through shared learning, peer support, training, education and support systems.

The first phase of the Australian Primary Care Collaboratives Program concluded in December 2007, during which time the Department provided funding to help doctors achieve best practice in diabetes care, coronary care and waiting list management. Almost 500 general practices and 43 Divisions of General Practice participated in the national program, achieving significant improvements in patient care. For example, the first phase of the program resulted in 105 per cent improvement in the proportion of patients with diabetes whose cholesterol was recorded at the acceptable level and also 45 per cent improvement in the proportion of patients who have had a heart attack in the last 12 months who are on the appropriate medication.

Following a selection process for a national implementation organisation, the Department established the second phase of the program in early 2008, contracting the Improvement Foundation (Australia) to deliver the program

until June 2011. About 500 general practices are expected to participate in the second phase of the program to further spread the Collaboratives methodology. It is estimated that about 1.5 million additional patients will benefit through their general practitioners' involvement in the program.

Improved Access to Mental Health Services in Primary Care

Mental Health Nurse Incentive Program

During the year, the Department worked to improve access to mental health services in primary care by managing the Mental Health Nurse Incentive Program – one of the Commonwealth components of the Council of Australian Governments Action Plan on Mental Health 2006-2011. The program aims to improve collaboration between mental health nurses, general practitioners and psychiatrists in the delivery of clinical support and services, to improve levels of care for people with severe mental disorders and to help reduce the likelihood of unnecessary hospital admissions. It also aims to keep people with a severe mental illness well and help them feel connected with the community.

Between April and June 2008, 4,543 people with a severe mental illness obtained more integrated care through the development of better team approaches between general practitioners, psychiatrists and mental health nurses. These people were provided with one-on-one coordinated care facilitated by highly qualified mental health nurses who worked in collaboration with doctors and other services to provide patients with the maximum opportunity to recover and fully participate in the community.

A major achievement was the introduction of shared employment arrangements between government and non government mental health services to increase integration of community based mental health services for patients. The arrangements will be monitored by the Department in collaboration with State and Territory Governments to ensure patients continue to receive the right services at the right time. The Department also commenced a pilot to include private hospitals as providers under the program, improving links between the public and private health systems.

A challenge for the Mental Health Nurse Incentive Program, however, was the lower than anticipated up-take of the program by eligible organisations due to the national shortage of mental health nurses and the reluctance of some organisations to participate due to stringent eligibility criteria required under program guidelines. A number of program enhancements have been introduced to increase uptake, including the introduction of shared employment arrangements, the transition from quarterly to monthly claims payments, and changes to the average nurse caseload from a minimum of two individual patients per session, to a minimum of two individual services to patients per session.

The introduction of the Mental Health Nurses and Psychologist Scholarships Subsidy under the 2008–09 Budget will also deliver additional nurses to work in the program.

Mental Health Services in Rural and Remote Areas

People in rural and remote areas currently have less access to mental health services than people in metropolitan areas. Access may be compounded by shortages of mental health services and professionals in rural and remote communities.

In 2007–08, the Department funded 39 services provided by non government organisations to engage allied mental health professionals and mental health nurses to provide care through the Mental Health Services in Rural and Remote Areas Program. Mental health professionals included appropriately skilled social workers, mental health nurses, psychologists, occupational therapists, Aboriginal health workers and Aboriginal mental health workers. Organisations funded, including Divisions of General Practice, Aboriginal Medical Services and the Royal Flying Doctor Service, will deliver these services to communities in rural and remote areas in all states and the Northern Territory.

Supporting Rural and Urban GP Registrars' Training

Training through the Australian General Practice Training Program

High quality primary care is dependent on the knowledge and skills of the sector's workforce. In 2007–08, the Department provided funding to General Practice Education and Training Ltd to deliver regional, high quality postgraduate vocational education and training to medical graduates interested in pursuing a career in general practice, through the Australian General Practice Training Program.

Six hundred and nineteen medical graduates commenced in the Australian General Practice Training Program during the 2007 training year, filling all available places. This major achievement was complemented by a strong interest in the program's rural pathway, which saw an 8 per cent increase in applications in 2007. While this is positive, there are indications of a declining interest amongst Australian medical graduates in choosing general practice as a career, with only around 27 per cent currently seeking to enter the Australian General Practice Training Program. General Practice Education and Training Ltd is working with key stakeholders to address this through activities such as marketing strategies and expanded scope of practice.

In 2007, vocational training towards Fellowship of the Australian College of Rural and Remote Medicine was included as a second qualification under the Australian General Practice Training Program, allowing registrars broader training and career development options. This will encourage more doctors to undertake rural and procedural training, such as training in surgical procedures and obstetrics.

Registrars Rural Incentive Payment Scheme

During the year, the Department introduced a sliding scale of incentive payments for the Registrars Rural Incentive Payment Scheme, which awards registrars working in the most remote locations with the highest level of incentives and thereby encourages registrars to undertake training in these communities. The Department also extended the scheme to registrars on the general training pathway who show a commitment to rural general practice by training in rural locations for 12 months or more.

Better Access to Female General Practitioners in Rural and Remote Areas

The Department managed the Rural Women's General Practice Service in 2007–08 to improve access to primary health care services for women in rural and remote Australia who currently have little or no access to a female general practitioner, by facilitating the travel of female general practitioners to these communities either by air or road. This involved providing funding to the Royal Flying Doctor Service to administer the initiative.

Funding allowed the Royal Flying Doctor Service to continue and expand the Rural Women's General Practice Service to an additional 24 locations in the Northern Territory, Queensland, Western Australia, New South Wales and Victoria. This brings the total number of locations approved to be serviced to 277. As a result of this growth, women living in these locations will have the option of discussing their health needs with a female doctor.

Performance Information for Outcome 5 Administered Programs

Administered Funding – Primary Care Programs	
Including: 5.1 Primary Care Education and Training; 5.2 Primary Care Financing, Quality and Access; 5.3 Primary Care Policy, Innovation and Research; and 5.4 Primary Care Practice Incentives.	
Indicator:	Funding of high quality, relevant primary health care research.
Measured by:	The number of projects funded.
Reference Point/ Target:	10 projects funded.
Result: Indicator met.	

Thirteen high quality research projects were approved or funded in 2007–08 through the Primary Health Care Research, Evaluation and Development Strategy including:

- eight research grants under round two of the priority-driven General Practice Clinical Research Program, at a cost of around $4.153 million;
- three Primary Health Care Junior Scholarships at a cost of around $200,000;
- one Primary Health Care Fellowship at a cost of around $274,000; and
- one project under the Australian Primary Health Care Research Institute's travelling fellowship (Stream 8) program, at a cost of around $15,000.

A number of small projects were also supported by the Research Capacity Building Initiative and the Researcher Development Program.

In addition, several research projects announced and reported in previous years continued to receive funding throughout 2007–08.

Research was also funded to build the primary health care research evidence base across a range of priority areas including:

- Indigenous health (including tobacco control and diabetes care);
- childhood obesity;
- advanced cancer carer support; and
- cardiovascular disease risk assessment.

Indicator:	A range of primary care service delivery models are supported or implemented.
Measured by:	Progress achieved towards implementation or support of models of primary care service delivery.
Reference Point/ Target:	The National Health Call Centre Network to provide access to health triage, information and advice to 20% of Australia's population during 2007–08. Up to 85 after-hours services supported or implemented in 2007–08 through the Round the Clock Medicare Program. A range of targeted service development projects are supported through the After-hours Primary Medical Care Program. A number of GP Super Clinics are funded each year.

Result: Indicator substantially met.

National Health Call Centre Network

The National Health Call Centre Network provided access to health triage, information and advice to 20% of Australia's population by the end of 2007–08. Full network services were available to people in the Australian Capital Territory, the Northern Territory, South Australia and Western Australia. Network services commenced rolling out in New South Wales in August 2008.

Round the Clock Medicare Program

Ninety-four after hours general practice services had funding approved pending final negotiations or funding agreements executed under the former Round the Clock Medicare: Investing in After Hours GP Services Program funding round in 2007–08.

The Department approved 81 new applications for funding pending final negotiations of contracts following the 2007–08 (Round 3) funding round under the program. Contracts for a further 13 grant offers from previous rounds were also executed in 2007–08. Of the 81 new applications approved, a total of 57 contracts could be executed with successful applicants. Negotiations with the remaining 24 services approved for funding continue.

After Hours Primary Medical Care Program

The Department continued to fund a range of services through the former After Hours Primary Medical Care Program in 2007–08, including four regional projects covering Tasmania, the Hunter and Macarthur regions in New South Wales, and the Grampians region in Victoria. Ten service development grants in targeted areas were also funded in Queensland, New South Wales, Victoria, South Australia and the Northern Territory.

GP Super Clinics

A major achievement was the establishment of the GP Super Clinics program, which will support 31 clinics to provide multi-disciplinary primary care in areas with poor access to primary care services. The Department had expected to commission six GP Super Clinics by September 2008.

Funding agreements were finalised with two GP Super Clinics in Bendigo and Ballan in 2007–08. The Department focused on publishing the GP Super Clinics National Program Guide (April 2008), developing a fair and transparent framework for the funding processes required to establish the GP Super Clinics, and planning towards local consultation in each of the 31 localities. In 2008–09, the focus will be to continue the progressive roll out of the program, with public information and consultation sessions in the identified localities. Invitations to apply for funding to establish and operate a GP Super Clinic will then follow in most localities. The Department anticipates that a further eight GP Super Clinics will be commissioned in 2008.

Indicator:	Uptake of training places for GP registrars in rural and urban areas.
Measured by:	The number of training places filled each year on the Australian General Practice Training Program.
Reference Point/ Target:	619 places filled in 2007 (558 places filled in 2006).
Result: Indicator met.	
A total of 619 registrars commenced on the Australian General Practice Training Program in 2007.	

Indicator:	Increase in the uptake of prevocational general practice placements.
Measured by:	Percentage of prevocational general practice placements that are taken up.
Reference Point/ Target:	It is expected that full uptake of the 280 available prevocational general practice placements will occur (this is an expected increase of 16% from 2006–07).
Result: Indicator met.	
Two hundred and eighty available prevocational general practice placements were taken up through the Prevocational General Practice Placements Program compared with 210 in 2006–07. This was an increase of 33% from last year.	

Indicator:	Increased number of non-vocationally recognised medical practitioners undertaking continuing professional development.
Measured by:	The number of non-vocationally recognised medical practitioners accessing the Medicare A1 rebate through general practice incentive programs that require participants to undertake continuing professional development.
Reference Point/ Target:	An increase of 21% from the previous year of non-vocationally recognised medical practitioners undertaking continuing professional development through general practice incentive programs.
Result: Indicator substantially met.	
The After Hours Other Medical Practitioners Program and the MedicarePlus Other Medical Practitioners Program provide access to the higher Medicare rebate for eligible medical practitioners delivering general practice services. By requiring program participants to undertake continued professional development, the programs aim to improve the quality of general practice services provided by these doctors. In 2007–08, 697 non-vocationally recognised medical practitioners undertook continued professional development activities through general practice incentive programs, compared with 609 in 2006–07. This was an increase of 14%.	

Indicator:	Well-targeted and managed incentives and support programs for general practitioners to provide services in rural and remote Australia.
Measured by:	The level and range of incentives and support for general practitioners who provide services in rural and remote Australia.
Reference Point/ Target:	A range of incentives and support programs for general practitioners who provide services in rural and remote Australia.

Result: Indicator met.

The Department managed a number of programs in 2007–08 that provided financial and other support to general practitioners to deliver services to rural and remote communities:

- 407 participants received payments under the HECS Reimbursement Scheme, which reimburses doctors their HECS debt when they train and work in rural areas. This is a 30% increase on the number of participants receiving payments in 2006–07;
- 1,890 doctors received payments under the Training for Rural and Remote Procedural General Practitioners Program, which provides practitioners with financial grants to maintain their procedural skills. This is a 23% increase on the number of doctors receiving payments in 2006–07;
- 2,100 doctors received financial incentives under the Rural Retention Program, which provides financial incentives to general practitioners to practice in rural and remote Australia. This was an increase of 38 over the number receiving these incentives in 2006–07; and
- seven Rural Workforce Agencies were supported by the Rural and Remote General Practitioner Program, to attract, recruit and retain doctors in rural and remote Australia.

Indicator:	Divisions of General Practice demonstrate quality improvement through achieving accreditation.
Measured by:	Percentage of Divisions, State Based Organisations and the Australian General Practice Network accredited by June 2008.
Reference Point/ Target:	100% of all organisations funded under the Divisions of General Practice Program are accredited by June 2008.

Result: Indicator substantially met.

A total 97.6%, or 122 of the 125 Divisions of General Practice Network members (including the eight State Based Organisations and the Australian General Practice Network), were accredited by June 2008. The three network members who did not achieve accreditation were involved in amalgamations or similar processes and were granted extensions to their accreditation timeframes.

Indicator:	Divisions of General Practice demonstrate commitment to quality improvement through participation in the National Quality and Performance System.
Measured by:	Percentage of Divisions, State Based Organisations and the Australian General Practice Network, which meet the minimum reporting requirements of the National Quality and Performance System.
Reference Point/ Target:	100% of all organisations funded under the Divisions of General Practice Program achieve National Quality and Performance System requirements.

Result: Indicator met.

100%, or all 116 Divisions, eight State Based Organisations and the Australian General Practice Network met the minimum reporting requirements under the National Quality and Performance System. This included providing Annual Plans and Budgets, six month and 12 month reports and reporting against national and local performance indicators.

Indicator:	Increased percentage of general practice patient care provided by practices participating in the Practice Incentives Program.
Measured by:	The percentage of general practice patient care covered by practices participating in the Practice Incentives Program.
Reference Point/ Target:	Increase in general practice patient care coverage from previous year.

Result: Indicator met.

The proportion of general practice patient care provided by practices participating in the Practice Incentives Program increased from 81.2% in May 2007 to 81.4% in May 2008. The number of practices participating in the Practice Incentives Program increased by 44 from the previous year to a total of 4,938.

Indicator:	Increased uptake of Primary Care Medicare Benefits Schedule financing initiatives.[1]
Measured by:	Uptake of relevant Medicare Benefits Schedule items.
Reference Point/ Target:	Increase from previous year in uptake of relevant Medicare Benefits Schedule items.

Result: Indicator met.

Bulk Billing Incentives

In 2007–08, there were 61.4 million claims by general practitioners for services bulk billed to children under the age of 16 years and Commonwealth concession card holders. This compares with 57.7 million in 2006–07.

[1] Funding for these Medicare benefits-related activities is provided under the Medicare Benefits special appropriation under the *Health Insurance Act 1973*, under Outcome 3.

The national bulk billing rate for non-referred (general practitioner) attendances, excluding practice nurse items, increased from 77.4% at the end of 2006–07 to 78.5%. The total number of services claimed for non-referred (general practitioner) attendances, excluding practice nurse items, rose from 103.4 million in 2006–07 to 109.5 million in 2007–08, while the total of all Medicare services rose from 257.9 million in 2006–07 to 278.7 million in 2007–08.

Practice Nurse Services on Behalf of a General Practitioner

A total of 5.2 million practice nurse services were claimed in 2007–08 compared with 3.7 million in 2006–07.

Chronic Disease Management Items

Around 2.1 million general practice Chronic Disease Management services were claimed in 2007–08 compared with more than 1.6 million in 2006–07.

Enhanced Primary Care Allied Health Items

More than 1.3 million allied health services were claimed in 2007–08 compared with around 0.9 million in 2006–07.

Better Access Mental Health Care Items

More than 3.2 million services were claimed in 2007–08 compared with 1.2 million 2006–07 (8 months only).

Indicator:	Improved access to primary care for Aboriginal and Torres Strait Islander people.[2]
Measured by:	MBS benefits maintained or introduced.
Reference Point/ Target:	Increased access by Aboriginal and Torres Strait Islander people from previous year.

Result: Indicator met.

The Department funded an increased number of Medicare-eligible Indigenous health assessment items in 2007–08. By the end of June 2008, 32,343 services had been provided, an increase of 779 services compared with the previous financial year.

A Medicare item for the provision of monitoring and support to people with a chronic disease care plan by a practice nurse or registered Aboriginal Health Worker on behalf of a general practitioner was introduced on 1 July 2007. It is not possible to identify the number of services that were provided by registered Aboriginal Health Workers from the total number of services provided under this Medicare item number.

[2] Funding for these Medicare benefits-related activities is provided under the Medicare Benefits special appropriation under the *Health Insurance Act 1973*, under Outcome 3.

Performance Information for Outcome 5 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	

During 2007–08, the Department managed the Australian Government's Primary Health Care Research and Development Strategy which included the following research activities:

- the Australian Primary Health Care Research Institute publication of various evidence-based research papers to support primary health care workforce policy development;
- the development and launch of the *Snapshot of Australian Primary Health Care Research* publication which includes policy relevant examples of primary health care research in Australia; and
- the annual General Practice and Primary Health Care Research Conference to disseminate research and the sharing of information between researchers, policy advisors, practitioners and consumers.

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Funds were overspent by 1.0% of budget due to actual expenditure being more than estimated for Program 5.1 Primary Education and Training.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development.

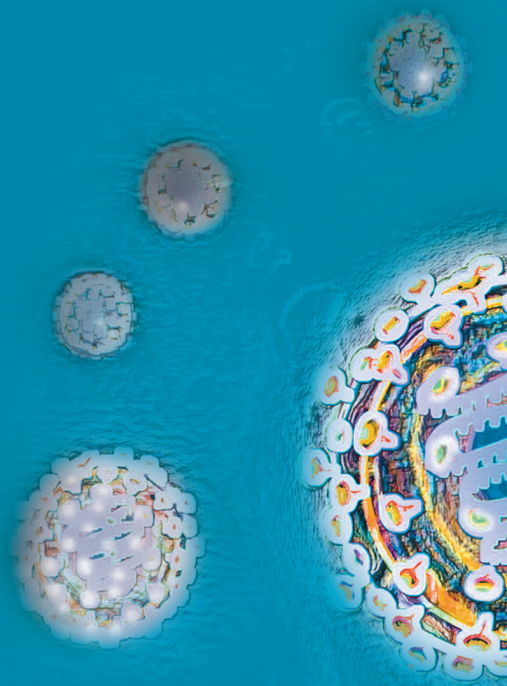
Result: Indicator met.

In 2007–08, the Department held formal stakeholder meetings with local community groups and health professionals to develop and implement the GP Super Clinics initiative. These meetings provided the opportunity to identify community concerns, ensuring that clinics will meet local health needs.

The Department also conducted regular meetings throughout the year with key stakeholders including the Australian Medical Association, the Australian General Practice Network, the Rural Doctors Association of Australia and the Royal Australian College of General Practitioners. These meetings provided the Department with an opportunity to identify and respond to stakeholders' concerns and to help shape program and policy development.

Outcome 5 – Financial Resources Summary

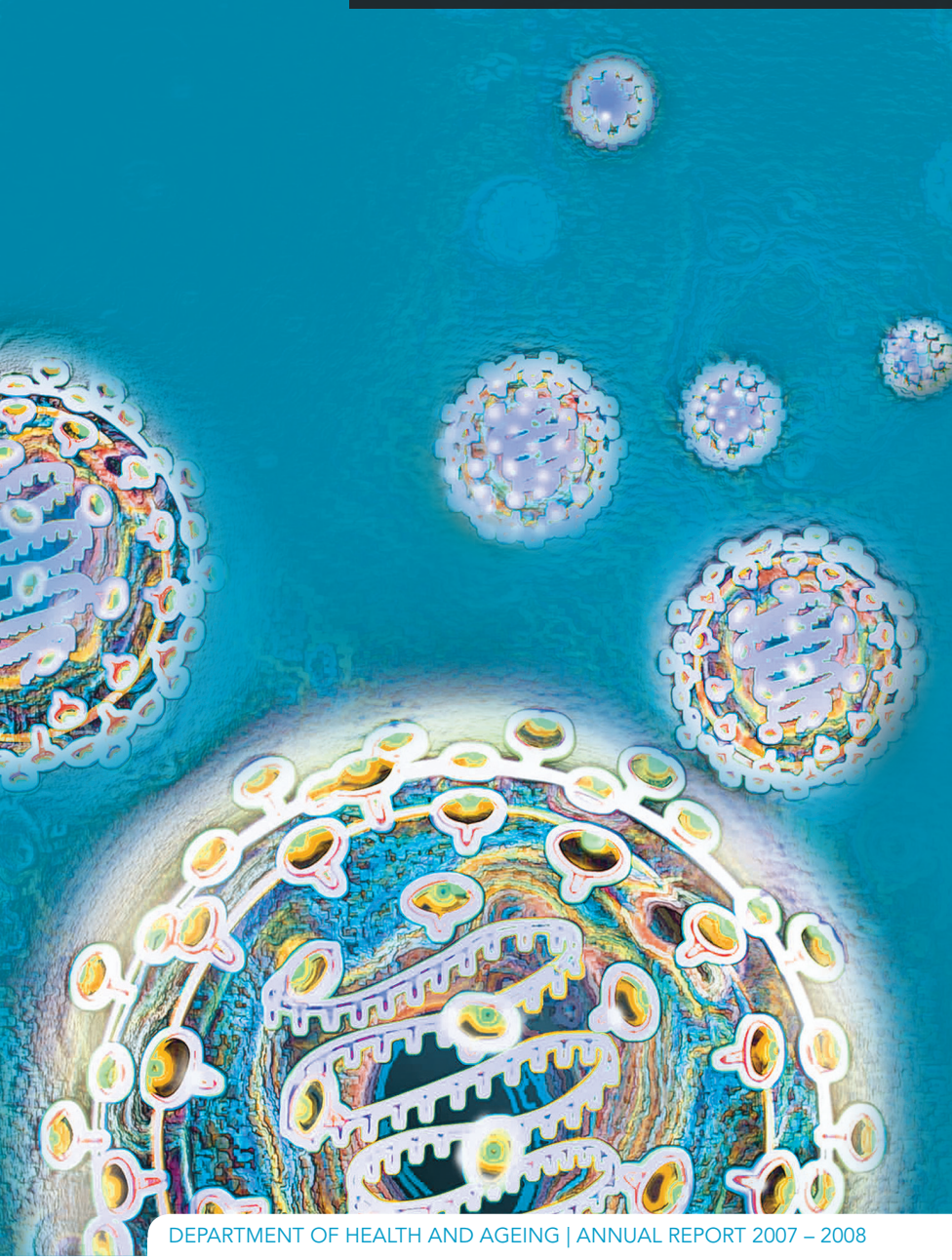
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 5.1: Primary Care Education and Training				
Appropriation Bill 1/3/5	245,437	257,908	12,471	253,513
	245,437	**257,908**	**12,471**	**253,513**
Program 5.2: Primary Care Financing, Quality and Access				
Appropriation Bill 1/3/5	258,635	253,547	(5,088)	336,841
Appropriation Bill 2/4/6	100	100	–	14,900
	258,735	**253,647**	**(5,088)**	**351,741**
Program 5.3: Primary Care Policy, Innovation and Research				
Appropriation Bill 1/3/5	27,326	27,391	65	25,953
	27,326	**27,391**	**65**	**25,953**
Program 5.4: Primary Care Practice Incentives				
Appropriation Bill 1/3/5	323,700	324,009	309	309,236
	323,700	**324,009**	**309**	**309,236**
Total Administered Expenses	**855,198**	**862,955**	**7,757**	**940,443**
Departmental Appropriations				
Output Group 1 – Policy Advice	10,299	10,342	43	10,490
Output Group 2 – Program Management	31,230	32,238	1,008	31,809
Total price of departmental outputs *(Total revenue from Government & other sources)*	**41,529**	**42,580**	**1,051**	**42,299**
Total revenue from Government (appropriations) contributing to price of departmental outputs	40,673	41,676	1,003	41,440
Total revenue from other sources	856	904	48	859
Total price of departmental outputs *(Total revenue from Government & other sources)*	**41,529**	**42,580**	**1,051**	**42,299**
Total estimated resourcing for Outcome 5 *(Total price of outputs & administered expenses)*	**896,727**	**905,535**	**8,808**	**982,742**
Average Staffing Level (Number)				
Department	321	328	7	307



OUTCOME 06

Rural Health

Improved health outcomes for Australians living in regional, rural and remote locations



OUTCOME 06

Rural Health

Outcome 6 aims to improve access to health services for people living in regional, rural and remote areas.

To help achieve this in 2007–08, the Department managed programs to support a range of services in rural and remote areas, such as specialist, allied and community health services. The Department also delivered programs to support emergency evacuations, privately insurable health services, and coordination grants for small community health care services. Other areas of focus in 2007–08 were health promotion and disease prevention activities in remote communities.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 6 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

Outcome 6 was managed in 2007–08 by the Primary and Ambulatory Care Division and the Department's State and Territory Offices. Other program areas across the Department also contributed to this outcome.[1]

Major Achievements

- Helped ensure that rural and remote communities have access to aero-medical health services, through the finalisation of a new agreement with the Royal Flying Doctor Service that will provide funding to 30 June 2011.
- Supported more than 1,400 medical specialist outreach services across Australia through the continued implementation of the Medical Specialist Outreach Assistance Program, and set the base for the program's expansion in 2008–09. This expansion will assist in addressing the comparatively higher burden of disease for people in rural and remote communities through the provision of new and/or expanded medical specialist services.
- Improved health infrastructure support for the delivery of health services to people living in rural and remote communities through the Rural Medical Infrastructure Fund.

Challenge

- Difficulties continued in recruiting and retaining a skilled health workforce in rural and remote areas.

Key Strategic Directions for 2007–08 – Major Activities

Ensured the Long-term Sustainability of the Royal Flying Doctor Service

A major achievement for the Department in 2007–08, was the finalisation of a new funding agreement with the Royal Flying Doctor Service to 30 June 2011, to help ensure its long-term sustainability. The Royal Flying Doctor Service will receive up to $247 million in funding from 1 July 2007 to 30 June 2011.

The Royal Flying Doctor Service is a significant provider of health care services in rural and remote Australia. The new agreement will fund the organisation's recurrent and capital costs for the essential health care services it delivers to the 'bush', including emergency aero-medical evacuations, primary and community healthcare clinics, tele-health consultations and medical chests.

As part of the new arrangements, capital funding enabled the Royal Flying Doctor Service Central Operations Section to purchase an additional aircraft to provide health services for people living, working and travelling in Central Australia. Funding also helped extend health services to people living on the remote Bass Strait islands.

[1] A list of rural health initiatives by outcome can be found later in this chapter.

Helped People in Rural and Remote Australia to Access Health Services

The Department managed a range of programs throughout the year to improve access by Australians living in rural and remote areas to primary health care services.

Regional Health Services Program

The Department supported the Regional Health Services Program to provide supplementary primary health care services in small rural and remote communities. A challenge was attracting a skilled workforce to these services, due to the physical and professional isolation, lower level of infrastructure availability and higher cost of living in such communities. The Department continued to work with its key stakeholders to identify alternative models of service delivery in order to maintain services. Future funding allocations for the Regional Health Services Program will be monitored and adjusted as appropriate to ensure a continuing level of access to services for people in rural and remote communities.

Despite the difficulties in attracting skilled medical practitioners and allied health workers, the program continued to achieve good outcomes in providing access to primary health care services in over 1,000 rural and remote communities across Australia. This program is well regarded by stakeholders, such as the National Rural Health Alliance, who regard the program as making a valuable contribution to the provision of primary health care services such as allied health, community nursing and mental health services in small communities.

Medical Specialist Outreach Assistance Program

The Medical Specialist Outreach Assistance Program continued to deliver a wide range of medical specialist services to people living in rural and remote communities by providing financial support to specialists delivering outreach services such as dermatology, obstetrics and gynaecology, ophthalmology, paediatric, physician, psychiatry, radiology and surgical services. The Department supported the program through funding for more than 1,400 medical specialist outreach services to rural and remote communities across Australia.

Rural Private Access Program

Rural and remote communities had increased access to privately insurable health services, and improvements to the viability and sustainability of small private hospitals due to the Rural Private Access Program. Through this program, the Department administered funding for the purchase of essential medical and surgical equipment, and upgrades to patient management systems, in addition to capital works and refurbishments to small rural private hospitals and premises for allied health services.

Rural Medical Infrastructure Fund

Through the Rural Medical Infrastructure Fund, the Department helped small rural communities to establish 'walk-in, walk-out' health and medical facilities, with the aim of making it easier for these communities to recruit and retain medical practitioners and allied health professionals. 'Walk-in, walk-out' medical facilities provide medical and heath practitioners with access to established infrastructure and practice management services, thereby enabling practitioners to undertake their clinical duties without the need to operate an independent practice. 'Walk-in, walk-out' medical facilities may be owned and managed by organisations including local councils, Divisions of General Practice and Indigenous Community Councils.

Responsibility for the fund transferred to the Department of Health and Ageing from the Department of Infrastructure, Transport, Regional Development and Local Government in March 2008. A major achievement for the Department in this short time was the funding of six projects, including the Violet Town Medical Centre in Victoria and the Charleville Medical Centre in Queensland, providing much needed infrastructure to support the delivery of health services to people living in rural Australia.

Programs Specific to Rural Health

Rural health activities were also implemented across several other outcomes in 2007–08. The following table lists these activities by outcome.

Table 2.3.6.1: Rural Programs Listed by Outcome

Outcome	Rural Health Activity
Outcome 2	Rural and Remote Pharmacy Allowance and Support Program – Scholarships Enhanced Rural and Remote Pharmacy Package
Outcome 3	Visiting Optometrists Scheme Additional Practice Nurses in Rural Australia and Other Areas of Need – Medicare Items
Outcome 4	Multipurpose Services Program Rural and Regional Building Fund (and Viability Supplement) Aged Care Adjustment Grants for Small Rural Facilities Australian Government Aged Care Nursing Scholarship Program Training for Remote Aged Care Staff Viability Supplement for Community Aged Care in Rural and Remote Areas Targeted Capital Assistance (Rural Australia)
Outcome 5	Practice Incentives Program Additional Practice Nurses in Rural Australia and Other Areas of Need – Practice Incentives Program Payment Training for Rural and Remote Procedural GPs Program Rural and Remote General Practice Rural Locum Relief Program Rural Women's GP Service Rural Retention Program More Allied Health Services Program HECS Reimbursement Scheme New General Practitioner Registrars Workforce Support for Rural General Practitioners Strengthening the Health Workforce in Rural and Remote Areas and in Indigenous Communities Rural Registrars Incentives Payments Scheme Prevocational General Practice Placements Program

Outcome	Rural Health Activity
Outcome 6	Multipurpose Centre Program
	Royal Flying Doctor Service
	Regional Health Services Sub Program
	Rural Primary Health Projects Sub Program incorporating Building Healthy Communities and National Rural Primary Health Projects
	Rural Private Access Program
	Rural Medical Infrastructure Fund
	Medical Specialist Outreach Assistance Program
	Better Management of Rural Health Programs (Council of Australian Governments)
Outcome 10	Supporting Women in Rural Areas Diagnosed with Breast Cancer
	Rural Palliative Care Program
Outcome 11	Mental Health Services in Rural and Remote Areas (Council of Australian Governments)
	Mental Health Support for Drought Affected Communities
Outcome 12	Additional Practice Nurses in Rural Australia and Other Areas of Need – Training and Support
	Rural Clinical Schools
	University Departments of Rural Health
	Rural Australia Medical Undergraduate Scheme
	Medical Rural Bonded Scholarships
	Medical Rural Bonded Scholarship Support Scheme
	John Flynn Scholarship
	Recruitment, Support, Coordination and Assistance for Overseas Trained Doctors
	Rural Undergraduate Support and Coordination Program
	Rural Health Support, Education and Training Program
	Rural Health Education Foundation
	Rural and Remote Nursing Scholarship Program
	Rural Allied Health Undergraduate and Postgraduate Scholarship Schemes
	Advanced Specialist Training Posts in Rural Areas
	Rural Advanced Specialist Training Support
	Support Scheme for Rural Specialists
	Dental Training – Expanding Rural Placements
	Specialist Obstetrician Locum Scheme
	Remote Vocational Training Scheme
Outcome 13	Improving access to primary care services in rural and remote areas (Council of Australian Governments)

Performance Information for Outcome 6 Administered Programs

Administered Funding – Rural Health Program	
6.1 Rural Health Services	
Indicator:	Provision of ongoing primary health services in rural and remote areas.
Measured by:	Services established and maintained to improve access.
Reference Point/ Target:	Existing Regional Health Services are maintained and additional remote services are developed.
Result: Indicator met.	
One hundred and twenty-one existing Regional Health Services were maintained in 2007–08, with some streamlining of arrangements to improve the management of services and better use of resources. The Department also administered new funding to enable the Royal Flying Doctor Service to enhance the delivery of services to Central Australia and to provide primary care services to the remote Bass Strait islands.	

Indicator:	Establishment of time-limited preventive health initiatives.
Measured by:	Projects established to improve access to preventative health activities.
Reference Point/ Target:	Existing preventative health initiatives are maintained and additional remote initiatives are developed.
Result: Indicator met.	
Thirty-one Building Healthy Communities projects were maintained. These projects helped small, remote, low capacity communities to address the key risk factors for chronic disease through community activities and the development of people locally to take leadership roles in addressing health issues. Thirty-four new national projects were developed and included projects in Indigenous communities in Far North Queensland, remote areas of Western Australia and other rural and remote areas. These projects helped build community infrastructure through the provision of resources or through the support of health professionals who work in rural and remote health services.	

Indicator:	Improved access to specialist and privately insurable health services for rural and remote communities.
Measured by:	Services/projects established and maintained to improve access.
Reference Point/ Target:	Existing specialist outreach and privately insurable health services are maintained and additional services and projects are developed.
Result: Indicator met.	

The Medical Specialist Outreach Assistant Program delivered more than 1,400 services to people living in rural and remote communities across Australia in 2007–08.

The Rural Private Access Program supported 239 projects, increasing rural and remote community access to privately insurable services, as well as supporting the enhancement of private hospital services.

The Rural Medical Infrastructure Fund funded six new projects in rural and remote communities, providing essential infrastructure to support the delivery of health services and to attract and retain health and medical professionals.

Performance Information for Outcome 6 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
The Department engaged the Australian Institute of Health and Welfare to work on the Rural Health Information Project. The institute delivered a number of reports that provided advice to the Department on the health and wellbeing of people living in rural and remote areas. These reports have informed the development of evidence-based rural health policy advice.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	

The 2007–08 Budget Estimate for Outcome 6 was incorrect. Actual expenditure was 1.3% below the correct estimate. This underachievement was due to a small underspend in the Rural Private Access Program.

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Regional Health Services conduct annual and biannual forums to discuss program issues. Medical Specialist Outreach Assistant Program hosted an annual fundholders meeting to review and monitor program administration, and hosted an advisory forum in each state and territory to identify service priorities.

Result: Indicator met.

Regional Health Service forums were held in South Australia, Tasmania, Victoria and the Northern Territory. These forums provided an opportunity for service providers and their staff to meet, share experiences and good practice, listen to a range of health experts on matters of interest, and interface with the Department about issues of concern.

Medical Specialist Outreach Assistant Program stakeholders participated in program development through a departmental review of program administration and through bilateral meetings. Medical Specialist Outreach Assistant Program advisory forums in each state and the Northern Territory have met to assist fundholders to identify service priorities for the program.

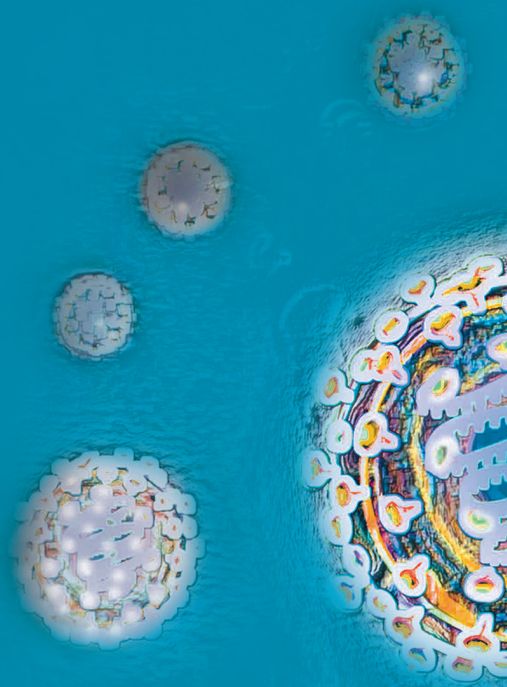
Site visits to 25 Rural Private Access Program grant recipients by the Department assessed the program's achievements against its intended aims and provided grant recipients with the opportunity to provide feedback to the Department. This feedback was used in the development of the National Rural and Remote Health Infrastructure Program.

Performance Improvement Initiative

Improving the Long-term Viability of the Royal Flying Doctor Service	
Commencement Date:	01/07/2007
End Date:	23/06/2008
Related Key Strategic Direction:	Ensured the Long-term Sustainability of the Royal Flying Doctor Service

Outcome 6 – Financial Resources Summary

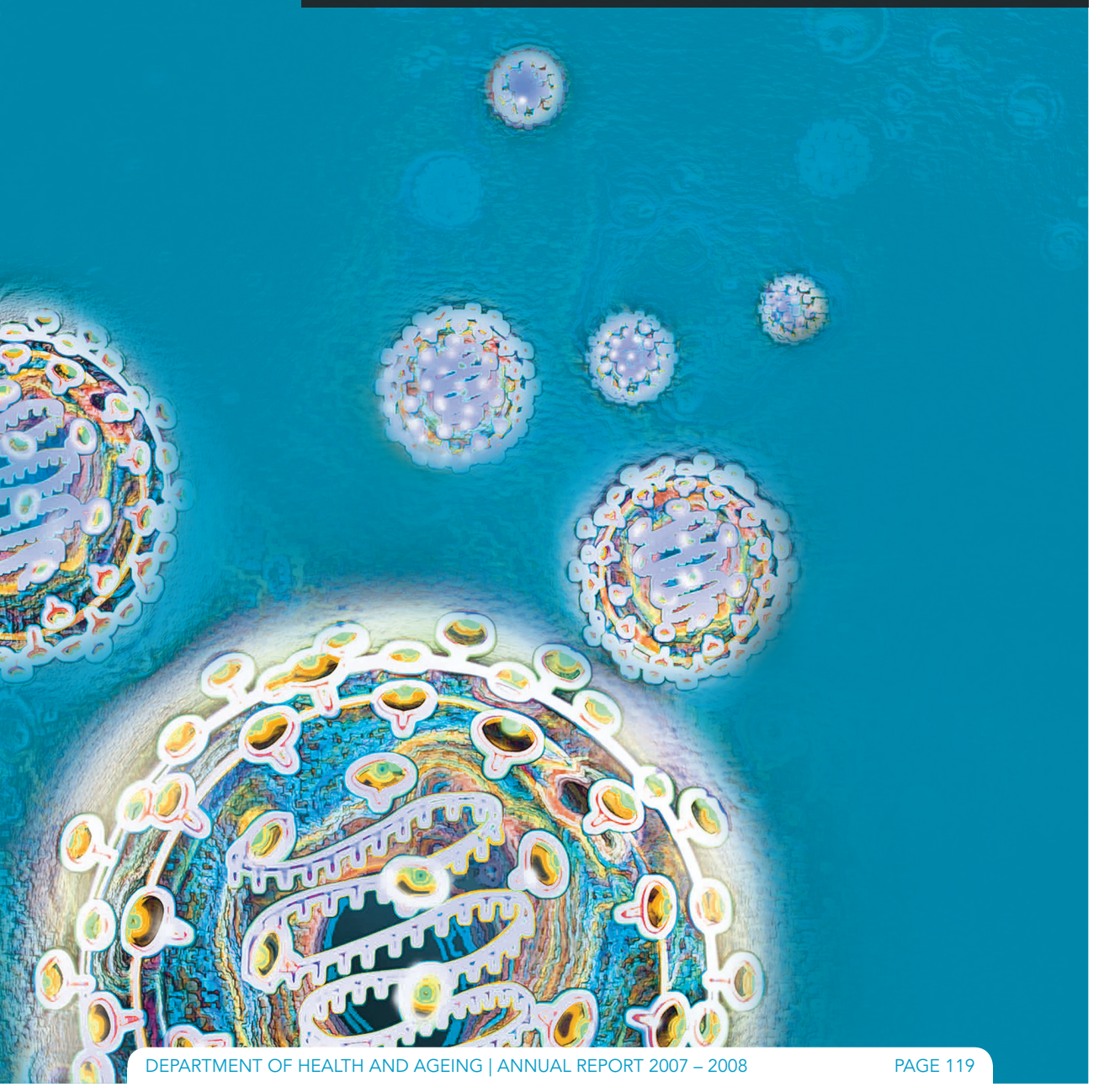
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 6.1: Rural Health Services				
Appropriation Bill 1/3/5	136,883	142,761	5,878	167,343
Total Administered Expenses	**136,883**	**142,761**	**5,878**	**167,343**
Departmental Appropriations				
Output Group 1 – Policy Advice	1,859	1,863	4	1,872
Output Group 2 – Program Management	9,904	9,928	24	9,975
Total price of departmental outputs *(Total revenue from Government & other sources)*	**11,763**	**11,791**	**28**	**11,847**
Total revenue from Government (appropriations) contributing to price of departmental outputs	11,526	11,543	17	11,612
Total revenue from other sources	237	248	11	235
Total price of departmental outputs *(Total revenue from Government & other sources)*	**11,763**	**11,791**	**28**	**11,847**
Total estimated resourcing for Outcome 6 *(Total price of outputs & administered expenses)*	**148,646**	**154,552**	**5,906**	**179,190**
Average Staffing Level (Number)				
Department	96	95	(1)	95



OUTCOME 07

Hearing Services

Australians have access through the Hearing Services Program to hearing services and devices



OUTCOME 07

Hearing Services

Outcome 7 is focused on providing eligible Australians with access to affordable hearing services through the Australian Government Hearing Services Program and discouraging those circumstances which lead to hearing loss through the Hearing Loss Prevention Program.

During 2007–08, the Department worked towards this outcome by managing funding for hearing services through a national network of private hearing service providers and the Government-owned provider, Australian Hearing, which deliver services through a voucher system. Vouchers can be exchanged for hearing devices and services at a provider of the eligible recipient's choice. Examples of those eligible to receive a voucher include: holders of an Australian Pension Concession Card; holders of an Australian Gold or White Repatriation Health Card with hearing loss; or people receiving Sickness Allowance.[1] Funding was also provided to Australian Hearing for the special needs of clients who are covered by Community Service Obligations arrangements. In addition, the Department supported research into the prevention of hearing loss.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 7 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

Outcome 7 was managed in 2007–08 by the Medical Benefits Division.

[1] A full list of eligibility requirements is available at the Department's website: <www.health.gov.au>.

Major Achievements

- Helped new clients of the Australian Government Hearing Services Program to make best use of their hearing aids and better cope with their hearing loss, through the introduction of extended rehabilitation services.
- Increased services and improved devices supplied to special needs clients under the Community Service Obligations program delivered by Australian Hearing.
- Supported research efforts to resolve identified gaps in knowledge that inhibit the implementation of an effective and efficient hearing loss prevention program.
- Worked to improve device standards through a mid term review of the quality specifications for the hearing devices supplied under the Hearing Services Program.

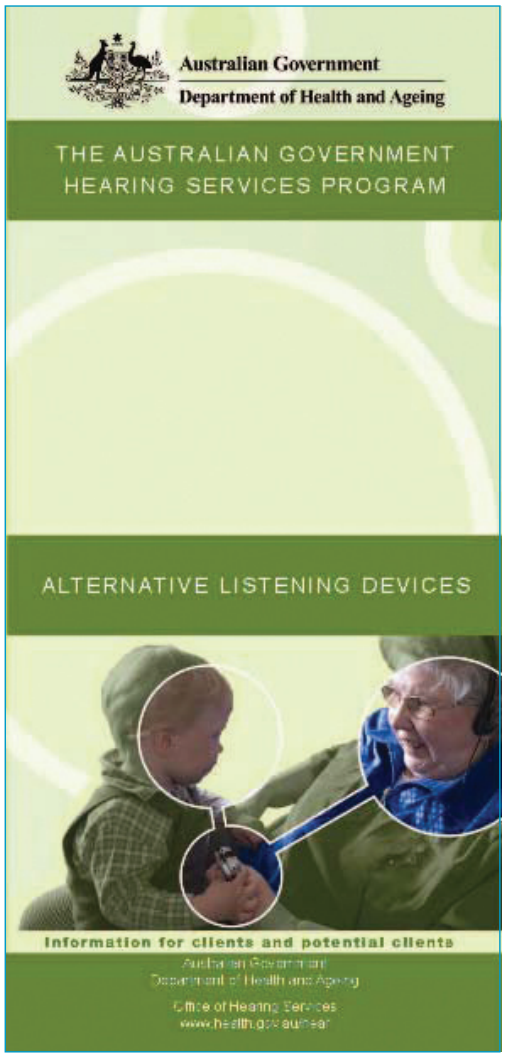
Challenges

- 54.6 per cent of Hearing Service Vouchers were issued outside of the Client Service Charter timeframe of 14 working days.
- To further increase services to special needs clients under the Community Service Obligations component of the Hearing Services Program.

Key Strategic Directions for 2007–08 – Major Activities

Improved Hearing Outcomes through a New Rehabilitation Service

A major achievement for the Department in 2007–08 was the implementation of a new rehabilitation service to help new Hearing Service Program clients to cope with their hearing loss and to use their devices effectively. This new service allows for two additional rehabilitation sessions for newly fitted clients after their device fitting appointments have been finalised. Clients may access these sessions either individually or in group sessions with other newly fitted people. Communication partners will also be encouraged to be involved to help them understand the hearing impaired person's



difficulties. Both clients and communication partners will be provided with communication strategies which will allow better management of the clients' listening environments.

The Department collaborated with experts and industry representatives to develop underpinning guidelines. The new service became available on 1 January 2008, with a development and implementation phase in the first year. The Department expects that all newly fitted clients will be able to access these services by the end of 2008 and will track the expected improvements to client outcomes through a benchmarking project.

Increased Access to Hearing Services for Clients with Special Needs

The Department also focused on maintaining a high standard of service for special needs clients under the Community Service Obligations component of the Hearing Services Program which is delivered by the Government's provider, Australian Hearing. The Community Service Obligations program provides services to special needs clients including children, eligible Aboriginal and Torres Strait Islander people and eligible adults with complex hearing needs.

A major achievement was the provision of Community Service Obligations services to 47,692 special needs clients in 2007–08, compared with 37,819 in 2006–07. In addition, 70 per cent of clients received improved devices through funding allocated for devices with more advanced technology.

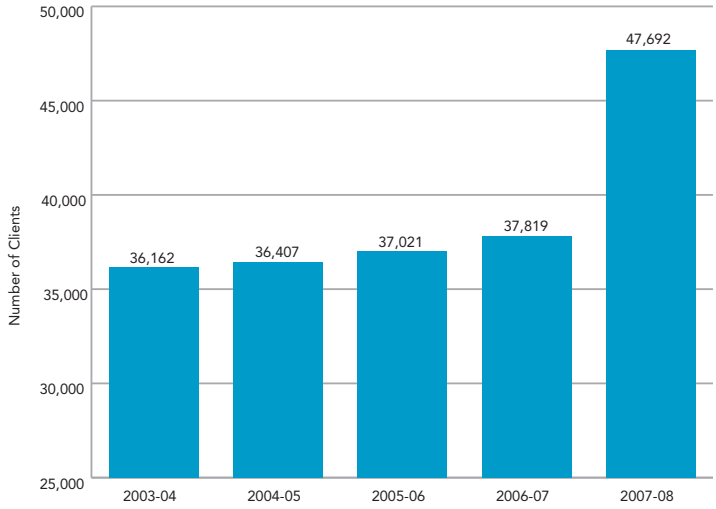
Australian Hearing delivered the Community Service Obligations program under a Memorandum of Understanding with the Department. The Department and Australian Hearing are currently negotiating a new memorandum to improve reporting of services delivered against the agreed quality standards.

Access to Hearing Services for Aboriginal and Torres Strait Islander People

The Australian Hearing Specialist Program for Indigenous Australians is an additional Community Service Obligations category created in recognition that, at times, services provided to Aboriginal and Torres Strait Islander people need to be delivered differently from mainstream services. Services were provided at 217 Indigenous outreach sites compared with the target of 133 sites. This was a 27 per cent increase on the 171 sites serviced in the previous year.

Australian Hearing significantly exceeded the target number of service delivery sites on both the current and previous year. In 2007–08, 3,874 clients were seen and 5,014 services were provided at these sites. This was an improvement in the services provided under this scheme on the previous year, which provided 2,671 clients with 3,497 services.

Figure 2.3.7.1: Number of Community Service Obligations Clients



Source: Australian Hearing, Community Service Obligations Service Monitoring Report.

The Community Service Obligations program also includes the Extended Eligibility Initiative, which provides hearing services to Indigenous Australians who are over 50 years of age or participants in the Community Development Employment Projects Program. Providing Indigenous Australians with access to services under this initiative was a challenge in 2007–08. There was a 12 per cent increase in the number of people (2,293) benefiting from the initiative this year compared with the previous year (2,048). The target of 2,535 was not met. This deficit was the result of changes to the Community Development Employment Projects Program which was being progressively phased out in the Northern Territory from September 2007 and ceased operation in some other urban and regional sites across Australia.

Access to Hearing Services for Clients with Complex Hearing Needs

In 2007–08, Australian Hearing delivered services to approximately 17,299 complex clients under the Community Service Obligations program and exceeded the target of 17,000 adults.

Access to Hearing Services for Children and Young Australians

There was a 9.6 per cent increase in the number of young Australians who received services under the Community Service Obligations program (28,100) this year compared with the previous year (25,642). The target of 26,120 was exceeded.

Informing Prevention Activities through Enhanced Research Efforts

The Department established the Hearing Loss Prevention Program in December 2007 to help reduce the incidence of hearing loss in the general community and its consequent impacts on productivity. It specifically targets young people, Aboriginal and Torres Strait Islander people and those in the workplace.

The Department consulted with researchers and other relevant stakeholders during the year, to identify priorities for research into hearing loss prevention. Funding under this program will fill important gaps in knowledge about the prevention of hearing loss. This research will focus on the management of middle ear disease and hearing loss in Aboriginal and Torres Strait Islander children and barriers and enablers to the use of hearing protection in the workplace. Research will also address hearing loss in young people, focusing on the prevalence of hearing loss in relation to noise exposure, the mapping of high risk noise exposure activities, and the effectiveness of prevention activities. The first results from this research are expected in June 2010.

Better Provision of Hearing Services

New Pathway

A new pathway will change the way in which clients gain access to hearing rehabilitation services. In preparation for the new pathway, the Department worked to develop a draft implementation plan, consulting extensively with stakeholders, including consumers, hearing health providers, professional and industry groups and medical practitioners. The Department distributed the draft implementation plan to hearing service providers and practitioners for comment in May 2008. The Department will continue to consult with stakeholders during 2008–09 to progress the implementation of the new pathway. It will also continue supporting activities such as practitioner training and focus on informing general practitioners of the changes.

Improved Hearing Device Specifications

Another major achievement was a mid term review of the device specifications under the Department's Deed of Standing Offer with hearing device manufacturers. Changes to the deed resulting from the review were effective from 31 October 2007 and provide an improved range of features for the hearing devices available under the Hearing Services Program. An example of this improvement was the addition of noise suppression or feedback cancellation as a free to client feature for in-the-ear hearing aids.

Performance Information for Outcome 7 Administered Programs

Administered Funding – Hearing Services Program	
7.1 Hearing Services	
Indicator:	Increased level of access to hearing services by eligible clients through the maintenance of, or addition to, the number of sites registered to provide audiological services under the Hearing Services Program.
Measured by:	The number of sites registered under the Hearing Services Program.
Reference Point/ Target:	1,769 registered sites in 2007–08.
Result: Indicator met.	
As at 30 June 2008, 1,963 sites were registered under the Hearing Services Program. This was an increase of 14.59% from 2006–07.	

Indicator:	Clients benefit from the Hearing Services Program.
Measured by:	The number of clients that access services, including clients eligible through the new expanded access measures, available under the Hearing Services Program.
Reference Point/ Target:	545,000 clients receive services in 2007–08.
Result: Indicator substantially met.	
A total of 498,555 clients received services through the program in 2007–08. This compares with 480,728 in 2006–07, a 3.7% increase on last year.	

Indicator:	Maintenance or increase in the proportion of fitted clients who use their device/s for 5 or more hours per day.
Measured by:	Annual Office of Hearing Services client survey.
Reference Point/ Target:	56% of clients use their devices for 5 or more hours per day.
Result: Indicator met.	
The results of the 2008 Client Survey found that 60.4% of fitted voucher clients (estimated at 263,456 clients) used their device for more than 5 hours per day. This measure indicates the proportion of fitted clients who gain a significant benefit from their devices.	

Indicator:	Timely issuing of vouchers to eligible clients.
Measured by:	Application processing statistics.
Reference Point/ Target:	On average, eligible clients are issued with a voucher within 14 days from receipt of a completed application.
Result: Indicator not met.	
Eligible clients were issued a voucher within an average of 14.8 working days from receipt of their correctly completed application. This is a 0.31% decrease on the previous year. Issuing vouchers within the Client Service Charter timeframe of 14 working days was a challenge this year. 54.6% of vouchers issued did not meet the target timeframe. Some of the delays in the issuing of vouchers can be attributed to the increase in demand for the Hearing Services Program. Drivers for this increase include an increased number of people becoming eligible due to the Australian Government's higher assets threshold for the Pensioner Concession Card. In 2007–08, 245,432 vouchers were issued to clients. This is a 32,055 increase on the previous year, which equates to a 15% increase. Of the total vouchers issued, 97,683 were to new clients.	

Performance Information for Outcome 7 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator substantially met.	
During 2007–08, the Department commissioned four research projects to identify gaps in knowledge that inhibit the implementation of effective hearing loss prevention programs. These projects will report over the next three years.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator substantially met.	
The actual expenses for the Australian Government Hearing Services Program were 3.37% less than budgeted figures. This is due to the demand driven nature of the program.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through surveys, forums, meetings and invitation for written feedback.
Reference Point/ Target:	Opportunities for a broad range of stakeholders to participate in program development. Examples include committee meetings and surveys.

Result: Indicator met.

The Department consulted with clients, service providers, manufacturers, Australian Hearing and the Hearing Services Consultative Committee in relation to service provider contracts, rehabilitation standards, device specifications, professional qualifications and the Hearing Services Program. Avenues of consultation included:

- two Hearing Services Consultative Committee meetings;
- a formal invitation to comment on proposed changes to the Hearing Services Program, issued to all contracted service providers and practitioners;
- frequent consultations with industry peak bodies on a variety of issues impacting on the Hearing Services Program;
- a formal consultation process with consumers; and
- the 2008 Client Satisfaction Survey.

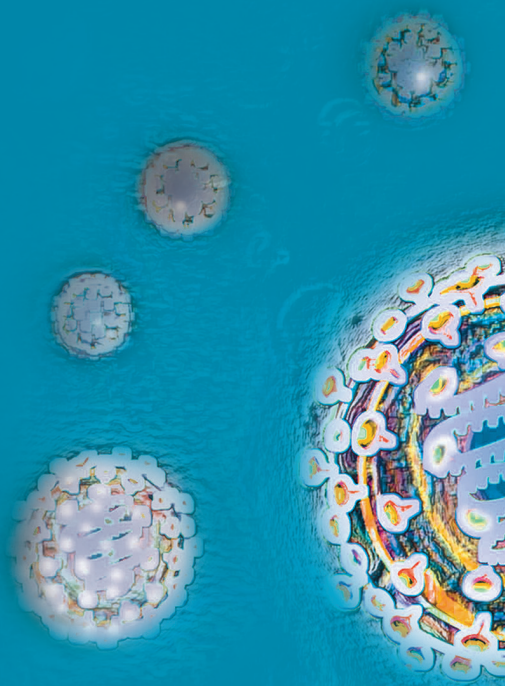
Indicator:	Quality of service provision and compliance with legislation by accredited providers is routinely monitored.
Measured by:	Audit activity statistics.
Reference Point/ Target:	20% of accredited hearing service providers and 20% of qualified practitioners will be reviewed each year.

Result: Indicator substantially met.

In 2007–08, 26% of hearing service providers and 32% of qualified practitioners were reviewed.

Outcome 7 – Financial Resources Summary

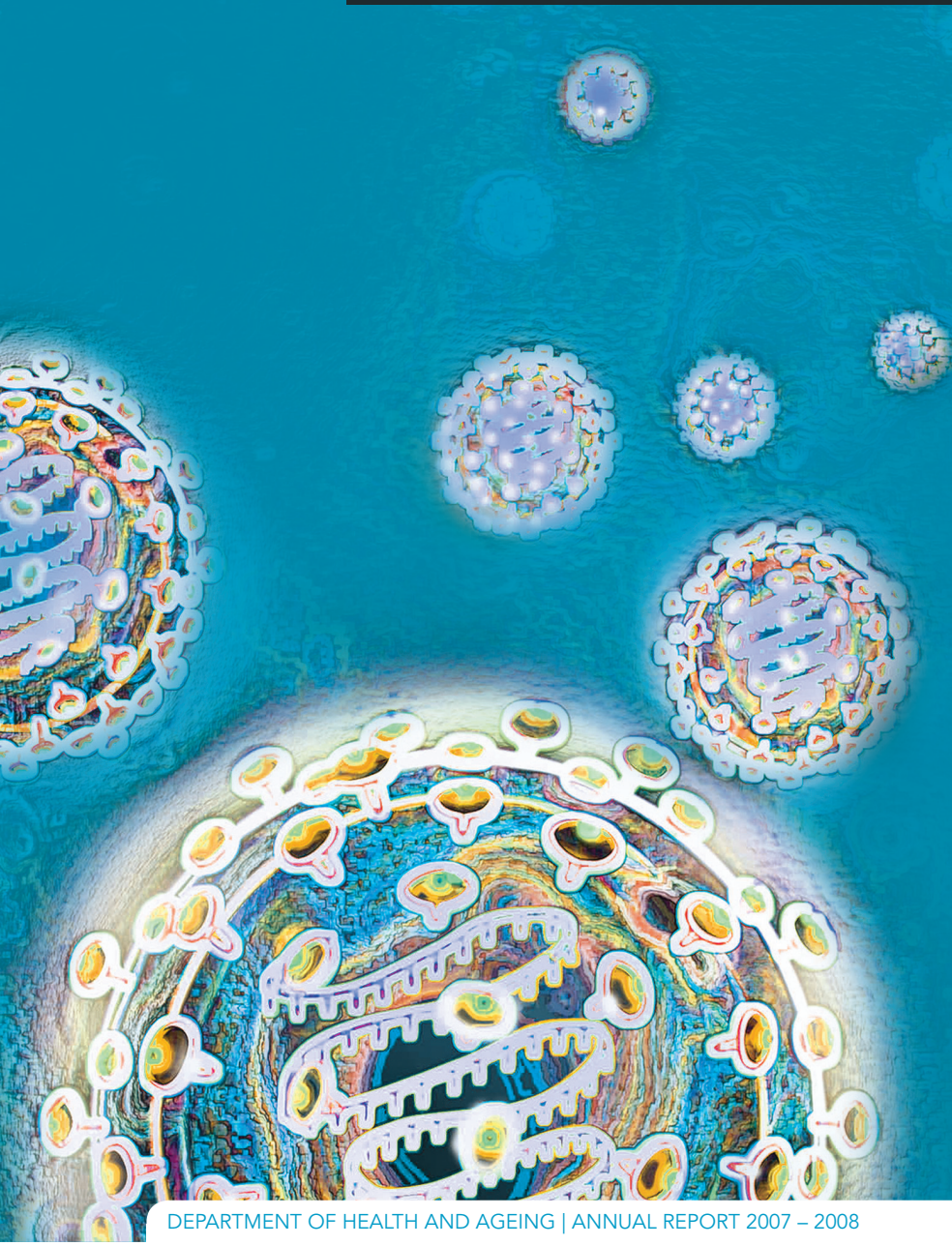
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 7.1: Hearing Services				
Appropriation Bill 1/3/5	285,911	286,227	316	311,999
Total Administered Expenses	**285,911**	**286,227**	**316**	**311,999**
Departmental Appropriations				
Output Group 1 – Policy Advice	2,332	2,367	35	2,222
Output Group 2 – Program Management	7,940	8,061	121	7,565
Total price of departmental outputs *(Total revenue from Government & other sources)*	**10,272**	**10,428**	**156**	**9,787**
Total revenue from Government (appropriations) contributing to price of departmental outputs	10,086	10,233	147	9,596
Total revenue from other sources	186	195	9	191
Total price of departmental outputs *(Total revenue from Government & other sources)*	**10,272**	**10,428**	**156**	**9,787**
Total estimated resourcing for Outcome 7 *(Total price of outputs & administered expenses)*	**296,183**	**296,655**	**472**	**321,786**
Average Staffing Level (Number)				
Department	82	81	(1)	79



OUTCOME 08

Indigenous Health

Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs



OUTCOME 08

Indigenous Health

Outcome 8 aims to ensure that Aboriginal and Torres Islander people have access to essential care, services and programs that improve their health and life expectancy.

To help achieve this in 2007–08, the Department managed programs under Outcome 8 which aimed to provide high quality, coordinated, primary health care. A focus in 2007–08 was also on the social and emotional wellbeing of Aboriginal and Torres Strait Islander people, promoting healthy activities and reducing substance misuse. In addition, the Department worked to improve the health of Indigenous children and families through the whole-of-government Northern Territory Emergency Response.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 8 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

Outcome 8 was managed in 2007–08 by the Office for Aboriginal and Torres Strait Islander Health and the Department's State and Territory Offices. Other program areas across the Department also contributed to this outcome.

Major Achievements

- Improved access to child and maternal health services, including antenatal care and child health and development checks, through funding to five Mothers and Babies Services.
- Provided child health checks and commenced the delivery of follow-up care to 9,454 Indigenous children under 16 years of age in remote communities in the Northern Territory.
- Shared and acknowledged successes in quality health care service delivery through the Budgeri Booroody Excellence in Aboriginal and Torres Strait Islander Health Conference, and the presentation of the inaugural National Excellence Awards in Aboriginal and Torres Strait Islander Health.
- Increased access to low aromatic fuel in regional and remote Aboriginal communities through the rollout of *Opal* to 13 additional sites, bringing the total number of sites to 117.
- The Link Up and Bringing Them Home programs saw an injection of $15.7 million, as a result of the Government's commitment to 1,000 Stolen Generation Reunions. In 2007–08, the Department worked closely with the eleven Link Up Services to assist with the expansion of these services, and to place new caseworkers.

Challenges

- Providing child health check follow-up services to all children who had received a child health check in 2007–08 under the Northern Territory Emergency Response was not possible due to delays in resolving complex land access issues, securing the required infrastructure, and workforce constraints.
- The number of Aboriginal and Torres Strait Islander health organisations with issues of serious concern to the Department continued to reduce in 2007–08. As a result of significant additional support from the Department, as at June 2008, only 7 per cent of Aboriginal and Torres Strait Islander health organisations funded by the Department were rated to be of extreme risk. Support was in the form of business and clinical management expertise, to improve governance and management and ensure continued service delivery.

Key Strategic Directions for 2007–08 – Major Activities

Improved Access to, and the Responsiveness of, Mainstream Health Systems

In 2007–08, the Department worked to implement the key findings of a national review that identified barriers in Aboriginal and Torres Strait Islander access to Medicare funded health services and the Pharmaceutical Benefits Scheme.

In particular, the Department established a two-year project to improve the health outcomes of Aboriginal and Torres Strait Islander peoples who attend project-participating Aboriginal Community Controlled Health Services in rural and urban areas. The project provides structured support for Quality Use of Medicines in Aboriginal Community Controlled Health Services, via community pharmacy, through the implementation of service level Quality of Use Medicines work plans. It aims to improve access to Pharmaceutical Benefits Scheme medicines through trialling interventions that address cultural, transport and financial barriers to access. The project will operate until March 2010.

The Department also worked towards improving access to responsive, mainstream health systems through the delivery of Aboriginal and Torres Strait Islander health workforce initiatives. Achievements for this year are discussed in the Outcome 12 – Health Workforce Capacity chapter.

Urban Brokerage Services

Urban brokerage services provide Aboriginal and Torres Strait Islander people in urban or regional areas with an identifiable and accessible entry point to the health care system, to increase their choice of, and access to, culturally appropriate mainstream health services.

During the year, the Department funded the Canning Division of General Practice Limited (in partnership with the Derbarl Yerrigan Health Service Incorporated), to become the second urban brokerage service under the Improving Indigenous Access to Health Care Services initiative. This brokerage service will provide the link between mainstream health care providers and the Aboriginal and Torres Strait Islander people in metropolitan Perth.

The Department will undertake another funding round in 2008–09 to select the three remaining brokerage services under this initiative.

Better Access to, and Quality of, Aboriginal and Torres Strait Islander Specific Health and Substance Use Services

Health@Home Plus

Extensive international and local evidence has established that nurse-led home visiting programs for mothers and babies are an effective way to improve outcomes for vulnerable and disadvantaged children.

In 2007–08, the Department commenced implementation of the Health@Home Plus initiative – a nurse-led home visiting program for Aboriginal and Torres Strait Islander babies and their mothers. The Department negotiated a license to use the internationally-recognised Nurse Family Partnership home visiting model and supporting materials for this program in Australia. The Department also provided funding for the first three home visiting sites in Alice Springs, Cairns and Melbourne. Home visiting services will commence in these sites during 2008–09.

New Directions – Mothers and Babies Services

A major achievement was the provision of funding through the New Directions: An Equal Start in Life for Indigenous Children initiative to five new Mothers and Babies Services which will provide Aboriginal and Torres Strait Islander children and their mothers with access to antenatal care, standard information about baby care, and practical advice. Mothers will receive parenting assistance through the initiative, while children will benefit by having their developmental milestones monitored by a primary health care service. They will also have their hearing, sight and speech tested before starting school. Up to 15 new Mothers and Babies Services will be established in areas of high need during 2008–09 with further services considered each year.

Services of Concern

During the year, the Department continued to work with services rated as high or extreme risk. Assistance was provided with financial, management and governance issues through the provision of professional support by financial administrators and health management advisors. Further assistance was provided to organisations in the areas of governance training and support, organisational and service delivery reviews and funding for regional state and territory workshops on governance and financial and risk management.

Tackling Substance Use

The Department increased the number of Aboriginal and Torres Strait Islander substance use services funded under the substance use program from 70 to 93. Of these, 46 were Aboriginal and Torres Strait Islander specific substance use services (including 30 providing residential care), and 46 received funding as part of Indigenous primary health care services. The remaining service was a state peak body for drug and alcohol services. The Aboriginal and Torres Strait Islander Substance Use Program supports the delivery of culturally appropriate treatment and rehabilitation programs to Indigenous communities across Australia through recurrent funding to service providers. The program aims to improve access to substance use services by Aboriginal and Torres Strait Islander people in urban, regional and remote Australia.

The Department also continued the Addressing Violence and Child Abuse in Indigenous Communities: drug and alcohol treatment and rehabilitation services for Indigenous Australians in remote and regional areas initiative, with funding agreements for new and expanded drug and alcohol services being signed in Western Australia, Queensland, the Northern Territory, New South Wales and South Australia.

Renal and Related Support Services

In the Northern Territory, Aboriginal and Torres Strait Islander people have an incidence rate of treated end stage renal disease 17 times higher than that for non-Indigenous Australians. In response, the Department continued to work collaboratively with the Northern Territory Government and other stakeholders, to improve access to renal and related support services for Aboriginal and Torres Islander people from remote communities. As part of this activity, the Department provided funding for six relocatable dialysis facilities to help renal patients to undertake self-care dialysis in their home communities. In addition, the Department commenced implementation of phase one of the Australian Government's commitment announced in the 2008–09

Budget to improve access to renal services for remote communities in the Northern Territory. This will increase community based infrastructure for self-care dialysis, create additional renal health promotion resources, and establish an evidence base to inform the development of innovative service delivery options for phase two of the initiative.

Northern Territory Emergency Response

A major achievement was the implementation of the Improving Child and Family Health initiative which delivered child health checks to 9,454 Indigenous children under 16 years of age in remote Northern Territory communities; and commencing some follow-up services. While a number of children were able to benefit from follow-up services, securing the required infrastructure and workforce to deliver this care was a challenge. Land access issues for additional clinic and staff infrastructure were complex. The Department provided assistance to local health service providers to expedite resolution of these issues. The Australian Government has committed an additional $13.6 million in 2008–09 to continue the delivery of follow-up services to ensure that all Indigenous children receive the follow-up health services identified as required through the child health checks.

The Department also delivered a package of initiatives to assist Indigenous people dealing with the effects of alcohol withdrawal after the introduction of alcohol bans. This included the provision of dedicated alcohol treatment hospital beds and specialist clinical teams at Katherine and Tennant Creek hospitals, additional capacity for substance use treatment services, and expansion of the alcohol and other drug workforce in primary health care and substance use services. In addition, the Department funded the Northern Territory Government to develop and implement a mobile outreach service model that extends their current regionally delivered Sexual Assault Referral Centre services into remote communities. Aboriginal children and families will benefit from culturally safe professional sexual assault counselling, support and education services delivered within their own communities.

Social Health Programs

The Department continued to fund a range of programs to reconnect families and provide social and emotional wellbeing and mental health services and workplace support to Aboriginal and Torres Strait Islander people. These include the Bringing Them Home Counsellors, Mental Health Services, Social and Emotional Wellbeing Regional Centres and the Link Up Program.

In 2007–08, the Department worked closely with eleven Link Up services to assist with the expansion of these services, and to place ten new caseworkers. In addition, two new mental health worker positions were established in Aboriginal and Torres Strait Islander medical services.

Enhanced Service Delivery and Health Outcomes for Aboriginal and Torres Strait Islander People

Capacity and Infrastructure Support

Efforts were made during the year to help strengthen the Indigenous health sector's capacity. Through a range of activities, the Department provided funding for 89 additional workers – including 42 health workers (six general practitioners, six nurses, three Aboriginal and Torres Strait Islander health workers and 27 allied health professionals) and 47 other service and support positions (including practice managers and administrative officers).

In addition, the Department managed funding for capital works projects to construct, upgrade and maintain health clinics, substance use facilities and staff housing, particularly in rural and remote areas. In 2007–08, 28 new capital works projects were completed. This included ten health staff houses and 18 new or upgraded health facilities in rural and remote areas.

National Excellence Awards

A major achievement was the delivery by the Department of the Budgeri Booroody Excellence in Aboriginal and Torres Strait Islander Health Conference.

The conference, which was convened by the Department in consultation with key stakeholders in the Indigenous primary health care sector provided a forum for over 350 participants from the Aboriginal and Torres Strait Islander health sector to share stories on successes in quality health care service delivery. The inaugural National Excellence Awards in Aboriginal and Torres Strait Islander Health encouraged improved quality of service delivery by recognising individuals and organisations that had made outstanding contributions to the quality of health care provided to Aboriginal and Torres Strait Islander people.

Quality and Accreditation

The Department focused on ensuring that the quality and effectiveness of all primary health care services provided by Aboriginal and Torres Strait Islander community controlled health organisations are equivalent to that generally available within the Australian health care system. The Department also established the Indigenous Health Service Accreditation Advisory Committee to investigate the readiness of community controlled health services to achieve accreditation against mainstream safety and quality frameworks, and to provide advice to government on practical support to achieve such quality assurance.

Petrol Sniffing Prevention

During 2007–08, the Department worked with other Australian Government agencies, State Governments, the fuel industry and local communities to continue the implementation of the Petrol Sniffing Prevention Strategy. The Department took the lead in rolling out *Opal* fuel (providing fuel suppliers with low aromatic fuel), developing communication strategies and increasing access to treatment and rehabilitation services in the designated regions. A major achievement was the introduction of *Opal* fuel to an additional 13 sites, expanding the total number of sites receiving the low aromatic fuel to 117. The Department also collected data on the prevalence of petrol sniffing in 74 remote Indigenous communities and formulated a set of indicators which it will use as a minimum data set in monitoring petrol sniffing prevalence and effects.

Performance Information for Outcome 8 Administered Programs

Administered Funding – Indigenous Health Program	
8.1 Aboriginal and Torres Strait Islander Health	
Indicator:	Increased episodes of primary health care for Aboriginal and Torres Strait Islander people.
Measured by:	Number of episodes of primary health care provided.
Reference Point/ Target:	At least 1.6 million episodes of primary health care provided.
Result: Indicator met.	
In 2006–07, Aboriginal and Torres Strait Islander primary health care services provided an estimated 1.65 million episodes of care. This was a slight decrease from an estimated 1.68 million in 2005–06. It should be borne in mind that episodes of health care are often estimated by service staff and the estimation method adopted in each case may change from one year to the next. Of the 1.65 million episodes of care provided, over 1.4 million were provided to Aboriginal and Torres Strait Islander people. Data for 2007–08 is expected to be available in June 2009 and will be published at <www.health.gov.au>.	

Indicator:	Demonstrated access to culturally appropriate social and emotional wellbeing and mental health services.
Measured by:	Number of client contacts.
Reference Point/ Target:	At least 90,000 client contacts with social and emotional wellbeing staff.
Result: Indicator met.	
In 2006–07, there were approximately 120,000 client contacts with social and emotional wellbeing staff or psychiatrists within Aboriginal and Torres Strait Islander primary health care services. The 2007–08 data is expected to be available in June 2009 and will be published at <www.health.gov.au>. These client contacts do not include contacts with other staff, such as doctors or Aboriginal and Torres Strait Islander health workers that are not designated as social and emotional wellbeing staff. It is therefore an underestimate of access to culturally appropriate social and emotional wellbeing and mental health services within these services.	

Indicator:	Purchase/construction/refurbishment of clinics for the provision of primary health care services to Indigenous communities, including remote areas.
Measured by:	Purchase/construction/refurbishment of clinics through the capital works program, including remote areas.
Reference Point/ Target:	At least 18 clinics purchased/constructed/refurbished.
Result: Indicator met.	
Eighteen clinic redevelopments/improvements were completed, with nine in very remote areas and one in a remote area.	

Indicator:	Provision of accommodation for health professionals providing primary health care services to Indigenous communities, including remote areas.
Measured by:	Purchase/construction/refurbishment of housing for health professionals through the capital works program, including remote areas.
Reference Point/ Target:	At least 10 houses purchased/constructed/refurbished.
Result: Indicator met.	
Ten houses/duplexes for health professional staff were completed, with eight in very remote areas and the remaining two in remote areas.	

Indicator:	Increase in the number of Aboriginal and Torres Strait Islander people studying in health-related disciplines.
Measured by:	Scholarships awarded to Aboriginal and Torres Strait Islander students through the Puggy Hunter Memorial Scholarship Scheme.
Reference Point/ Target:	At least 70 Aboriginal and Torres Strait Islander students receive scholarships.

Result: Indicator met.

At the commencement of the 2008 academic year (February 2008), there were a total of 215 full-time equivalent places available in the Puggy Hunter Memorial Scholarship Scheme, an increase of 70 full-time equivalent places from those available in 2007. The 215 places were awarded to 221 students, including 107 full-time equivalent places awarded to new recipients. Scholarship recipients are studying in the fields of Aboriginal Health Work, allied health, enrolled and registered nursing, health management, medicine and mental health.

Indicator:	Uptake of the Healthy for Life initiative.
Measured by:	Number of Healthy for Life sites established.
Reference Point/ Target:	At least 80 Healthy for Life services established through over 50 sites by the end of 2007–08.

Result: Indicator met.

The Healthy for Life program has largely achieved the national benchmarks that were established when the program commenced:

- over 83 primary health care services participated in the program through 53 sites;
- 79% of primary health care services funded through Healthy for Life were located in regional and remote areas; and
- over 30 services were in areas with little or no Australian Government provided health service.

Indicator:	Increased number of communities being supplied with *Opal* fuel.
Measured by:	The number of new communities supplied.
Reference Point/ Target:	At least 75 communities using *Opal* fuel by the end of 2007–08.

Result: Indicator met.

Opal fuel was supplied to 117 sites (82 remote Aboriginal communities, 32 service stations and roadhouses, and three pastoral properties). This includes the rollout of the fuel to an additional 13 sites in 2007–08.

Indicator:	Completion of child health checks for children less than 16 years in areas prescribed under the Northern Territory Emergency Response in 2007–08.
Measured by:	The number of child health checks completed.
Reference Point/ Target:	At least 9,000 child health checks completed.
Note: This performance indicator was introduced in the *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.	
Result: Indicator met.	
In 2007–08, 9,454 child health checks were provided to Indigenous children under 16 years of age in the prescribed areas under the Northern Territory Emergency Response. In addition, during this period, it is estimated that a further 2,000 children received health checks from their usual health care provider which were funded through the Medicare Benefits Schedule.	

Performance Information for Outcome 8 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	

The Department commissioned the *Burden of Disease and Injury in Aboriginal and Torres Strait Islander Peoples Report* 2003, which was published by the University of Queensland in October 2007 online and distributed in 500 hard copies to researchers and policy makers. The study is a comprehensive assessment of how the burden of disease and injury affects Indigenous Australians. The report quantifies the contribution of specific diseases and key health risk factors to Indigenous health outcomes, and highlights the main differences between Indigenous Australians and the total population. These findings build on existing knowledge of the poor state of Indigenous health and will assist priority setting in Indigenous health policy.

The Department also provided funding to key institutions to support research to build the evidence base and inform policy and program initiatives. In particular, the Cooperative Research Centre for Aboriginal Health and *Onemda*, VicHealth Koori Health Unit at Melbourne University. The Department met regularly with chief investigators within these institutions and also received annual reports. Both organisations also published research findings and materials widely in hard copy and through the internet to ensure widespread 'research transfer' to communities and stakeholders to inform practice and policy decisions.

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Actual expenses varied from budget by 4.04%. This was due primarily to delays associated with establishing the infrastructure and workforce to implement new measures, lower than expected uptake of *Opal* fuel and slippage in capital works projects due to land tenure and leasing issues, workforce shortages and protracted negotiations regarding contractual arrangements.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development through consultative bodies and processes including the National Aboriginal and Torres Strait Islander Health Council and all jurisdictional Health Forums.
Result: Indicator met.	
The National Aboriginal and Torres Strait Islander Health Council and the jurisdictional Health Forums have meeting schedules set out on a calendar year basis. The National Aboriginal and Torres Strait Islander Health Council had three meetings during the reporting period, culminating in the conclusion of the National Aboriginal and Torres Strait Islander Health Council term on 30 June 2008. During the reporting period the jurisdictional Health Forums met at least three times.	

Evaluation

Evaluation of the Aboriginal and Torres Strait Islander Health Workforce National Strategic Framework 2002–2007	
Commencement Date:	30/07/08
End Date:	The completion of this evaluation has been delayed to ensure broad consultation and stakeholder engagement. It is expected that the evaluation will be completed by the end of 2008.
Related Key Strategic Directions:	Improved Access to, and the Responsiveness of, Mainstream Health Systems; and Better Access to, and Quality of, Aboriginal and Torres Strait Islander Specific Health and Substance Use Services.

Other Performance Improvement Initiatives

Quality Care in Indigenous Health Services	
Commencement Date:	18/09/07
End Date:	31/10/08
Related Key Strategic Direction:	Enhanced Service Delivery and Health Outcomes for Aboriginal and Torres Strait Islander People.

Aboriginal and Torres Strait Islander Health Performance Framework	
Commencement Date:	30/06/03
End Date:	Reports against this framework are produced on an ongoing basis every two years.
Related Key Strategic Direction:	Enhanced Service Delivery and Health Outcomes for Aboriginal and Torres Strait Islander People.
Web Address for Published Results:	<www.health.gov.au>

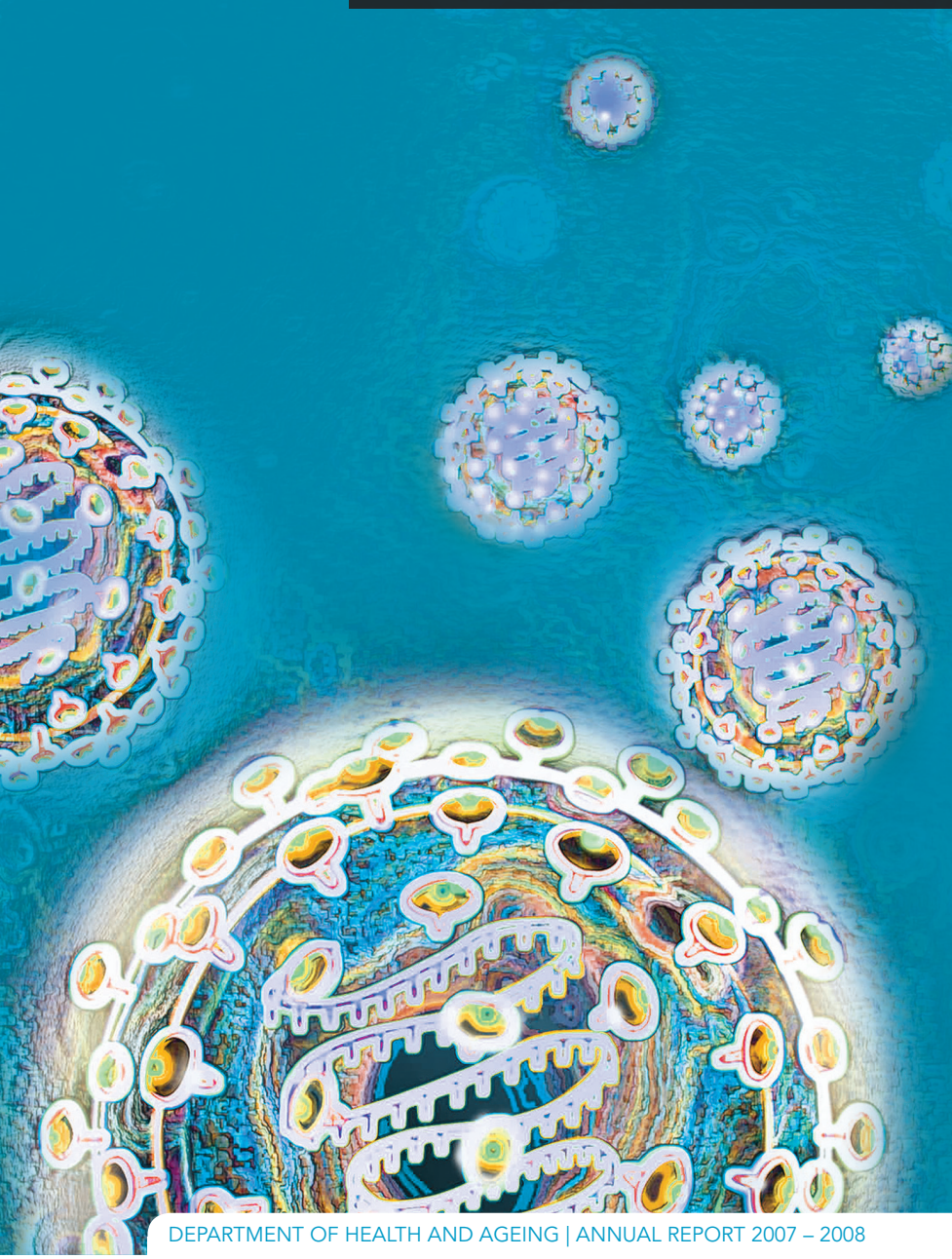
Outcome 8 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 8.1: Aboriginal and Torres Strait Islander Health				
Appropriation Bill 1/3/5	491,824	471,963	(19,861)	531,776
Total Administered Expenses	**491,824**	**471,963**	**(19,861)**	**531,776**
Departmental Appropriations				
Output Group 1 – Policy Advice	23,878	23,977	99	21,663
Output Group 2 – Program Management	42,448	42,795	347	38,512
Total price of departmental outputs *(Total revenue from Government & other sources)*	**66,326**	**66,772**	**446**	**60,175**
Total revenue from Government (appropriations) contributing to price of departmental outputs	65,058	65,440	382	58,900
Total revenue from other sources	1,268	1,332	64	1,275
Total price of departmental outputs *(Total revenue from Government & other sources)*	**66,326**	**66,772**	**446**	**60,175**
Total estimated resourcing for Outcome 8 *(Total price of outputs & administered expenses)*	**558,150**	**538,735**	**(19,415)**	**591,951**
Average Staffing Level (Number) Department	486	483	(3)	414

OUTCOME 09

Private Health

A viable private health industry to improve the choice of health services for Australians



OUTCOME 09

Private Health

Outcome 9 is focused on providing the community with access to cost-effective, quality private health care services, and improving people's choice in services covered by private health insurance.

To achieve this in 2007–08, the Department managed the funding for private health insurance rebates to individuals and families, which helped reduce the cost of premiums and made private health insurance more affordable. Insurers were also encouraged to offer cover for a broader range of services that can be delivered outside hospital settings.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 9 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

The Acute Care Division was responsible for Outcome 9 in 2007–08.

Major Achievements

- Reviewed all products to ensure compliance with the *Private Health Insurance Act 2007* so the Private Health Insurance Administration Council could re-register all 38 private health insurers.
- 'Declared' 1,308 facilities for private health insurance purposes to continue the facilities' eligibility for private health insurance, Medicare benefits arrangements and the Pharmaceutical Benefits Scheme.
- Improved the safety and quality of privately insurable health services through the development of the Private Health Insurance (Accreditation) Rules 2008.
- Reviewed prostheses funding arrangements and refined the groups of prostheses to improve equity for prostheses suppliers and help keep costs down.

Challenges

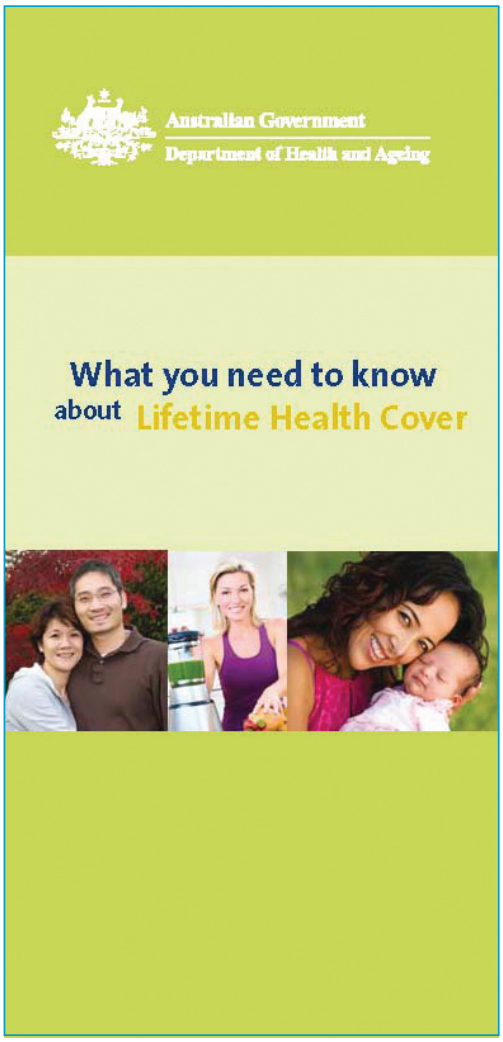
- The private health insurance industry was slower than expected in offering cover for services provided outside hospital settings.
- The grouping of similar prostheses to ensure payment of similar benefits was progressed but not finalised, resulting in the continuation of this work into 2008–09.

Key Strategic Directions for 2007–08 – Major Activities

Ensuring Industry Compliance with Governing Legislation

All private health insurers were required to be compliant with the *Private Health Insurance Act 2007* (the Act) by 1 July 2008. The Department reviewed all 38 health insurers fund rules to ensure they were compliant with the Act. This was a collaborative effort between the Department, insurers and the Private Health Insurance Administration Council; as a result all private health insurers were re-registered in time. The new legislation required assessment of insurers and their products and allows the private health sector to evolve in line with contemporary clinical practice and consumer expectations.

The Department also worked closely with State and Territory Governments and private hospitals to ensure that consumers had continued access through private health insurance to the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme, by declaring a total of 1,308 facilities (768 public hospitals and 540 private hospitals) under the *Private Health Insurance (Transitional Provisions and Consequential Amendments) Act 2007*.



Encouraging Insurers to Develop Products Offering Broader Health Care Services

The Department worked throughout the year with the private health insurance industry, health care providers, public sector service providers and consumer groups to encourage private health insurers to expand their products to cover a broader range of health services provided outside the hospital setting. The aim is to prevent illness and hospitalisation, where possible, and reduce private health insurance costs, while also providing consumers with greater choice in clinically appropriate treatment settings. Examples are programs that prevent and manage chronic disease and treatments that can be safely provided in patients' homes, which could include chemotherapy and dialysis.

The majority of health insurers have been responsive in expanding their products to cover preventative programs. Expansion of products to cover other broader health cover services has occurred more slowly, due in part to the need for insurers and service providers to form new commercial arrangements.
In order to monitor the uptake of broader health cover products into the future, the Department commenced the development of data collection arrangements with health insurers and health care providers.

Ensuring Privately Insured Services are Safe and High Quality

A major achievement for the Department was the finalisation of the Private Health Insurance (Accreditation) Rules 2008, through extensive consultation with private health insurers and health care providers. The rules set requirements for treatment covered by private health insurance, to ensure that consumers receive safe, high quality treatment.

The rules reflect existing standards for providers in the public health sector. Other providers, such as complementary therapists, for whom standards are not currently set by Medicare or regulated by a centralised body are required, under the rules, to be a member of a national, professional association that: assesses a provider's qualifications; administers a continuing professional development scheme; and enforces a code of conduct and disciplinary procedure for members. These requirements are consistent with the ongoing work of the Australian Commission on Safety and Quality in Health Care.

Improved Consumer Understanding of Private Health Insurance

During 2007–08, the Department continued the private health insurance communication campaign that began in 2006–07, to increase

consumer awareness about the introduction of private health insurance reforms. The campaign included television, radio and internet advertising. Post-campaign evaluation indicated that community awareness of private health insurance reforms was significantly enhanced as a result of the campaign (14 per cent awareness prior to the campaign, 53 per cent following). The Department also provided funding to the Consumers' Health Forum to facilitate consumer consultation on private health insurance reforms.

Other activities included informing 107,317 new migrants and 181,899 uninsured people approaching 31 years of age about private health insurance Lifetime Health Cover, via a direct mail-out conducted by Medicare Australia from 2 June 2008; and arranging for the accompanying Lifetime Health Cover brochure to be translated into 19 community languages. This was subsequently distributed to Migrant Resource Centres around Australia; and made available online at <www.health.gov.au>, <www.medicareaustralia.gov.au> and at <www.privatehealth.gov.au>.

The Department provided ongoing support to the Private Health Insurance Ombudsman for the maintenance of the abovementioned <www.privatehealth.gov.au> website, which provides standard information to allow consumers to compare private health insurance policies. The Private Patients' Hospital Charter was also translated into 19 community languages to help consumers understand their rights and responsibilities as a private patient and what they can expect from their doctor(s), hospital and health insurer. The charter is available on the Department's website at <www.health.gov.au>.

Promotion of Informed Financial Consent

Informed financial consent encourages openness between doctors and their patients about fees for medical care and procedures, so the patient is aware ahead of time of the medical fee they have to pay, as well as what they can expect to recoup from any private health insurance.

During 2007–08, the Department worked with a range of stakeholders to promote informed financial consent in advance of treatment for private patients. For example, the Department worked with the Consumers' Health Forum which facilitated a National Consumer and Stakeholder Forum on 22-23 May 2008 on this issue amonst others. A consumer survey commissioned by the Department, conducted from July to August 2007 to measure the rate of informed financial consent, found that the proportion of consumers facing a surprise 'gap' (out-of-pocket expense) as part of an episode of hospital treatment has not changed significantly since 2006. The Department will explore a range of options in 2008–09 to achieve a sustained improvement in the rate of informed financial consent for privately insured medical and hospital services.

The Department also continued to work closely with the Australian Medical Association to increase the incidence of informed financial consent obtained by medical specialists with limited patient contact. The outcomes of this work included an online informed financial consent training package for anaesthetists, workshops for practice managers around Australia, and the establishment of an Australian Diagnostic Imaging Association informed financial consent website (accessible at <www.adiaifc.com.au>).

Enhanced Arrangements for Funding Prostheses

The Department undertook an independent review of prostheses arrangements in accordance with the *National Health Amendment (Prostheses) Act 2005* during the year. Tabled in Parliament on 15 October 2007, the review found that while the overarching prostheses arrangements that were introduced in 2005 worked well, there were a number of ways in which the arrangements might be further improved.

The Department has continued with work to refine clinical groups of prostheses to ensure that similar benefits are payable for like products with similar clinical outcomes. This included developing clinical groups for over 5,000 products that did not previously fit into established groups. The Department will continue this work until all prostheses listed are appropriately grouped.

The Department worked with industry to develop two Prostheses Lists which took effect in December 2007 and July 2008, and were cost recovered under arrangements introduced on 1 April 2007. Prostheses lists are legislative lists of more than 9,000 prosthetic devices for which private health insurers are required to pay minimum benefits. The July 2008 Prostheses List contains 9,571 prostheses, an increase from 9,436 for the December 2007 Prostheses List.

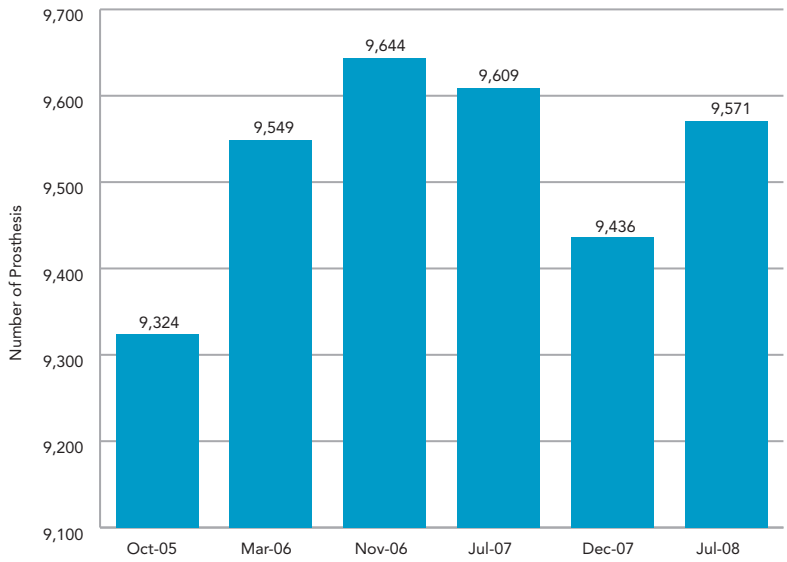
In addition, the Department managed a funding agreement with the Australian Orthopaedic Association for the National Joint Replacement Registry, which collects data on hip and knee replacements, and provides the best available evidence about the effectiveness of prostheses in the Australian clinical setting. This year saw the expansion of the registry to include data for joint replacement prostheses such as ankle, shoulder, wrist and spinal disc replacement.

Support for New Risk Equalisation Arrangements

During 2007–08, the Department worked closely with the Private Health Insurance Administration Council to monitor the implementation and impact of the new risk equalisation arrangements introduced on 1 April 2007.

The new risk equalisation arrangements are designed to provide greater support for community rating. The arrangements will do this by allowing insurers to better spread their risk by widening the ages for which contributions to the age based pool are made (down from 65 years to 55 years with different percentages allocated to each age grouping); and through the introduction of a High Cost Claims Pool with funds pooling benefits for members greater than $50,000 in a year.

Figure 2.3.9.1: The Number of Prostheses Listed Between October 2005 and July 2008



Source: Department of Health and Ageing, Prosthesis Database.

Performance Information for Outcome 9 Administered Programs

Administered Funding – Private Health Program	
9.1 Private Health Insurance	
Indicator:	Maintain the number of people covered by private health insurance – hospital cover.
Measured by:	Percentage of people covered by health insurance remaining stable.
Reference Point/ Target:	People covered (43.4% of Australians had private hospital cover in December 2006), compared to 43.0% in December 2005.
Result: Indicator met.	
In June 2008, 9.5 million (44.7%) people had private health insurance for hospital treatment compared with 9.1 million (43.5%) in June 2007. This is an increase of 1.2 percentage points from June 2007.	

Indicator:	Increase in the proportion of in-hospital episodes delivered to private patients in public and private hospitals.
Measured by:	Proportion of episodes covered by health insurance increased from the previous financial year.
Reference Point/ Target:	Increased proportion compared with 35% in 2004–05.
Result: Indicator met.	
The proportion of in-hospital episodes delivered to private patients in public and private hospitals in 2006–07 was 35.9%, compared with 34.8% in 2004–05 and 34.8% in 2005–06. This is the latest available data. Figures for 2007–08 will not be available until May 2009.	

Performance Information for Outcome 9 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
The Department provided high quality and timely evidence-based research and analysis on the operation of the new private health insurance legislative regime and reported to the Minister. The research and analysis were used to make improvements to private health insurance, including through changes to the *Private Health Insurance Act 2007* and the associated private health insurance rules.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Actual expense varied 2.6% from budgeted expense. Expenditure on private health insurance rebates is demand driven. The overspend in 2007–08 is due to the increase in participation being higher than estimates which were based on historical trends.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participated in program development through workshops, conferences and meetings with industry.
Result: Indicator met.	
The Private Health Insurance Administration Council, the Private Health Insurance Ombudsman and State and Territory Governments were consulted on the amendments made to the Private Health Insurance Rules and in the development of the *Health Insurance Legislation Amendment Act 2007*. The review of the prostheses arrangements involved stakeholder consultation with 49 written submissions from the private health industry. Ninety people took part in face-to-face consultations. Insurers, service providers and the states and territories were consulted in the finalisation of the Private Health Insurance (Accreditation) Rules 2008. All public and private hospitals and state and territory health departments were consulted in the process for declaration of hospitals.	

Major Review

Review of the Arrangements Underpinning the Development of the Prosthesis List	
Commencement Date:	06/07/07
End Date:	15/10/07
Related Key Strategic Direction:	Enhanced Arrangements for Funding Prostheses.
Web Address for Published Results:	<www.health.gov.au>

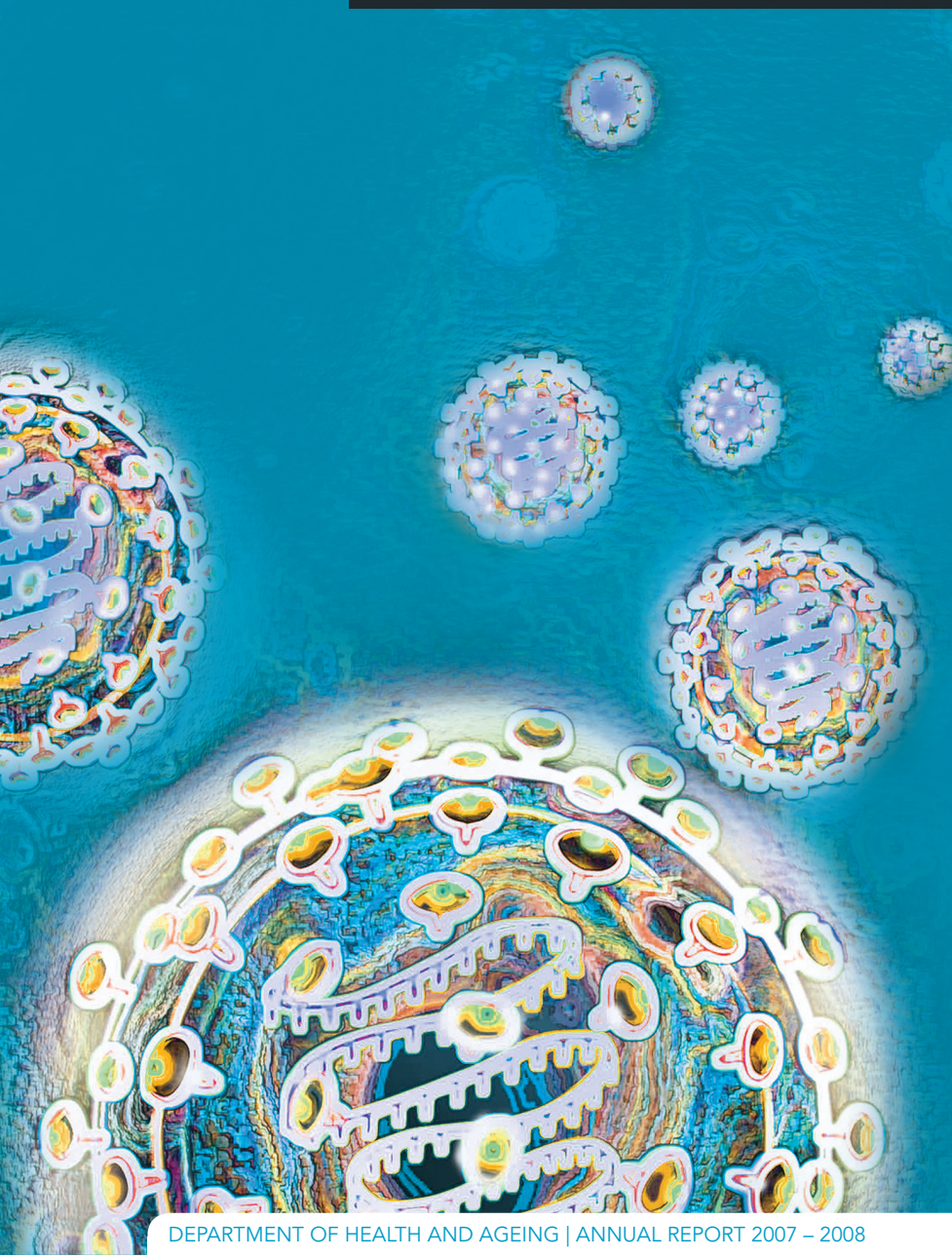
Outcome 9 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 9.1: Private Health Insurance				
Private Health Insurance Incentives Act 1998	3,541,073	3,632,452	91,379	–
Private Health Insurance Act 2007	–	–	–	3,432,886
Total Special Appropriations	**3,541,073**	**3,632,452**	**91,379**	**3,432,886**
Appropriation Bill 1/3/5	10,839	10,732	(107)	13,104
	3,551,912	**3,643,184**	**91,272**	**3,445,990**
Total Administered Expenses	**3,551,912**	**3,643,184**	**91,272**	**3,445,990**
Departmental Appropriations				
Output Group 1 – Policy Advice	10,884	10,868	(16)	10,816
Output Group 2 – Program Management	2,454	2,450	(4)	2,439
Total price of departmental outputs *(Total revenue from Government & other sources)*	**13,338**	**13,318**	**(20)**	**13,255**
Total revenue from Government (appropriations) contributing to price of departmental outputs	10,655	10,690	35	10,567
Total revenue from other sources	2,683	2,628	(55)	2,688
Total price of departmental outputs *(Total revenue from Government & other sources)*	**13,338**	**13,318**	**(20)**	**13,255**
Total estimated resourcing for Outcome 9 *(Total price of outputs & administered expenses)*	**3,565,250**	**3,656,502**	**91,252**	**3,459,245**
Average Staffing Level (Number) Department	78	74	(4)	73

OUTCOME 10

Health System Capacity and Quality

The capacity and quality of the health care system meets the needs of Australians



OUTCOME 10

Health System Capacity and Quality

Outcome 10 aims to improve the capacity, coordination and quality of the Australian health system.

To help achieve this in 2007–08, the Department managed programs under Outcome 10 aimed at providing high quality health infrastructure to improve the prevention, early detection and management of chronic diseases, such as diabetes or cancer, and providing help for those living with cancer and their carers. The Department also delivered initiatives to improve access to the best available support and care for the terminally ill.

The Department focused on improving e-Health infrastructure, strengthening the inter-jurisdictional coordination of e-Health development and improving the quality and safety of the health system. The Department also engaged in international policy to help improve the quality and capacity of the Australian system, and supported medical research to ensure Australia's research institutions maintain their competitive edge.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 10 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

Outcome 10 was managed in 2007–08 by the Population Health Division, Portfolio Strategies Division, Primary and Ambulatory Care Division and the Regulatory Policy and Governance Division.

Major Achievements

- Supported people with a terminal illness, their families and carers by providing a one-stop shop of palliative care information and practical resources through the CareSearch: Palliative Care Knowledge Network.
- Contributed to a raised awareness of best practice care in diabetes management, through the finalisation of the *Guidelines for the Management of Diabetic Retinopathy*. The Department also helped improve the community's knowledge and understanding of diabetes by supporting the development and publication of the Australian Institute of Health and Welfare report: *Diabetes: Australian Facts 2008*.
- Advanced the development of the first phase of electronic prescribing through initial deployments in aged care and community settings.
- Facilitated, through joint funding with the Northern Territory Government, a Shared Electronic Health Record now available for 25,000 residents of the Northern Territory.

Key Strategic Directions for 2007–08 – Major Activities

Better Access to, and Quality of, Palliative Care for People with a Terminal Illness

Improving Palliative Care and Support in the Community

It has been estimated that terminal illness affects around half a million Australians as patients, carers, family members or friends every year. Palliatve care maintains quality of life for these people, by addressing their distinctly different physical, psychological and spiritual needs. Community involvement helps improve the choice of services available. The Department has worked to implement and support a number of initiatives through the National Palliative Care Program, to improve palliative care and support in the community.

A major achievement in 2007–08 was the launch of the new look CareSearch: Palliative Care Knowledge Network. Accessible at <www.caresearch.com.au>, the website provides a one-stop shop of information for the terminally ill, carers and families, as well as health professionals and researchers. It contains links to other resources and covers sensitive issues, such as what to say to someone who has found out they are dying, and what to do after a death.

Working closely with State and Territory Governments, which provide most palliative care, the Department continued to manage the National Palliative Care Program, to improve access to quality palliative care and to ensure that Australian Government activities were complementary. Funding was provided to 58 applicants for fit outs, equipment and transition to home support under the Local Palliative Care Grants Program. This initiative helps local groups, church and charitable hospices and aged care providers to provide better support to people requiring palliative care and their families.

The Department also provided patients with a method for discussing and recording their choices about their health care. The Respecting Patient Choices model of advance care planning encourages people to appoint a guardian or enduring power of attorney, and to record an advance oral or written instruction about their future medical care in the event that they become unable to communicate.

Collaborative Palliative Care Initiatives

The Department continued to fund a consortium of four universities (led by the Centre for Health Services Development, University of Wollongong) to form the Palliative Care Outcomes Collaboration. The collaboration worked with palliative care services to develop measures that will allow them to assess and compare the quality of services provided, and the outcomes achieved. The project operated with the cooperation of state and territory health departments. Since its inception in 2005, the Palliative Care Outcomes Collaboration has gained the strong support of palliative care services, with 50 per cent of specialist palliative care services having committed to join the collaboration.

The coming year will see the Department support the Flinders University of South Australia to establish the Palliative Care Clinical Studies Collaborative. The data collected from these trials may allow relevant medicines used in palliative care to be registered on the Australian Register of Therapeutic Goods and ultimately result in the medicines being listed through the Pharmaceutical Benefits Scheme. The project will build the research capacity of the palliative care sector, subjecting medicines to randomised controlled trials.

Support for Health Professionals

The Department supported the Program of Experience in the Palliative Approach to provide palliative care workplace training and workshops for health care professionals, including nurses, allied health professionals, Aboriginal health workers, general practitioners and other medical practitioners. The program specifically encouraged health care professionals in rural and remote areas to apply. Between July 2007 and June 2008, 61 workshops were completed involving 1,773 participants. A total of 2,611 participants were trained in 119 workshops between 2003 and 2008.

Table 2.3.10.1: Number of Health Care Professionals Undertaking Palliative Care Workplace Training 2003–08

Jurisdiction	Workshops Delivered	Total Number of Workshop Participants
Australian Capital Territory	9	219
New South Wales	11	489
Northern Territory	15	250
Queensland	3	115
South Australia	17	217
Tasmania	28	288
Victoria	27	887
Western Australia	9	146
Total	**119**	**2,611**

Source: Program of Experience in the Palliative Approach. Information and Application Kit 2007–2010. Department of Health and Ageing, 2007.

Improved Management and Self-Management of Chronic Disease

Asthma Awareness and Support

A focus was on implementing initiatives to reduce the impact of asthma and to improve health professionals' knowledge and practical skills, through the Asthma Management Program 2005–06 to 2008–09. A partnership between the Department and the National Asthma Council Australia saw the training of up to 5,600 health professionals via education workshops and a satellite broadcast.

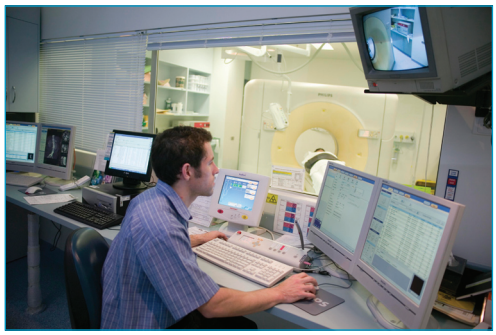
Collaboration between the Department and the Asthma Foundations supported the training of more than 30,000 teachers nationally, and the recognition of more than 3,500 schools as Asthma Friendly. Teachers learned to develop safe, healthy and supportive environments for students with asthma, and trained in responding to an asthma incident. They were also provided with the tools to increase students and parents' awareness of asthma, and to help students with asthma to improve their self-management skills.

The effect of these and other initiatives will be considered in an evaluation of the Asthma Management Program in 2008–09, with the findings to inform future directions in national asthma programs from 2009–10.

Management of Acute Stroke Diabetes and Type 1 Diabetes

The Department undertook several initiatives during the year to improve the detection and management of prominent chronic diseases, and to raise awareness of best practice care. A major achievement was the revision and updating of clinical guidelines for the management of diabetic retinopathy and acute stroke. Support was provided to the Australian Institute of Health and Welfare to produce *Diabetes: Australian Facts 2008*, a concise summary of the latest data and trends relating to diabetes in Australia. The Department also managed funding agreements with the National Stroke Foundation to consult with stroke survivors and carers to develop a stroke support strategy.

In addition, the Department continued to fund research to improve the prevention and treatment of diabetes. Research focused on Islet Cell Transplantation in an effort to better treat type 1 diabetes.



Reduced Burden of Cancer, and Support for Australians Living with Cancer

The Department worked collaboratively with Cancer Australia on initiatives to reduce the burden of cancer and improve support for Australians living with cancer. The Department also administered funding to the National Breast and Ovarian Cancer Centre to improve approaches to the early detection and management of breast and ovarian cancer, and to Breast Cancer Network Australia, to produce and distribute resources for women diagnosed with breast cancer.

The National Breast and Ovarian Cancer Centre also received funding to review and monitor evidence of best practice in breast and ovarian cancer control and management of lymphoedema. The centre also produced and disseminated information for consumers, including *Cancer – how are you travelling?: understanding the emotional and social impact of cancer* and *Lymphoedema: what you need to know* booklets.

In 2008–09, the Department will support research into better ways of detecting prostate cancer, and contribute to the establishment of a range of cancer centres and networks throughout Australia to improve care for patients and their families. The Department will also administer funding for the recruitment, training and employment of 30 new breast cancer nurses nationwide.

Promotion of Improved Patient Safety

While Australia's health care system provides high quality services, health care is becoming more complex, with increased knowledge and new technologies. As a result, occasionally, something goes wrong, and a patient is unexpectedly harmed.

In 2007–08, the Department sought to improve the safety and quality of the nation's health services by working with the Australian Commission on Safety and Quality in Health Care (of which the Secretary of the Department, Ms Jane Halton PSM, is a Commissioner). The commission is responsible for providing robust advice to Commonwealth, state and territory health ministers, to inform the collaborative development of national safety and quality strategies.

The Department supported the commission through representation on a number of committees, as well as by providing input to its work program. The Department also identified issues, recommended policy directions and provided strategic advice to the Minister for Health and Ageing in relation to the national safety and quality initiatives that the commission is leading. This included the endorsement of recommendations for the implementation of reforms to safety and quality accreditation health care services. The Department will be working with the commission in the first stage of implementation of accreditation reforms which will be reported to Health Ministers at the end of 2009.

The Department also endorsed the commission's implementation of an Open Disclosure standard which provides a framework for open discussion of incidents that result in harm to patients while receiving health care. The commission will be conducting ongoing monitoring of the effectiveness of implementation of the standard and reporting on this to Health Ministers at the end of 2009.

The Department will work with State and Territory Governments and other stakeholders in 2008–09, to develop a more strategic approach to maternity services. The Department will also review Medicare benefits arrangements for midwives.

Supported Improvements in Clinical Practice and Decision-making through e-Health

Electronic health information (e-Health) systems that securely and efficiently exchange clinical and administrative information can have many benefits for both health care providers and patients. For example, e-Health can provide a clinician with access to the most up-to-date clinical information, as well as a consenting patient's shared health records. This in turn facilitates sound decision-making and better care for the patient. e-Health can also allow for speedy electronic referrals, which can be of real benefit to patients, particularly for those living in rural areas where distance may be an issue.

National Standards and the National e-Health Strategy

During 2007–08, the Department oversaw the development of national standards to ensure compatibility of e-Health systems across the broader health system. In part, this was achieved by providing funding for 50 per cent of the operating and project costs of the National e-Health Transition Authority – a not-for-profit company established by the Australian and State and Territory Governments to develop safe ways of electronically collecting and exchanging health information.

The Department saw success in the development of individual and provider identifiers, standardised clinical terminologies and secure messaging standards. In addition, the Department worked closely with the National e-Health Transition Authority on the development of targeted packages to support the implementation of electronic discharge, specialist referral and pathology clinical services.

Furthermore, the Department contributed to the development of the National e-Health Strategy through the National e-Health Information Principal Committee. When the strategy is implemented it will allow significantly greater inter-jurisdictional and national coordination of e-Health policy direction.

Electronic Prescribing

The Department collaborated with state and territory health departments to harmonise regulations that will enable electronic prescribing (ePrescribing); and undertook extensive stakeholder consultation to develop implementation options for ePrescribing and the dispensing of medicines. A major achievement was an ePrescribing trial in the Northern Territory, in a community pharmacy and aged care setting, which will see prescriptions generated by a general practitioner sent securely in electronic form to a local pharmacist. This should relieve problems for patients and general practitioners in an aged care facility caused by misplaced prescriptions and delays in mailing or faxing scripts. Results from phase one of the trial are expected in October 2008. Future phases may be rolled out in stages depending on trial outcomes following evaluation.

Shared Health Records

Another highlight of the year was a collaborative effort with the Northern Territory Government, which resulted in a Shared Electronic Health Record becoming available for 25,000 residents of the Northern Territory. With patient consent, a Shared Electronic Health Record allows information about a patient's medication, test results, diagnoses and allergies to be available to participating health care providers such as hospitals,

health centres, general practitioners and Aboriginal Medical Services. This can improve patient outcomes, particularly in emergency situations for individuals who change general practitioners or use multiple health services, as it allows secure access to up-to-date medical information.

The Department will continue to work with the states and territories, professional groups and consumers to address the aspects of e-Health requiring national leadership and coordination. The challenges facing this activity relate to the complexity and pace of technology development, and the willingness of the health sector to embrace it. The Department will manage these issues through consultation strategies and the ongoing involvement of stakeholders.

Performance Information for Outcome 10 Administered Programs

Administered Funding – Health System Capacity and Quality Programs	
Including: 10.1 Chronic Diseases – Treatment; 10.2 e-Health Implementation; 10.3 Health Information; 10.4 International Policy Engagement; 10.5 Palliative Care and Community Awareness; and 10.6 Research Capacity.	
Indicator:	Initiatives that prevent type 2 diabetes, modify the prevalence of type 2 diabetes risk factors, and improve management of diabetes.
Measured by:	Initiatives will be assessed against the Health Priority Areas – National Diabetes Indicators.
Reference Point/ Target:	Continued programs and initiatives to prevent type 2 diabetes, modify the prevalence of type 2 diabetes risk factors or improve management of diabetes.
Result: Indicator met.	
The Department funded the Ballarat Health Services and the University of Ballarat to engage Diabetes Prevention Pilot Initiative participants to identify strategies to reinforce previous learning and embed positive health behaviours. This work aims to prevent diabetes and reduce risk factors for diabetes and associated complications. The Department also established a National Centre for Monitoring Chronic Kidney Disease at the Australian Institute of Health and Welfare to increase awareness and understanding of kidney disease, and inform the improved management of kidney disease in an effort to reduce diabetes complications. The Department continues to invest in good datasets to monitor chronic diseases.	

Indicator:	Diagnosis, treatment and support of people with cancer and their families.
Measured by:	Programs and initiatives for improved diagnosis, treatment and support of cancer patients and their families.
Reference Point/ Target:	Lessened impact of cancer for Australians through programs and initiatives.
Result: Indicator substantially met.	

The Department, in collaboration with Cancer Australia, administered elements of the Strengthening Cancer Care initiative to improve the coordination of the national cancer effort; to provide increased research funding for cancer care; and to enhance cancer prevention and screening programs. The Department, through funding of the National Breast and Ovarian Cancer Centre to improve approaches to the early detection and management of breast and ovarian cancer, and funding of the Breast Cancer Network Australia, to produce and distribute resources for women diagnosed with breast cancer, provided better support and treatment for those living with cancer and increased support for the professionals who care for cancer patients.

To increase the number of, and access to, services able to provide quality care for palliative patients both in an in-patient setting and during their transition to home, the fourth round of Local Palliative Care Grants focused on fit out and equipment and transition to home support. Fifty-eight organisations received funding of up to $100,000. The projects are scheduled for completion by April 2009.

Indicator:	Key stakeholders use electronic clinical communications to improve quality and safety in health care.
Measured by:	Use of electronic clinical communications by key stakeholders.
Reference Point/ Target:	Increased use of electronic communications by key stakeholders in the health sector for electronic prescribing.

Result: Indicator met.

Key stakeholders in the health sector, such as general practitioners, and pathology and radiology service providers, used more than 300 million clinical communications in 2007–08. These communications included specialist referrals, hospital discharge summaries, prescriptions and reports such as pathology and diagnostic imaging. While a large proportion of clinical communications were produced in electronic form, a small but growing number of these were machine-readable, enabling enhanced decision support by clinicians.

Indicator:	Improved quality of, and access to, online health information and Australian Government health policy by medical professionals and the Australian public.
Measured by:	Quality online health information is made available through the Health*Insite* program.
Reference Point/ Target:	Improved access and quality information.

Result: Indicator met.

In 2007–08, there were over 16,000 information items on the websites of 84 Information Partners accessible to users of Health*Insite*, compared with over 14,000 items in 2006–07. Health*Insite* Information Partners are authorative health organisations that have gone through a quality assessment process to ensure that their sites are of the highest standard and provide reliable and relevant information.

There was a 29% growth in the use of Health*Insite* from 2007 to 2008, compared with 18% from 2006 to 2007. During this time Health*Insite* demonstrated a 99.9% measured availability.

On average approximately 15,000 unique users per day visited the Health*Insite* website during 2007–08 (accessible at <www.healthinsite.gov.au>).

Indicator:	Establishment of managed health networks with the capacity to support secure electronic messaging and shared health records.
Measured by:	Level of access to improved connectivity, shared information and digital applications.
Reference Point/ Target:	Managed health networks developed to support health care providers.

Result: Indicator met.

The Department administered funding for 38 grants to establish managed health networks which provide improved connectivity, shared information and access to digital applications as follows:

- 20 Seeding Grants – aimed at the development of a business case for future e-Health activity;
- 10 Development Grants – to develop infrastructure which established a managed health communications network, or extended an existing network; and
- eight Application Service Provider Grants – innovation grants for development of products which added value to new or existing health networks.

Indicator:	Australian Government investment in the National e-Health Transition Authority (NEHTA) contributes to the development of nationally consistent e-Health standards and basic infrastructure.
Measured by:	Timely and quality contributions to NEHTA during the development of priority e-Health initiatives.
Reference Point/ Target:	Timely input to NEHTA programs and ensure NEHTA work is delivered within agreed timeframes.

Result: Indicator met.

The Department ensured timely and high quality input to National e-Health Transition Authority programs by actively contributing to the Stakeholder Reference Forum and the National Health Chief Information Officers Forum.

The Department contributed to the development of nationally consistent e-Health standards and basic infrastructure through the National e-Health Transition Authority, Jurisdictional Reference Group and other National e-Health Transition Authority Project Reference Groups. This support ensures the alignment of e-Health standards and infrastructure development. It also impacts across jurisdictions and facilitates the progress of:

- the Individual Electronic Health Record project;
- the Australian Catalogue of Medicines project; and
- Council of Australian Governments e-Health initiatives including the Clinical Terminologies, Healthcare Provider Identifier and Individual Healthcare Identifier projects.

Indicator:	Effective international health policy engagement.
Measured by:	Feedback from international organisations.
Reference Point/ Target:	Domestic health policy informed by international experience. Australian contribution to health policy and programs in our region acknowledged.
Result: Indicator met.	
In accordance with Australia's domestic priorities, the Department continued to have significant input into decisions (for example, avian influenza virus sharing and public health innovation and intellectual property) made by global organisations, such as the World Health Organization and the Organisation for Economic Co-operation and Development, in international health policy. The feedback the Department received from these organisations assisted in the development of domestic health policy such as avian virus sharing. The Department continued to strengthen its engagement in the region by taking a prominent role in the management of the Pacific Senior Health Officials' Network and chairing the new APEC Health Working Group on 12-13 February 2008. Several APEC Economies have sought Australia's support to sponsor their project proposal.	

Indicator:	Effective management of Memorandum of Understanding arrangements with the World Health Organization.
Measured by:	Timeliness of contributions.
Reference Point/ Target:	Contributions made as per arranged agreements.
Result: Indicator met.	
The Department made all payments on time and in accordance with Memorandum of Understanding arrangements.	

Indicator:	Support for Australia's health and medical research.
Measured by:	Implemented funding initiatives that enhance health and medical research capacity.
Reference Point/ Target:	Contributions made as per arranged agreements.
Result: Indicator met.	
In 2007–08, the Department distributed $11.5 million to 24 medical research organisations for a range of medical research activities aimed at improving the health and well being of Australians.	

Performance Information for Outcome 10 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
In 2007–08, the Department provided additional funding to the National Breast and Ovarian Cancer Centre to improve the care and support of cancer patients affected by lymphoedema. As part of the funding, the centre undertook an evidence base review on the incidence, prevention, risk factors and treatment of secondary lymphoedema, to inform the development of evidence-based education and information programs for health professionals and consumers.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
There were underspends in a number of Outcome 10 programs which resulted in a -9.9% variance from budgeted expenses.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development through consultation mechanisms, and submissions on departmental discussion papers.
Result: Indicator met.	
Palliative Care Australia was an active participant in the Palliative Care Medicines Working Group, which provided advice to the Department on palliative care medicines. The organisation, in concert with other stakeholders, provided useful input into the development of a more targeted approach to consumer information on access to, and quality use of palliative care medicines.	

Evaluations

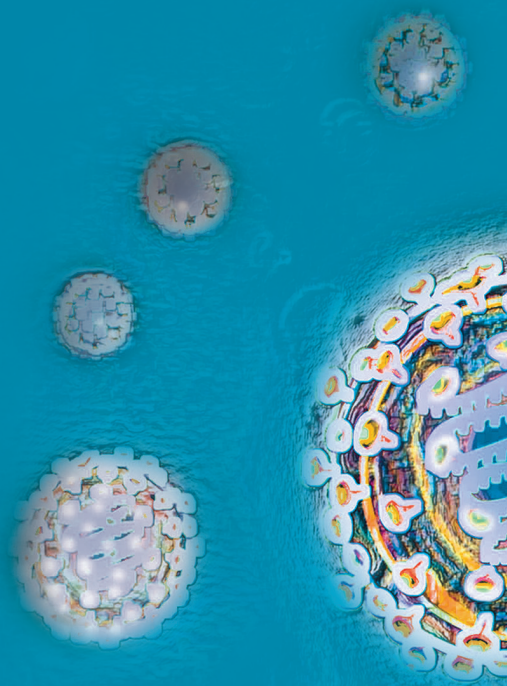
Strengthening Cancer Care Initiative	
Commencement Date:	The evaluation of the Strengthening Cancer Care Initiative was delayed.
End Date:	Not applicable.
Related Key Strategic Direction/ Performance Indicator:	Reduced Burden of Cancer, and Support for Australians Living with Cancer. Diagnosis, treatment and support of people with cancer and their families.

Better Arthritis and Osteoporosis Care Initiative	
Commencement date:	The umbrella evaluation of the Better Arthritis and Osteoporosis Care Initiative has been postponed to 2009.
End date:	June 2010.
Related Performance Indicator:	Relevant and timely evidence-based policy research. Stakeholders to participate in program development.

Outcome 10 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 10.1: Chronic Disease Treatment				
Appropriation Bill 1/3/5	17,017	16,383	(634)	37,140
	17,017	**16,383**	**(634)**	**37,140**
Program 10.2: E–Health Implementation				
Appropriation Bill 1/3/5	53,779	42,559	(11,220)	49,713
	53,779	**42,559**	**(11,220)**	**49,713**
Program 10.3: Health Information				
Appropriation Bill 1/3/5	7,694	7,696	2	7,850
	7,694	**7,696**	**2**	**7,850**
Program 10.4: International Policy Engagement				
Appropriation Bill 1/3/5	10,576	10,424	(152)	11,575
	10,576	**10,424**	**(152)**	**11,575**
Program 10.5: Palliative Care and Community Assistance				
Health Care (Appropriation) Act 1998 – Australian Health Care Agreements – Provision of Designated Health Services (p)	2,931	2,752	(179)	2,987
Total Special Appropriations	**2,931**	**2,752**	**(179)**	**2,987**
Appropriation Bill 1/3/5	25,579	24,184	(1,395)	23,436
	28,510	**26,936**	**(1,574)**	**26,423**
Program 10.6: Research Capacity				
Appropriation Bill 1/3/5	27,555	26,745	(810)	27,846
	27,555	**26,745**	**(810)**	**27,846**
Total Administered Expenses	**145,131**	**130,743**	**(14,388)**	**160,547**
Departmental Appropriations				
Output Group 1 – Policy Advice	9,743	9,489	(254)	9,305
Output Group 2 – Program Management	15,176	14,604	(572)	14,493
Total price of departmental outputs *(Total revenue from Government & other sources)*	**24,919**	**24,093**	**(826)**	**23,798**
Total revenue from Government (appropriations) contributing to price of departmental outputs	24,262	23,422	(840)	23,139
Total revenue from other sources	657	671	14	659
Total price of departmental outputs *(Total revenue from Government & other sources)*	**24,919**	**24,093**	**(826)**	**23,798**
Total estimated resourcing for Outcome 10 *(Total price of outputs & administered expenses)*	**170,050**	**154,836**	**(15,214)**	**184,345**
Average Staffing Level (Number) Department	182	177	(5)	166

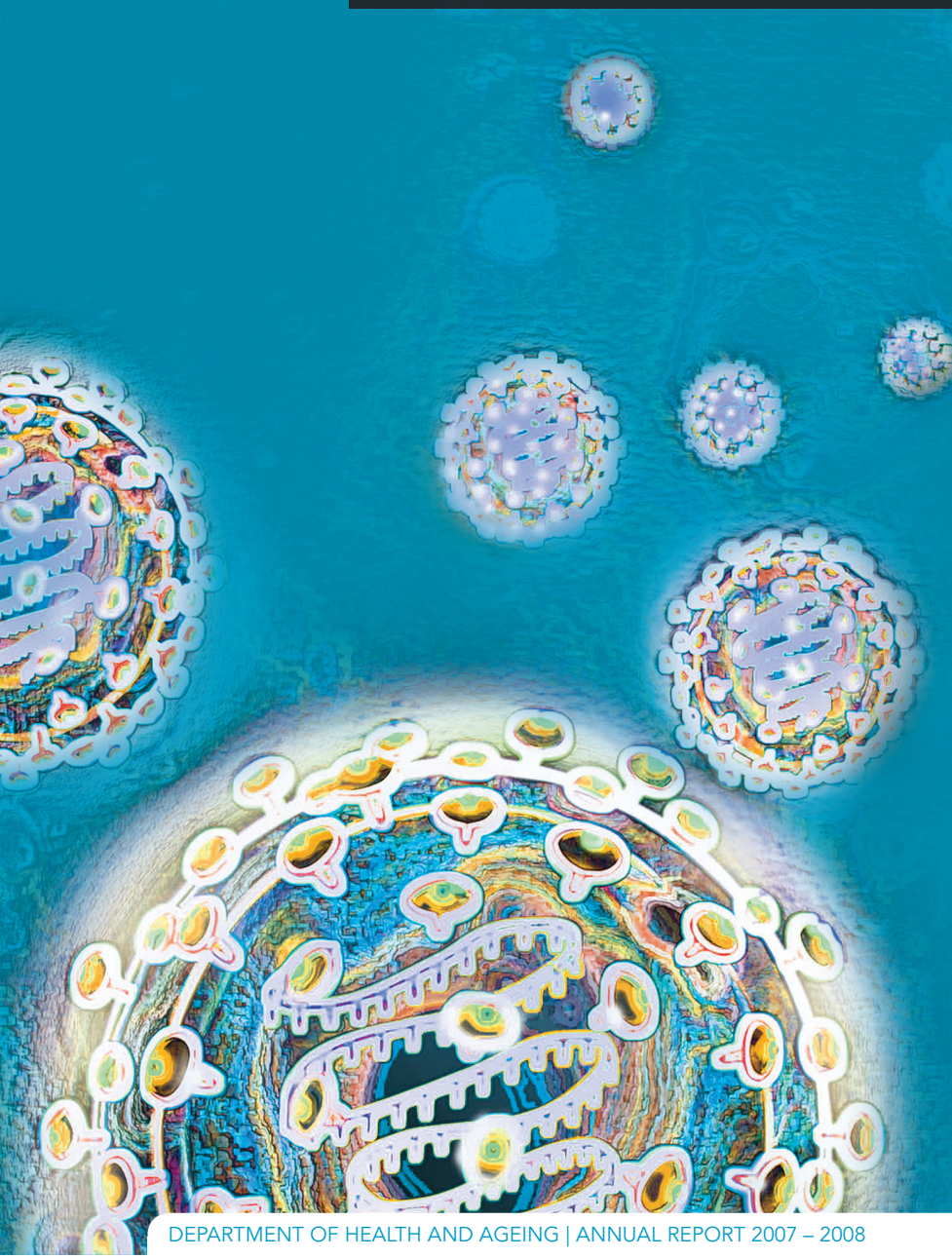
(p) = Part.



OUTCOME 11

Mental Health

Improved mental health care for all Australians



OUTCOME 11

Mental Health

Outcome 11 aims to enhance the capacity of the mental health system so people with a mental illness, their families and carers can receive the support they need. The outcome is also focused on reducing the prevalence, disability and impact of mental illness and suicide in the community.

In 2007–08, the Department worked towards achieving Outcome 11 by managing initiatives under the Commonwealth's contribution to the Council of Australian Governments Mental Health package; and supporting other mental health and wellbeing and suicide prevention activities.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 11 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

The Mental Health and Workforce Division was responsible for managing Outcome 11 in 2007–08.

Major Achievements

- Continued to support people with mental health problems, their families and carers, through telephone counselling and web-based support initiatives.
- Developed new flexible and innovative service models to improve the primary mental health care accessed by people living in rural and remote areas.
- Established 30 Communities of Youth Service platforms nationally through headspace, to provide young people with a place to go in their local area where they can receive help on issues such as mental health, accommodation, education, work, and drug and alcohol use.

Key Strategic Directions for 2007–08 – Major Activities

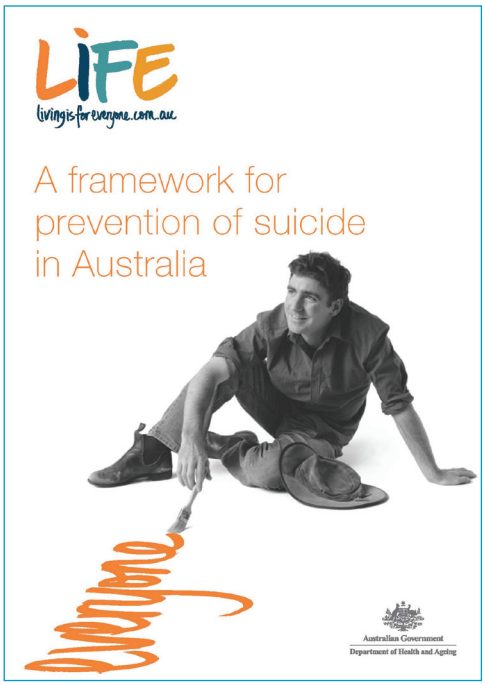
Improving Access to Mental Health Services and Reducing the Impact of Mental Illness in the Community

Throughout 2007–08, the Department worked with the states and territories to implement the Commonwealth's components of the Council of Australian Governments National Action Plan on Mental Health 2006–2011. The plan provides a framework for coordinated collaboration between government, private and non-government providers, to build a connected system of health care and community support for people affected by mental illness. Activities undertaken by the Department are discussed below.

Improved Access through Workforce Education

A focus was on equipping future health professionals with the skills and knowledge they will need, post graduation, to assess, manage and refer people with a mental illness. The Department implemented the Mental Health in Tertiary Curricula initiative to expand the mental health components of undergraduate health training. This involved providing funding to eight health profession accreditation bodies to review their undergraduate course accreditation requirements in relation to mental health content. This will lead to university course content being amended and updated at the time of university course accreditation.

To enhance nurses' mental health training, the Department also called for submissions from all Australian university nursing schools for grants to develop and implement mental health curriculum in pre-registration nursing degrees. The Department provided funding to 13 universities to ensure that nursing graduates have adequate skills and knowledge in mental health, regardless of where they choose to work within the nursing profession.



Capacity Building

The Department, through the Mental Health Council of Australia, provided $5.72 million as one-off grants to build the capacity of 209 non government community based organisations, to respond to the increased demand for their services as a result of increased investments in the sector. This was complemented by workshops on organisational capacity building held in each state and territory.

Telephone Counselling, Self Help and Web-based Support

Anonymous access to information, counselling and online self-help programs plays an important role in suicide prevention, crisis advice and referral to mental health practitioners. There is a heavy demand for anonymous counselling services across Australia.

A major achievement for the Department in 2007–08 was the delivery of new services that utilise the internet to help people with mental health problems, their families and carers. The Department supported the production of Inspire Foundation's Reach Out! website (accessible at <www.reachout.com.au>) which provides support and resources to help improve young people's understanding of mental health issues; and <depressioNet.com.au>, which provides information and peer support for people affected by depression. These services build upon other innovative online facilities, including the online cognitive behavioural treatment programs MoodGYM and E-couch provided by the Australian National University Centre for Mental Health Research.

The Department also provided funding to Lifeline Australia and Kids Helpline to continue with their valuable 24-hour telephone, and in the case of Kids Helpline online, counselling services.

Mental Health Support for Drought Affected Communities Initiative

The Department provided funding to 43 eligible rural and remote Divisions of General Practice to engage community support workers to provide community outreach and crisis counselling for individuals, families and communities in drought affected areas. These divisions were all supported through community awareness activities including resources for the community undertaken by beyondblue, and orientation and training workshops provided by the Australian General Practice Network.

Enhanced Access to Better, More Integrated Primary Mental Health Care

Better Outcomes in Mental Health Care Program

The Better Outcomes in Mental Health Care Program aims to improve community access to quality primary mental health care. Since the program's commencement in July 2001, 7,776 general practitioners have referred over 100,000 consumers to mental health services delivered by 2,665 allied health professionals.

The Department built on this success in 2007–08, by developing new, flexible and innovative models of mental health care to address service gaps and better meet the

needs of vulnerable populations. This major achievement included the start of a trial in 24 rural and remote Divisions of General Practice across New South Wales, Victoria, Queensland, South Australia, Western Australia, Northern Territory and Tasmania, which will test whether telephone-based cognitive behaviour therapy is an effective way to overcome barriers to accessing services in rural and remote areas. The Department also commenced reviewing and refocusing the Access to Allied Psychological Services initiative so that it better complements Medicare fee-for-service models such as the Better Access to Psychiatrists, Psychologists and General Practitioners initiative and addresses emerging needs. The ongoing review period for the Access to Allied Psychological Services initiative will conclude by 31 December 2008.

The Department provided funding of $4.37 million to two key projects to help the primary care and specialist mental health workforces to recognise and treat mental illness. The first developed and delivered information and orientation sessions through the Divisions of General Practice. Resources were developed by the Australian General Practice Network and the Australian Psychological Society. Around 50 divisions delivered training nationally to over 1,100 health professionals. The second project involved the development of a national multidisciplinary training package through the Mental Health Professionals Association. It produced an environment scan, an interdisciplinary training package and a related web portal. The association will deliver the training package over the next two years.

In addition, the Department commenced demonstration sites in 20 Divisions of General Practice across Australia to test models of providing better support to general practitioners to manage patients who have attempted suicide or self-harm, through referral to specialised allied psychological services. These referral pathways will allow people who have attempted suicide or self harm to get intensive allied psychological support for the 30 days following an attempt.

Better Access to Psychiatrists, Psychologists and General Practitioners through the Medicare Benefits Schedule

The Better Access to Psychiatrists, Psychologists and General Practitioners through the Medicare Benefits Schedule Initiative was developed as a major part of the Council of Australian Governments National Action Plan on Mental Health 2006–11. It is one of 13 initiatives being managed by the Department. The initiative is aimed at increasing access to better and more affordable care for people with a mental disorder. Since its commencement in November 2006, more than one million people have received Medicare rebates under the initiative, and total benefits paid have exceeded $450 million. More than 30,000 health professionals have delivered services, including more than 20,000 general practitioners; more than 12,500 clinical psychologists, registered psychologists, social workers and occupational therapists; and more than 1,500 psychiatrists.

To help improve recognition and treatment of mental illness, and to facilitate the implementation of the new Medicare mental health items, support was provided in 2007–08 for the training of general practitioners and other primary care professionals. The Department funded the development and delivery of a series of information and orientation sessions developed and delivered through the Divisions of General Practice. In addition, a national training package was developed for the primary care and specialist mental health workforces, to promote shared and collaborative referral and treatment strategies in local communities across Australia. This training package, delivered through the Mental Health Interdisciplinary Networks Project, included a set of interdisciplinary training resources which are to be delivered to around 24,000 mental health professionals through 1,200 workshops over the next two years.

Early Identification and Referrals to Appropriate Services

KidsMatter and MindMatters

During 2007–08, the Department continued to improve students, teachers, parents and carers' understanding of mental health issues through the KidsMatter and MindMatters initiatives in primary and secondary schools. The Department commenced the development of three complementary activities to strengthen existing KidsMatter initiatives. The new activities will include a mental health promotion, prevention and early intervention pilot in the early childhood sector; programs for parents whose children have early symptoms, or a diagnosis, of mental illness; and mental health pre-service training for early childhood and primary teachers and workers.

The number of primary schools participating in the KidsMatter pilot increased from 50 in 2006–07 to 101 in 2007–08. A total of 90,339 people and 2,527 schools have now been involved in MindMatters professional development training since the beginning of the initiative in 2000. This includes 1,608 government schools, 408 Catholic schools and 511 independent schools and represents over 83 per cent of schools with secondary enrolments across Australia.

Communities of Youth Services

Through the National Youth Mental Health Initiative, headspace provided funding to 30 sites across Australia to establish Communities of Youth Services. These sites have worked in an integrated way to provide a shopfront to a range of health care services including mental health and alcohol and drug services and social support services to young people aged 12 to 25. Approximately 5,000 young people were assisted to June 2008 with the first ten Communities of Youth Services sites established late in 2007.

Supporting National Suicide Prevention Activities to Reduce the Incidence of Suicide

The Department supported over 70 projects nationwide to help prevent suicide, with projects ranging from small, community-based approaches to national population-based initiatives such as the Schizophrenia Australia Foundation (SANE) Media Centre and StigmaWatch which promotes the accurate, respectful and sensitive depiction of mental illness and suicide. The Department also worked towards building the suicide prevention evidence base, by supporting various research projects with a number of Australian and international bodies, including the World Health Organization.

A highlight of 2007–08 was the publication of the revised *Living is for Everyone (LIFE): A framework for the prevention of suicide in Australia (2007)* suite of resources. The framework presents practical resources and fact sheets to assist in the development of suicide prevention interventions, and to provide the most current evidence and research. These resources are available at <www.livingisforeveryone.com.au>.

In 2008–09, the Department will support a new National Suicide Prevention Strategy work program that will provide additional psychological services for people who have attempted suicide or self-harm; and build the capacity of rural organisations to provide allied and nursing mental health services. The Department will also help Indigenous communities to provide culturally appropriate suicide prevention activities that are integrated with other social health programs; and support the development of bereavement response services for families and friends who have lost someone to suicide.

Improving the Participation of People with Severe Mental Illness in the Community

The Department worked with the Mental Health Council of Australia to establish a national advocacy register of mental health consumers and carers, and supported mentoring for ten mental health consumer and carer future leaders. The Department also managed 60 grants under the Support for Day to Day Living in the Community Program – an initiative that places people with severe and persistent mental illness in structured activities such as art and craft classes, gardening and discussion groups to improve their social participation and independent living skills. This program will provide 5,686 medium-support places and 1,282 drop-in places (totalling 6,968 places) in the period 2006–09. Between July 2007 and June 2008, over 5,600 clients accessed the program and over 2,240 places were provided.

Performance Information for Outcome 11 Administered Programs

Administered Funding – Mental Health Program	
11.1 Mental Health	
Indicator:	Better awareness, reduced stigma and improved access to services for people with depression, anxiety and related disorders.
Measured by:	Progress against outcomes identified in the Strategic Framework for Action: Opening our Eyes to Depression across Australia 2005–2010.
Reference Point/ Target:	Expanded scope of beyondblue programs for depression and anxiety through a range of strategies, training, public awareness and research.
Result: Indicator met.	
In 2007–08, the Department provided funding to beyondblue to complement State, Territory and philanthropic contributions to progress all key outcomes in the Strategic Framework for Action: Opening our eyes to depression across Australia 2005–2010. The Department was also represented as a Board member. Particular highlights included: • the production and dissemination of a range of new resources (a DVD on men and depression, and fact sheets – *Depression and Diabetes, Depression and Arthritis, Depression and Dementia* and *Grief, Loss and Depression*). These resources are available at <www.beyondblue.org.au>; • collaboration with Cancer Australia and the National Heart Foundation to provide $10 million to Australia's research community to expand the evidence base in depression, anxiety and comorbidity; and • the development of beyondblue's National Perinatal Mental Health Program.	

Indicator:	Improve access and service delivery for young people with mental health and drug and alcohol problems.
Measured by:	Numbers of headspace: National Youth Mental Health Foundation youth service models established.
Reference Point/ Target:	A minimum of 30 headspace: National Youth Mental Health Foundation youth service models established across Australia.

Result: Indicator met.
A major achievement was the establishment of 30 headspace National Youth Mental Health Foundation youth service models (Communities of Youth Service) nationally, 18 of which were in rural or remote locations. Round one grants were announced on 28 February 2007, establishing the first ten Communities of Youth Service. Round two grants were announced on 8 January 2008 to establish the next 20 Communities of Youth Service. These Communities of Youth Service will: • support holistic management of the mental health and substance use problems of young people; • improve access to appropriate services and ensure better links and coordination between services for young people in their local area; • bring together local youth mental health, drug and alcohol, primary care and education, training and support agencies; and • improve access to a range of services for young people and ensure better coordination between these services.

Indicator:	Mental health literacy interventions piloted in primary schools.
Measured by:	KidsMatter resources developed and implemented.
Reference Point/ Target:	KidsMatter resources implemented in at least 100 primary schools.
Result: Indicator met.	
The Department's KidsMatter partners are trialling professional learning frameworks and resources for mental health promotion, prevention and early intervention in 101 primary schools Australia wide. In addition, the pilot has been extended to four remote Aboriginal and Torres Strait Islander schools in the Tiwi Islands. Evaluation is ongoing with a final pilot evaluation report due in June 2009. The KidsMatter framework and materials promote social and emotional learning for students; parenting support and education; and early intervention for students experiencing mental health difficulties.	

Indicator:	People accessing information on mental health and crisis counselling.
Measured by:	Number of calls answered by telephone counselling services. Information available to the community.
Reference Point/ Target:	Increased number of calls answered by telephone counselling services from 2006. Increased availability of mental health resources on the internet from 2006.
Result: Indicator met.	

The Department increased the number of calls answered by phone counselling services and the availability of mental health information by providing:

- funding to Lifeline Australia to expand and improve phone counselling services, increasing call answer rates from 23% in December 2006 to 50% by a counsellor and 85% by call answer service in November 2007;
- funding to Kids Helpline to expand phone and web-based counselling services, effectively increasing call answer rates from 49% in December 2006 to 60% in May 2008;
- funding for web-based information and support services, including depressioNet (<www.depressionet.com.au>), ReachOut! (<www.reachout.com.au>) and MoodGYM (<www.moodgym.anu.edu.au>); and
- free access to new mental health publications, including the *National Mental Health Report 2007* (available at <www.health.gov.au>).

Indicator:	People accessing clinical psychology services through the Medical Benefits Schedule.
Measured by:	Use of new psychologists Medical Benefits Schedule item.
Reference Point/ Target:	Increased number of people accessing psychology services through the Medical Benefits Schedule.
Result: Indicator met.	
From 1 July 2007 to 30 June 2008, almost 1.9 million services provided by clinical and registered psychologists were subsidised through Medicare, compared with some 600,000 services provided in just the first eight months (1 November 2006 and 30 June 2007) of the initiative. This continues the upward trend in people accessing these services.	

Indicator:	Integration of Divisions of General Practice Better Outcomes in Mental Health Care Access to Allied Psychological Services contracts with new arrangements for supporting primary mental health care.
Measured by:	Number of Divisions' work plans reflecting alignment.
Reference Point/ Target:	70% of Divisions promoting understanding of new primary mental health care programs, and their alignment to Access to Allied Psychological Services.
Result: Indicator met.	
Over 80% of Divisions of General Practice undertook promotional activities with general practitioners and allied health professionals to ensure that their Access to Allied Psychological Services project complemented primary mental health care programs delivered within the divisions catchment area. This was undertaken through a variety of activities including delivery of formal education and training modules, workshops, and practice visits.	

Indicator:	Participation of people with severe mental illness in living skills programs.
Measured by:	Number of grants provided to increase the number of places available in living skills programs.
Reference Point/ Target:	Establishment of grants program that will provide over 7,000 places over five years.
Result: Indicator substantially met.	
The Department provided an additional nine grants to nine organisations in 2007–08 (above the 51 granted in 2006–07), bringing the total number of grants awarded to 60. These additional nine grants mean an extra 541 places were provided, bringing the total number of places provided under this program to 6,968. Additional places will be provided in the next phase, bringing the total to over 7,000.	

Indicator:	Participation in the Mental Health Postgraduate Scholarship Scheme.
Measured by:	Number of scholarships provided.
Reference Point/ Target:	75 new full time equivalent scholarships to be provided nationally.
Result: Indicator met.	
In 2007–08, 75 full-time equivalent scholarships were awarded nationally, made up of 37.5 full-time equivalent scholarships for mental health nursing and 37.5 full-time equivalent scholarships for clinical psychology. In the two rounds to date, over 220 full-time and part-time scholarships have been awarded.	

Indicator:	Community capacity to support people at risk of suicide.
Measured by:	Number and evaluation of national and community-based projects funded under National Suicide Prevention Strategy.
Reference Point/ Target:	70% of community projects evaluated with positive outcomes.
Result: Indicator substantially met.	
The majority of the community projects supported by the Department through the National Suicide Prevention Strategy are still in operation and continue to collect evaluation data and perform qualitative evaluations through to completion (expected to be June 2009). Evaluation of the 21 projects that were finished in 2007–08 and all internal evaluations show they all (100%) achieved a number of positive outcomes in their respective fields.	

Performance Information for Outcome 11 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
In 2007–08, policy research focused on areas such as homelessness, care coordination, and consumer and non government sector development. Key areas of policy research progressed by the Department included coordination of the Mental Health Standing Committee's evaluation of the National Mental Health Plan 2003–2008 and the revision of the National Mental Health Policy. Evidence-based policy research was conducted in a timely and targeted way to ensure that information was available to inform a range of mental health reform agendas.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Funds were underspent by 1.9% of budget due to actual expenditure being less than estimated for program 11.1 – Mental Health.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development. Meetings of the Stakeholder Reference Group.

Result: Indicator met.

Throughout 2007–08, the Department presented at a range of stakeholder forums to provide updates on progress and to seek advice from stakeholders on the implementation of the Department's component of the Council of Australian Governments Mental Health package.

Forums included state-based Council of Australian Governments Mental Health Groups, the Indigenous Strategies Working Group, an Implementation Interdepartmental Committee, and the Department's Stakeholder Reference Group. The Stakeholder Reference Group, established to facilitate information exchange and provide advice on the planning and implementation of mental health measures being implemented by the Department, held three meetings this year (28 August 2007, 11 December 2007 and 11 March 2008).

The new Australian Government mental health website <www.mentalhealth.gov.au>, launched in September 2007, provides information on national mental health reform efforts, and mental health and related programs being progressed by Australian Government agencies. Viewers have the opportunity, through this website, to provide comment and feedback to government agencies on issues contained on the website.

Outcome 11 – Financial Resources Summary

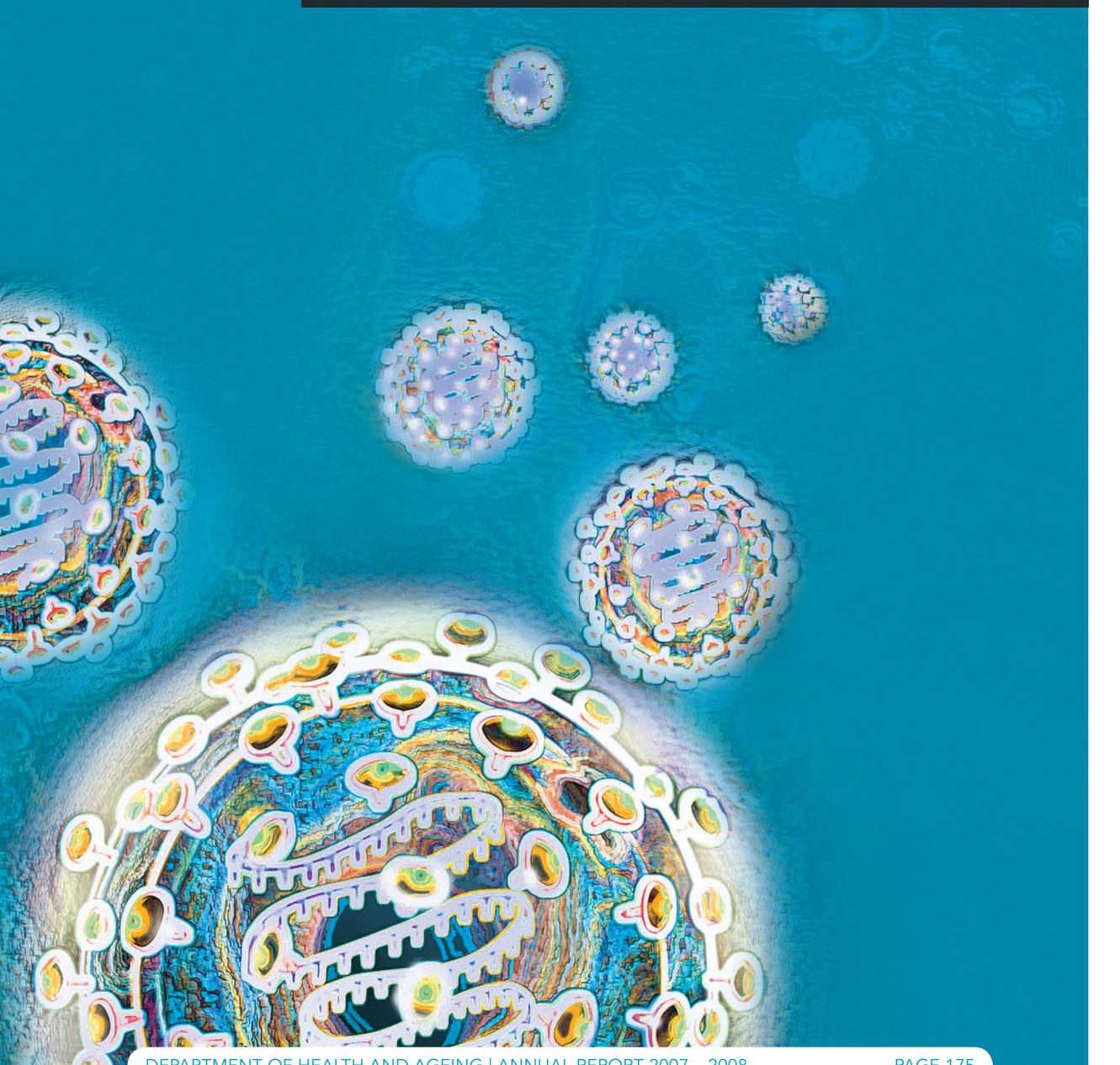
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 11.1: Mental Health				
Health Care (Appropriation) Act 1998 – Australian Health Care Agreements – Provision of Designated Health Services (p)	31,487	30,322	(1,165)	14,934
Total Special Appropriations	**31,487**	**30,322**	**(1,165)**	**14,934**
Appropriation Bill 1/3/5	130,003	128,163	(1,840)	136,318
	130,003	**128,163**	**(1,840)**	**136,318**
Total Administered Expenses	**161,490**	**158,485**	**(3,005)**	**151,252**
Departmental Appropriations				
Output Group 1 – Policy Advice	5,141	4,815	(326)	5,134
Output Group 2 – Program Management	9,219	10,097	878	9,206
Total price of departmental outputs *(Total revenue from Government & other sources)*	**14,360**	**14,912**	**552**	**14,340**
Total revenue from Government (appropriations) contributing to price of departmental outputs	14,040	14,592	552	14,044
Total revenue from other sources	320	320	–	296
Total price of departmental outputs *(Total revenue from Government & other sources)*	**14,360**	**14,912**	**552**	**14,340**
Total estimated resourcing for Outcome 11 *(Total price of outputs & administered expenses)*	**175,850**	**173,397**	**(2,453)**	**165,592**
Average Staffing Level (Number) Department	123	121	(2)	118

(p) = Part.

OUTCOME 12

Health Workforce Capacity

Australians have access to an enhanced health workforce



OUTCOME 12

Health Workforce Capacity

Outcome 12 supports Australia's health workforce, through education support and training programs for general practitioners, other medical specialists, nurses and allied health professionals.

To help achieve this in 2007–08, the Department managed programs under Outcome 12 to increase the number of health professionals in rural and other areas where there is a workforce shortage.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 12 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements.*

The Mental Health and Workforce Division was responsible for managing Outcome 12 in 2007–08.

Major Achievements

- Created 98 new medical specialist training positions in an expanded range of training settings to ensure specialist training meets current and future health needs.
- Increased the number of qualified nurses, and supported nursing postgraduate education options and professional development, to improve the quality of health care provided to the community.
- Increased workforce capacity in rural, remote and other areas of workplace shortage through assisting the recruitment, training and support of 182 overseas trained doctors, and expansion of rural training opportunities.
- Supported general practitioners and specialists to relocate to outer metropolitan areas to provide people living in these areas with increased access to services.
- Strengthened the capacity of a range of Indigenous health professional and education bodies to support Aboriginal and Torres Strait Islander students.
- Appointment of a Chief Nurse and Midwifery Officer.

Key Strategic Directions for 2007–08 – Major Activities

Supporting Health Professional Training and Placements in Areas of Need

Bonded Medical Places and Medical Rural Bonded Schemes

In 2007–08, the Department supported health professional training and addressed workforce shortage issues through initiatives that provided additional medical school places for doctors willing to work in rural, remote and other areas of medical workforce shortages on completion of successful fellowship training in a specialty. There is evidence that rural students are more likely to seek and maintain employment in a rural area after completing their studies.

Over 600 first year students were provided with a medical school place through the Bonded Medical Places Scheme, with 25 per cent of all Australian Government-supported medical school places now being allocated under the scheme. Students that accepted a place did so on the condition that they would work in a district of workforce shortage of their choice, for a period of time equal to the length of their medical degree.

The Medical Rural Bonded Scholarship Scheme has helped approximately 700 people to date. In addition, 100 new scholarships were offered in 2007–08. Students awarded scholarships will practice in rural or remote areas of Australia for six continuous years upon completion of basic medical and

vocational training as a specialist (including general practice). Participants in both schemes are already graduating as doctors and some Medical Rural Bonded Scholarship Scheme doctors will be commencing their return of service obligation in rural areas in 2009–10.

More Doctors for Outer Metropolitan Areas

The Department supported the More Doctors for Outer Metropolitan Areas initiative which saw more than 100 general practitioners and specialists agreeing to relocate to outer metropolitan areas under the Relocation Incentive Grant Program. As a result, access to general practice and specialist services for people living in the outer metropolitan areas of Australia's capital cities improved.

Ensuring Specialist Training Meets Current and Future Health Needs

The Department worked with the states and territories, medical colleges, health professionals, private and community sector providers, and consumers, to deliver Council of Australian Governments initiatives that aim to support specialist medical training in a wider range of settings.

The Department collaborated with state and territory health departments and specialist colleges, to establish and accredit new medical specialist training positions in locations such as private hospitals, community settings and rural or regional public hospitals. A major achievement was the provision of funding for 98 new medical specialist training positions, located in all states and territories, across a range of areas including medicine, surgery, anaesthetics and pathology. This was in addition to 48 specialist training positions in expanded settings for psychiatry funded under Outcome 11 – Mental Health.

The Department also commenced a funding round for expanded specialist training positions to begin in the 2009 academic year. The Department received approximately 460 applications for funding and commenced consultations with state and territory health departments and specialist colleges to determine future funding priorities.

The Department will continue to focus on improving the quality of training in the Australian medical workforce in 2008–09; working with the states and territories and the private sector, to improve medical professionals' training nationally. It will also review existing methods of training beyond traditional public hospitals and community settings in metropolitan, rural, regional and remote areas.

Establishment of a National Registration and Accreditation Scheme

On 13 April 2007, the Council of Australian Governments agreed to the development of a national registration and accreditation scheme for nine health professions: nursing and midwifery, medicine, physiotherapy, chiropractic care, osteopathy, psychology, optometry, pharmacy and dental care (including dentists, dental hygienists, dental therapists and dental prosthetists).

The scheme will ensure that only health professionals who are suitably trained and qualified to practise in a competent and ethical manner are registered on a national basis. It will also reduce the red tape associated with separate state and territory systems for the registration of health professionals and accreditation of their education and training, making it easier for health professionals to work across borders. The scheme's data on registered health professionals will also assist with national workforce planning.

In 2007–08, the Department played a key role in the development of the national registration and accreditation scheme, by maintaining collaborative arrangements with State and Territory Governments, providing comprehensive policy advice and options for consideration by government, and managing effective relationships with key stakeholders representing the nine professions.

This work facilitated agreement by the Council of Australian Governments on 26 March 2008 to implement the national scheme by 1 July 2010. The Council of Australian Governments also formally handed responsibility for the scheme to Health Ministers in April 2008. To assist Health Ministers with implementation of the scheme, an Implementation Project Team was established, supported by all jurisdictional governments. The project team reports to Health Ministers through the Health Workforce Principal Committee of Australian Health Ministers' Advisory Council. The Department assisted the implementation project team in its work to establish the national scheme.

Enhancing the Nursing and Allied Health Workforce

Allied Health Undergraduate and Professional Scholarships

During 2007–08, the Department awarded 95 new scholarships for students of rural origin to study allied health disciplines under the Rural Allied Health Undergraduate Scholarship Scheme and over 160 new scholarships under the Australian Rural and Remote Health Professional Scholarships Scheme, to help practising allied health professionals in rural and remote Australia to continue their professional development.

The professional scholarship scheme removes the financial barriers faced by rural and remote allied health professionals who want to undertake continuing professional development. It also supports rural and remote allied health professionals to update and maintain their skills, and encourages them to continue to provide their services in their current location. This contributes to increasing the capacity of the allied health workforce in rural and regional Australia, and assists in enhancing people's access to services in these areas.

In addition, the Department implemented the Support for Allied Health in Rural Areas initiative, via the Australian Allied Health Rural and Remote Clinical Placement Scholarship Scheme. This scheme will provide scholarships from the 2009 academic year to support allied health students from metropolitan, regional, rural or remote areas to undertake clinical placements in a rural or remote community during their degree. The Department consulted with key stakeholders, including the Services for Australian Rural and Remote Allied Health, to develop the guidelines, eligibility criteria and marketing strategies of this scheme.

Nursing Scholarships

Through the Nurse Scholarship Program, which is administered by the Royal College of Nursing Australia, the Department helped nurses and midwives undertake undergraduate or postgraduate study, attend conferences, update their skills and qualifications, or re-enter the nursing workforce. The program offers incentives to individuals wishing to pursue or build a career in rural or remote area nursing, and to nurses wishing to re-enter the nursing workforce, anywhere in Australia.

During the year, the Department awarded 166 undergraduate scholarships, 552 postgraduate scholarships, and 227 nurse re-entry

scholarships, exceeding targets set for this period. In addition, the Department continued to support scholarships for formal training programs for practice nurses, awarding 600 postgraduate and professional development scholarships in 2007–08. These scholarships will help increase the number of qualifying nurses and support professional development, thereby improving the quality and provision of health care to the community. The nursing scholarships are demand driven and the Department manages this initiative through information dissemination, consultation with stakeholders and peak nursing organisations, and ongoing review and monitoring of the program. The success of this strategy is evident in the number of scholarships awarded this year.

Bringing Nurses Back to the Workforce

A priority in 2007–08 was to encourage nurses to return to the nursing workforce in public or private hospitals or residential aged care homes. To help achieve this, the Department implemented the Bringing Nurses Back to the Workforce Program, which provides cash bonuses to nurses and midwives who have been out of the Australian nursing workforce for 12 months. The Department entered into contractual arrangements with state and territory health departments, private sector hospitals and hospital groups, and private administrators to administer this initiative. In addition, the Department undertook promotional activities to disseminate information at major nursing and health expos, and in professional newsletters.

The Department also entered into a contractual arrangement with the Congress for Aboriginal and Torres Strait Islander Nurses to encourage Aboriginal and Torres Strait Islander nurses to return to the workplace, through targeted communications and promotional strategies.

Commonwealth Chief Nurse and Midwifery Officer

During the year, the Department conducted a process to recruit a Commonwealth Chief Nurse and Midwifery Officer, with the appointment made in June 2008.

The Chief Nurse and Midwifery Officer will play a key role in developing a strategic and collaborative approach to national nursing policy across all jurisdictions, and work towards building and strengthening the nursing profession as a career of choice. This new national leadership role is part of the Health and Hospitals Reform Commission's plan to improve health and hospital services, and deliver better health outcomes to the community.

Providing Opportunities for Overseas Trained Doctors to Work Within Australia

While actively addressing the shortage of Australian trained doctors, the Department continued to attend to the immediate medical needs of communities in areas of workforce shortage through other initiatives such as the recruitment of qualified overseas trained doctors.

International Medical Practitioner Recruitment

The Department supported the placement of appropriately qualified overseas trained doctors, by meeting the associated recruitment costs for employers and doctors through the International Medical Practitioner Recruitment Strategy, provided the recruitment agencies assisting in filling the vacancies were contracted by the Department for this purpose. This major achievement saw 182 overseas trained doctors recruited into rural, remote and other areas of workplace shortage across Australia. Of the 157 general practitioners and 25 specialists, 115 (63 per cent) were placed in Rural and Remote and Metropolitan Area classification 3–7 locations.[1]

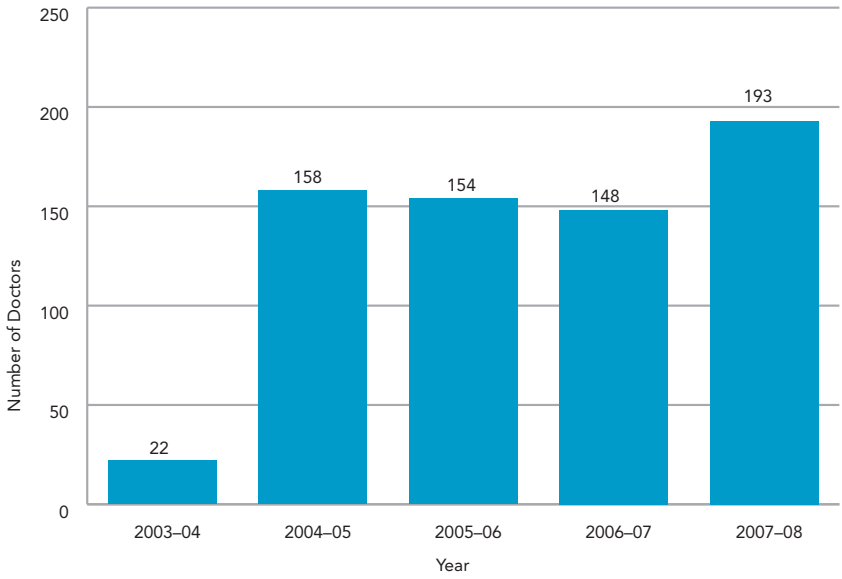
[1] Rural, Remote and Metropolitan Areas classifications: 3 – Large rural centres; 4 – Small rural centres; 5 – Other rural areas; 6 – Remote centres; and 7 – Other remote centres.

Identification, Assessment and Counselling of Permanent Resident Overseas Trained Doctors

In addition, in 2007–08, scholarships funded by the Department through the Identification, Assessment and Counselling Permanent Resident Overseas Trained Doctors project assisted 134 permanent resident overseas trained doctors to pass the Australian Medical Council clinical examinations and 107 to pass their Multiple Choice Question examination. This project has to date resulted in over 150 overseas trained doctors qualifying for entry into the Australian medical workforce.

Following the announcement at the Council of Australian Governments July 2006 meeting, a national assessment process for overseas trained doctors is being implemented by all states and territories. The national process ensures that overseas trained doctors, regardless of where they work, meet a set standard of knowledge and skills before they are allowed to begin seeing patients. The Department has played a key role in facilitating its implementation, through funding for stakeholder consultation, provision of chair and secretariat services, and funding the Australian Medical Council to accredit pathways and increase access to testing. The new assessment pathways have been endorsed by Health Ministers and are now being phased in across all jurisdictions. The Competent Authority pathway of assessment is now operational in all states and territories, and the mandatory screening exam for non-specialist doctors was in place from 1 July 2008.

Figure 2.3.12.1: Number of Overseas Trained Doctors Recruited and Working on the International Recruitment Program



Source: Department of Health and Ageing (with data obtained from Recruiters of Overseas Trained Doctors).

Improving the Health Workforce Capacity for Indigenous Australians' Health Services

A priority for the Department in 2007–08 was to address the developmental needs of other health workforce groups contributing to Aboriginal and Torres Strait Islander health, with particular focus on improving the training, recruitment and retention of Indigenous Australian health professionals working in Aboriginal and Torres Strait Islander primary care. Boosting the number of Indigenous people working in health is critical to bridging

the 17 year life expectancy gap between Indigenous and non-Indigenous Australians.

Mentoring for Aboriginal and Torres Strait Islander Health Professionals and Students

A major achievement was the funding of peak Indigenous professional bodies, including the Australian Indigenous Doctors Association and the Congress of Aboriginal and Torres Strait Islander Nurses, to support and mentor Aboriginal and Torres Strait Islander health professionals and students. This strengthened the capacity of a range of Indigenous and non-Indigenous health professional and education bodies to support Aboriginal and Torres Strait Islander health professionals and students.

Improving Pathways into the Health Workforce

Under the auspices of the National Aboriginal and Torres Strait Islander Health Council, the Department supported the Australian Indigenous Doctors Association to prepare *Pathways into the Health Workforce for Aboriginal and Torres Strait Islander People: A Blueprint for Action*. This report makes recommendations that aim to promote and improve pathways between schools, vocational education and training, and higher education. It also seeks to retain and build the capacity of the existing Indigenous health workforce. The Department is working with a range of portfolios, states and territories and the Aboriginal community controlled health sector to take forward the recommendations of the *Blueprint for Action* report.

The Department also funded the Medical Deans of Australia and New Zealand to oversee the Leaders in Indigenous Medical Education Network and to coordinate the integration of high quality curriculum and teaching processes focusing on Indigenous health. This also involved developing and implementing strategies to support the recruitment and retention of Aboriginal and Torres Strait Islander medical students across Australia.

Puggy Hunter Memorial Scholarships

The Puggy Hunter Memorial Scholarship Scheme was established in recognition of Dr Arnold ('Puggy') Hunter's significant contribution to Aboriginal and Torres Strait Islander heath. The Department administers the scheme through the Royal College of Nursing, Australia, to help Indigenous Australians to study at undergraduate or TAFE levels, in a broad range of health professions, including medicine, dentistry, mental health, midwifery and nursing.

In 2007–08, the Department provided funding to 221 scholarship awardees, including 107 full-time equivalent places for new recipients, exceeding targets set for this period. Disciplines of study include nursing, medicine, dental and oral health, allied health, medicine, Aboriginal Health worker and health management.

During this period, the Department worked with stakeholders to increase the participation of potentially suitable candidates in the Puggy Hunter Memorial Scholarship Scheme through information dissemination, consultation with peak Indigenous professional bodies, and ongoing review and monitoring of the scholarship scheme.

National Qualifications for Aboriginal Health Workers

The Department collaborated with State and Territory Governments and the Aboriginal community controlled health sector, to develop and implement new national qualifications for Aboriginal Health Workers, including training for nationally accredited assessors. This recognises and enhances the vital role these workers play in providing health care for Indigenous Australians.

Support for More Rural Training Opportunities

In addition to the medical specialist training-related activities discussed earlier in this chapter, the Department worked to deliver more rural training opportunities for students in Rural Clinical Schools, and University Departments of Rural Health.

The Department supported a national network of rural training infrastructure through the Rural Clinical Schools, the University Departments of Rural Health and the Rural Undergraduate Support and Coordination programs. The Department also established a new rural training initiative, the Dental Training – Expanding Rural Placements Program, to enable students from Australia's six established dental faculties to undertake rural placements from 2008–09.

The Rural Clinical Schools Program's annual placements increased from approximately 380 in the 2006 calendar year to 467 in 2007. This reflects the expansion of existing schools, and the three new schools that joined the program in 2006–07; the Australian National University, James Cook University and the University of Newcastle.

The University Departments of Rural Health Program multidisciplinary placements also increased from 3,355 in 2006 to 3,444 in 2007. Part of this growth can be attributed to the Department's provision of funding to the new Monash University Department of Rural and Indigenous Health in Victoria.

Two additional medical schools, Deakin University and the University of Notre Dame Sydney, joined the Rural Undergraduate Support and Coordination Program in 2007–08 and began to receive funding support for their rural training activities.

Performance Information for Outcome 12 Administered Programs

Administered Funding – Health Workforce Capacity Programs	
Including: 12.1 Rural Workforce; and 12.2 Workforce.	
Indicator:	An expansion of specialist training opportunities in settings outside of public teaching hospitals.
Measured by:	Funding provided to enable an expansion in specialist training settings.
Reference Point/ Target:	At least 15 new specialist training positions funded in settings outside of public teaching hospitals in 2007–08.
Result: Indicator met.	
The Department met the target of at least 15 new specialist training positions funded in settings outside of public teaching hospitals, with 98 new positions funded in expanded training settings in 2007–08. This is in addition to 48 specialist training positions in expanded settings for psychiatry funded under Outcome 11 – Mental Health. These training positions were all accredited by the relevant specialist medical college and approved by the relevant state or territory health department.	

Indicator:	Students of rural origin supported to study allied health disciplines.
Measured by:	Scholarships awarded to rural students in allied health disciplines.
Reference Point/ Target:	65 new scholarships to be awarded in 2007.
Result: Indicator met.	

The Department exceeded the target for this program, awarding 95 scholarships to rural origin students in 2007–08. Assistance was also provided to over 160 practising rural and remote allied health professionals to undertake continuing professional development activities under the Australian Rural and Remote Health Professional Scholarship Scheme.

Indicator:	Achievement of the required number of medical students completing a year of rural training.
Measured by:	Percentage figures for students undertaking a year of rural training at fully operational Rural Clinical Schools.
Reference Point/ Target:	25% of Australian Government supported medical students to complete a year of rural training during their degree.
Result: Indicator met.	
In 2007, 27.5% of Australian Government supported medical students (at universities participating in the Rural Clinical Schools Program) completed at least one year of rural training prior to graduation.	

Indicator:	Expansion of the University Departments of Rural Health Program.
Measured by:	Funding provided to enable an additional university to fully participate in this initiative.
Reference Point/ Target:	One new University Department of Rural Health established.
Result: Indicator met.	
Funding for the Monash University Department of Rural and Indigenous Health was increased in 2007–08 to parity levels with the other ten University Departments of Rural Health. The Monash University Department of Rural and Indigenous Health was recognised as a University Department of Rural Health in mid 2006. However, it was not able to operate as a full University Department of Rural Health until it was allocated additional funding by the Department in 2007–08, including infrastructure support for its key site at Moe in Victoria. As a result, the Department was able to increase the number of fully operational University Departments of Rural Health to 11.	

Indicator:	Additional suitability qualified overseas trained doctors in outer metropolitan, rural and remote districts of workforce shortage.
Measured by:	a) Number of additional overseas trained doctors in locations of identified shortage. b) Uptake of training and support programs by overseas trained doctors.
Reference Point/ Target:	a) At least 50% of the placements to be located in outer metropolitan, rural and remote and districts of workforce shortage. b) 200 new scholarships to be awarded in 2007–08.
Result: Indicator substantially met.	

178 overseas trained doctors were recruited and commenced working in outer metropolitan, rural, remote districts of workforce shortage during 2007–08. Of these, 63% were located in rural and remote locations.

Of the 200 new scholarships available in 2007–08, only 147 were awarded.

Performance Information for Outcome 12 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
In 2007–08, research was undertaken in a range of health workforce areas. For example, market research was commissioned to ascertain consumer attitudes toward medical treatment by specialist trainees. This broadly focused research informed the development of the Expanded Specialist Training Program, which is furthering the expansion of specialist training into health care settings outside of teaching hospitals. Research into administrative, funding and reporting models to support implementation of the Expanded Specialist Training Program was also commissioned.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator met.	
Actual expenses varied by 0.47% from budgeted expenses in 2007–08.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development.
Result: Indicator met.	
The Department facilitated the implementation of the Council of Australian Governments Nationally Consistent Assessment of International Medical Graduates by hosting meetings and providing the Chair and secretariat services for the Implementation Committee. The committee comprised representatives of state and territory medical boards, health departments, specialist medical colleges, the Australian Medical Council, the Australian Medical Association, postgraduate medical councils and consumer organisations. Stakeholders were involved in the development of allocation strategies, and eligibility and guidance material for the Support for Allied Health in Rural and Remote Areas initiative.	

Outcome 12 – Financial Resources Summary

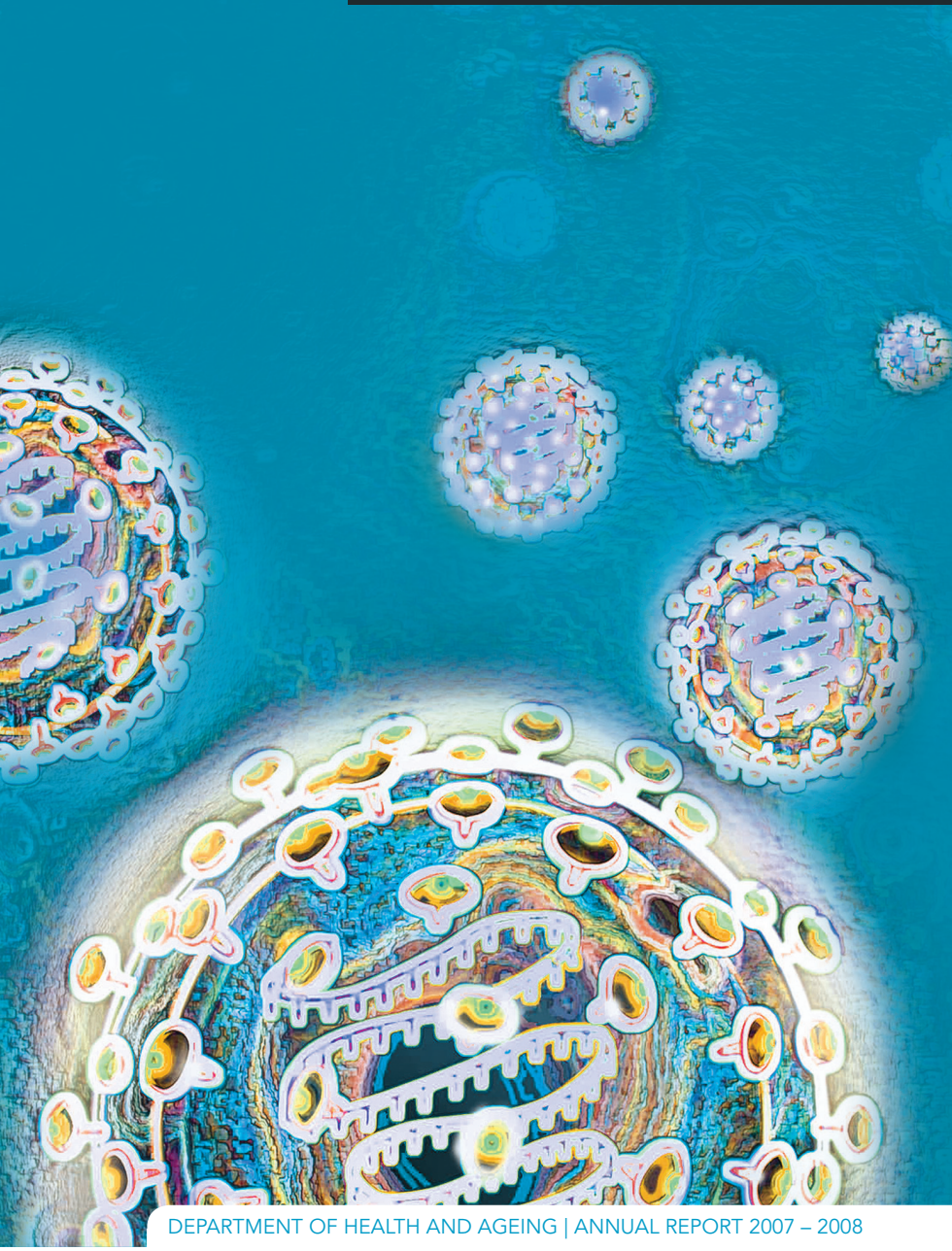
	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 12.1: Rural Workforce				
Appropriation Bill 1/3/5	169,360	168,680	(680)	118,127
	169,360	**168,680**	**(680)**	**118,127**
Program 12.2: Workforce				
Appropriation Bill 1/3/5	63,512	62,745	(767)	75,021
Appropriation Bill 2/4/6	100,400	100,280	(120)	3,232
	163,912	**163,025**	**(887)**	**78,253**
Total Administered Expenses	**333,272**	**331,705**	**(1,567)**	**196,380**
Departmental Appropriations				
Output Group 1 – Policy Advice	8,607	8,949	342	8,718
Output Group 2 – Program Management	8,008	9,302	1,294	8,111
Total price of departmental outputs *(Total revenue from Government & other sources)*	**16,615**	**18,251**	**1,636**	**16,829**
Total revenue from Government (appropriations) contributing to price of departmental outputs	16,192	17,865	1,673	16,481
Total revenue from other sources	423	386	(37)	348
Total price of departmental outputs *(Total revenue from Government & other sources)*	**16,615**	**18,251**	**1,636**	**16,829**
Total estimated resourcing for Outcome 12 *(Total price of outputs & administered expenses)*	**349,887**	**349,956**	**69**	**213,209**
Average Staffing Level (Number) Department	160	150	(10)	150

(p) = Part.

OUTCOME 13

Acute Care

Australians have access to public hospitals and related hospital care underpinned by appropriate medical indemnity arrangements



OUTCOME 13

Acute Care

Outcome 13 aims to provide all Australians with access to cost-effective and high quality acute care services. The outcome is also focused on ensuring a safe supply of blood and blood-related products, increasing the rate of organ and tissue donation in Australia, and supporting doctors who provide private medical services.

The Department helped achieve Outcome 13 in 2007–08 by working with the states and territories to ensure obligations under the Australian Health Care Agreements were met, and supported blood and organ and tissue donation-related programs. The Department also managed funding for medical indemnity programs and initiatives to collect data on and measure the performance of public hospital services.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 13 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

The Acute Care Division was responsible for managing Outcome 13 in 2007–08.

Major Achievements

- Extended the terms and conditions of the 2003–08 Australian Health Care Agreements to 30 June 2009, and provided an additional $500 million in 2007–08 to the states and territories to relieve pressure on public hospitals. The Department also contributed to policy development for the new health care agreements.
- Implemented the Elective Surgery Waiting List Reduction Plan in collaboration with the states and territories, to reduce the backlog of patients waiting longer than clinically recommended for elective surgery.
- Managed the Mersey Community Hospital and entered into negotiations for the ongoing management and administration of the facility to ensure that safe and sustainable hospital services are delivered to the northwest region of Tasmania.
- Provided significant policy input and direction to the Business Study of the efficiency and effectiveness of the Australian Red Cross Blood Service as a member of the Expert Advisory Committee, and developed for Health Ministers a strategy to implement its recommendations.

Challenge

- Continued low rates of organ and tissue donation in Australia. In 2007, Australia's rate of organ donation for transplantation declined to a rate of 9.4 donors per million population with only 198 deceased organ donors.

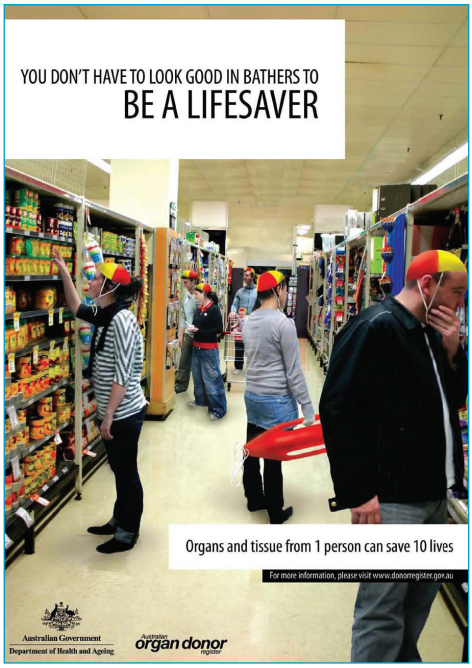
Key Strategic Directions for 2007–08 – Major Activities

Supporting the Provision of Free Public Hospital Services

Australian Health Care Agreements

The Australian Health Care Agreements are bilateral agreements between the Australian Government and each State and Territory Government. Through the agreements, the Australian Government provides significant funding to assist the states and territories to deliver free public hospital services to the community.

In 2007–08, the Department administered $9.7 billion to the states and territories under the 2003–08 Australian Health Care Agreements. A major achievement was the provision of an additional $500 million to help relieve pressure on public hospitals, and the extension of these arrangements from 30 June 2008 to 30 June 2009. The extension of the agreements has enabled significant



policy development to be undertaken with the states and territories for the new National Health Care Agreements.

Under the 2003–08 Australian Heath Care Agreements, the Department received data from all states and territories, which it analysed and published in the *State of Our Public Hospitals, June 2008 Report*. The 2008 report, based on data collected in 2006–07, represents the most current information available. Key findings are in the Highlights from the *State of Our Public Hospitals June 2008 Report* section of this chapter.

Elective Surgery Waiting List Reduction Plan

In 2007–08, the Department worked with the states and territories to implement the first two stages of the Elective Surgery Waiting List Reduction Plan.

A total of $150 million has been provided for an immediate national blitz on elective surgery waiting lists in 2008 and plans have been approved for the expenditure of a further $150 million over two years to make systemic improvements to Australia's hospital system.

This initiative will reduce the number of people waiting longer than clinically recommended for surgery by providing financial incentives to improve elective surgery capacity in public hospitals, and by making states and territories more accountable for their performance and rewarding them for better outcomes.

States and territories have committed to maintaining effort in elective surgery and other areas of public hospital service provision and will report on a quarterly basis. As part of the plan, states and territories will report on elective surgery performance in public hospitals through their websites, so that patients can make informed decisions about their own health care, based on individual hospital results.

Improved Hospital Care for Older Patients

A focus in the year was on improving the capacity of hospitals to provide more appropriate care for older people, and to improve services to help older Australians to access residential aged care when they need it.

Some older patients in public hospitals no longer require acute hospital care, but experience delays in obtaining more appropriate forms of care such as rehabilitation, palliative care or residential aged care. The Department continued to work with the states and territories to improve outcomes for older public patients at the hospital-aged care interface, through the continuation of the Long Stay Older Patients Initiative and the Pathways Home Program.

States and territories used the funding available to put in place a number of new initiatives during the year, such as improved hospital or rehabilitation facilities, or hospital avoidance or early discharge programs.

Highlights from the *State of Our Public Hospitals June 2008 Report*

- In 2006–07, more people were admitted to Australian public hospitals than in any previous year. Public hospital admissions increased to almost 4.7 million, while private hospital admissions also increased to more than 2.9 million.
- There were more than 39.4 million non admitted patient services.
- In 2006–07, more than 556,770 patients had elective surgery in public hospitals with a median wait of 32 days. Nationally, more than 84 per cent of elective surgery patients were seen within the recommended time.
- In 2006–07, emergency departments handled more than 6.7 million services across Australia in public hospitals.
- The public hospital workforce continued to grow, with more than 234,000 full-time staff employed in public hospitals in 2006–07. There was an increase in salaried medical officers, nurses, diagnostic and other health professionals, administration staff and personal care staff during this period.
- In 2006–07, Indigenous Australians made up 2.5 per cent of the population but accounted for approximately 6 per cent of public hospital admissions. As well, 4.3 per cent of patients treated by emergency departments nationally were Indigenous people.
- Indigenous Australians seeking elective surgery had a median waiting time of 34 days – two days more than the rest of the population.

Ensuring the Safe Supply of Blood and Blood-related Products

In 2007–08, the Department continued to collaborate with State and Territory Governments and the National Blood Authority to ensure Australia's blood supply was safe, sustainable and affordable, and that Australian patients received the fresh blood and blood products they need.

Safe Blood and Blood-related Products

Funding was provided to the Australian Red Cross Blood Service to implement universal bacterial testing for platelets to improve the safety of fresh blood products. In addition, the Department contributed to the development of the first clinical criteria for the use of intravenous immunoglobulin in Australia, which were rolled out nationally in March 2008. The criteria identify the conditions and circumstances for which the use of intravenous immunoglobulin is appropriate, and those that will be funded under the National Blood Agreement.

Improving Collection and Donation Rates

To support Australia's policy of self-sufficiency in sourcing adequate blood components and plasma from voluntary donations to meet clinical demand, increased funding was provided to the Australian Red Cross Blood Service to boost plasma collections from 329 tonnes in 2006–07 to 350 tonnes in 2007–08.

The Department also continued to work with the Australian Red Cross Blood Service and the National Blood Authority on implementing the recommendations from the 2006 review of Australia's plasma fractionation arrangements, which addressed the need for improving the rates of blood donation in Australia.

2009 has been designated the 'Year of the Blood Donor'. The Australian Red Cross Blood Service received $2.2 million to support this initiative. The Department also worked with the organisation to develop a range of community activities that will celebrate blood donors; enhance awareness of the value of, and the need for, blood donors; and help recruit new donors.

Review of the Australian Red Cross Blood Service

The Australian Government contributes 63 per cent of the national blood service costs and the State and Territory

Governments contribute the remaining 37 per cent. In 2007–08, the Department participated actively as a member of the Expert Advisory Committee overseeing an independent business study of the organisation's effectiveness and efficiency to inform future funding arrangements. The final report of the ARCBS Business Study was finalised in January 2008 and a response and implementation strategy to the recommendations of the report was agreed by the Australian Health Ministers' Conference in July 2008.

Focus on Long-term and Sustainable Increases in Organ and Tissue Donation Rates

Organ and tissue transplantation is a highly successful treatment that transforms the lives of individuals and their families. However Australia has a longstanding shortage of organs for transplantation. In 2007, the national rate of organ donation declined to 9.4 donors per million population, with only 198 deceased organ donors. The Department worked to address this issue through initiatives that will increase and sustain organ and tissue donation rates.

Support for the National Clinical Taskforce on Organ and Tissue Donation

The Department provided secretariat and funding support for the research, consultations and deliberations of the National Clinical Taskforce on Organ and Tissue Donation, which was established by the Government in October 2006, to provide advice on ways to improve the rate of safe, effective and ethical organ and tissue donation for transplantation in Australia.

The taskforce delivered its report containing 51 recommendations for reform to the Government in February 2008. The report *Think Nationally, Act Locally* and *Support Evidence* is available on the Department's website (<www.health.gov.au>).

New Governance Arrangements

The Department also led the implementation of new governance arrangements for the organ and tissue donation and transplantation sectors. In December 2007, all Australian Health Ministers agreed to establish a new joint committee as the primary source of advice to governments and to drive and oversee workable national reforms. The Cognate Committee on Organ and Tissue Donation and Transplantation brings together senior government decision makers, key clinical experts and the community sector.

The committee met for the first time in April 2008 and commenced work on a number of practical reform initiatives. The committee replaced both the Intergovernmental Committee on Organ and Tissue Donation and the former peak non-government body for the sector, Australians Donate.

Organ Donation Promotion

The Department provided funding to Transplant Australia, Zaidee's Rainbow Foundation and a number of State and Territory Governments to promote organ donation and encourage people to register on the Australian Organ Donor Register. The Department also supported Australian Organ Donation Awareness Week 2008 and ran a national poster and poetry competition to promote organ and tissue donation.

On 2 July 2008, the Government proposed a world's best practice reform package of national initiatives to improve Australians' access to life saving and transforming transplants. This $151.1 million package will introduce to Australia a coordinated, consistent approach and systems spearheaded by a new independent national authority. The package reflects international and national experience and best practice and builds on the recommendations of the National Clinical Taskforce and the work of the Cognate Committee on Organ and Tissue Donation and Transplantation.

Improved Acute Care Information

The Department uses acute care data provided by the states and territories to inform government policy, monitor hospital services, assist in improving performance, inform the allocation of resources, and enable public reporting of hospital activity. This data is also important for any move to a more nationally consistent approach to activity based funding for services provided in public hospitals. Further, the Australian Refined Diagnosis Related Groups classification system (version 6.0), the basis of acute care data, is being updated by the Department and will be published in November 2008.

In 2007–08, the Department completed assessments of the current arrangements through the Hospital Information and Performance Program Review and the National Hospital Cost Data Collection Review. The reviews' recommendations are informing improvements in Australians' access to timely, meaningful information about hospital services and the costs associated with those services, in particular through improved information on emergency department and outpatient activity.

The Department also collaborated with the states and territories on outpatient, allied health and emergency department services data to assist in the collection of detailed information on these patients, to enable the development of nationally consistent data in these areas.

In October 2007, the Department released the *Emergency Triage Education Kit*, which provides nurses with tools to improve national consistency in the application of the Australasian Triage Scale; helping patients to receive timely and consistent assessment, and intervention based on clinical urgency. This kit was well received by nurses and has been recognised internationally.

Funding Public Hospital Services at the Mersey Community Hospital

The Australian Government announced in August 2007 its intention to ensure the provision of hospital services at Mersey Community Hospital at Latrobe, Tasmania. The Government assumed ownership and operational responsibility for the hospital on 23 November 2007. The Department has managed the hospital since that time, and successfully engaged in processes to secure the ongoing management and administration of the facility, ensuring that safe and sustainable hospital services are delivered to the northwest region of Tasmania. The Commonwealth has engaged the Tasmanian State Government to manage and operate the hospital, while the Commonwealth continues to own and fund the hospital. The new arrangement will start from September 2008.

Performance Information for Outcome 13 Administered Programs

Administered Funding – Acute Care Programs	
Including: 13.1 Blood and Organ Donation Services; 13.2 Medical Indemnity; and 13.3 Public Hospitals and Information.	
Indicator:	Access to free public hospital emergency services.
Measured by:	Number of public emergency department patients per 1,000 weighted population.
Reference Point/ Target:	The same or increase on previous year.
Result: Indicator met.	
Figures for 2007–08 will be available in June 2009, as required by the 2003–08 Australian Health Care Agreements. In 2006–07, 6.7 million emergency presentations (or occasions of service) were provided to Australians. This equates to 311 presentations to emergency departments per 1,000 weighted population, an increase of 88 since 2005–06. 'Per 1,000 weighted population' is a methodology applied by the Department to standardise the population across states and territories to make comparisons between them more meaningful.	

Table 2.3.13.1: Emergency Departments – Number of Presentations, States and Territories, 2005–07

	2005–06		2006–07	
	Number	Number Per 1,000 Weighted Population	Number	Number Per 1,000 Weighted Population
Australia	4,757,098	223	6,741,304	311

Source: Department of Health and Ageing, *Australian Health Care Agreement* data reported by the states and territories through the Public Hospital Establishments National Minimum Data Set.

Indicator:	Timely treatment of public emergency department patients.
Measured by:	Proportion of public emergency department patients seen within the recommended timeframe.
Reference Point/ Target:	Increased proportion across each state and territory.
Result: Indicator met.	
Figures for 2007–08 will be available in June 2009, as required by the 2003–08 Australian Health Care Agreements. Around 70% of patients at emergency departments were seen within clinically recommended times in 2006–07, compared with 69% in 2005–06.	

Table 2.3.13.2: Emergency Departments – Median Waiting Times for all Patients and Number Seen Within Recommended Time, States and Territories, 2005–07

	2005–06		2006–07	
	Minutes	% Seen Within Recommended Time	Minutes	% Seen Within Recommended Time
Australia	24	69	24	70

Source: Department of Health and Ageing, *Australian Health Care Agreement* data reported by the states and territories through the National Non-Admitted Patient Emergency Department National Minimum Data Set.

Indicator:	Timely public admission of people for elective surgery.
Measured by:	Proportion of public Patients admitted for elective surgery within the clinically appropriate timeframe.
Reference Point/ Target:	Increased proportion across each state and territory.
Result: Indicator met.	
Figures for 2007–08 will be available in June 2009, as required by the 2003–08 Australian Health Care Agreements. In 2006–07, 84% of patients were admitted for elective surgery within the recommended time, compared with 81% in 2005–06.	

Table 2.3.13.3(a): Proportion of Patients Admitted to Public Hospitals within the Clinically Appropriate Time, by Clinical Urgency Category, States and Territories 2005–06

	Clinical Urgency Category 1 (%)	Clinical Urgency Category 2 (%)	Clinical Urgency Category 3 (%)
Australia	83	74	88

Table 2.3.13.3(b): Elective Surgery Proportion of Patients Admitted to Public Hospitals within the Clinically Appropriate Time, by Clinical Urgency Category, States and Territories, 2006–07

	Clinical Urgency Category 1 (%)	Clinical Urgency Category 2 (%)	Clinical Urgency Category 3 (%)
Australia	88	75	92

Table 2.3.13.3(c): National Differences 2005-06 and 2006–07

	Clinical Urgency Category 1 (%)	Clinical Urgency Category 2 (%)	Clinical Urgency Category 3 (%)
Australia	+5	+1	+4

Source: Elective Surgery Waiting Times (additions and removals) National Minimum Data Set supplied via the Department of Health and Ageing Australian Health Care Agreement data reported annually by the states and territories.

Definitions

Clinical Urgency Category: A clinical assessment of the urgency with which a patient requires elective hospital care.
Category 1: Admission within 30 days desirable for a condition that has the potential to deteriorate quickly to the point that it may become an emergency.
Category 2: Admission within 90 days desirable for a condition causing some pain, dysfunction or disability but which is not likely to deteriorate quickly or become an emergency.
Category 3: Admission at some time in the future acceptable for a condition causing minimal or no pain, dysfunction or disability, which is unlikely to deteriorate quickly and which does not have the potential to become an emergency.

Indicator:	Reduction in the number of doctors requiring support under the Premium Support Scheme.
Measured by:	Number of doctors participating in the Premium Support Scheme.
Reference Point/ Target:	Reduction in number of participating doctors.
Result: Indicator not met.	
3,611* doctors participated in the Premium Support Scheme in 2007–08, an increase from 3,533* in 2006–07 and 3,573 in 2005–06. It is worth noting that there has been little significant change in absolute participation numbers over the last three years. *There is potential for small variations in participation numbers under the scheme as its reconciliation period extends 13 months after the end of the financial year. Also, doctors may move in and out of the Premium Support Scheme as their income and hours worked change.	

Indicator:	Increased rate of organ donations.
Measured by:	Rate of organ and tissue donations.
Reference Point/ Target:	Increase on previous year.
Result: Indicator not met.	
In 2007, there were 198 deceased organ donors in Australia, a rate of 9.4 donors per million population. This is a slight decrease on the 2006 figure of 202 donors, which equated to a rate of 10 donors per million population (dpmp).	

Table 2.3.13.4: Donation Number from 2003 to 2007

Year	Number of Deceased Donors	Number of Deceased dpmp
2003	179	9
2004	218	11
2005	204	10
2006	202	10
2007	198	9

Source: Australia and New Zealand Organ Donation Registry Report 2008

Indicator:	Accurate costing and reporting of hospital activity.
Measured by:	Maintenance of the Australian Refined Diagnosis Related Groups classification and National Hospital Cost and benchmarking data.
Reference Point/ Target:	National hospital cost data collection round 10 reported by August 2007.
Result: Indicator substantially met.	
The 2005–06 cost weights were released in August 2007 and the Round 10 report was released in September 2007. Key findings include that: • the national average cost of a patient is $3,540, a 6.3% increase from $3,332 in Round 9 (2004–05); • the national average length of stay in public hospitals was 3.04 days, with average length of stay varying from 2.80 to 3.44 days between states and territories; • renal dialysis is still the most common procedure in Round 10 with 712,669 separations and $472 average cost, a slight decrease from $485 in Round 9; and • Ecmo cardiac surgery is the highest cost with an average cost per separation of $135,998.	

Performance Information for Outcome 13 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
The Department provided high quality and timely evidence-based research and analysis to inform the Government within the timeframes required. The Department completed the Hospital Information and Performance Program Review and the National Hospital Cost Data Collection Review. The reviews' recommendations are informing improvements in information about the hospital services and costs associated with those services, and in particular improving information on trends in hospital utilisation. The Department also continued to support the research, consultations and deliberations of the National Clinical Taskforce on Organ and Tissue Donation. The taskforce delivered its final report containing 51 recommendations for reform to the Government in February 2008 and the report was publicly released at the same time.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator met.	
Actual expense varied 0.4% from budgeted expense.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as surveys, conferences and meetings.
Reference Point/ Target:	Stakeholders participate in program development.
Result: Indicator met.	
The Department worked with consumers, industry and all State and Territory Governments towards improving the provision of acute care hospital services. The Elective Surgery Waiting Times Working Group, consisting of representatives from all states and territories, the Commonwealth and the Australian Institute of Health and Welfare was established to progress implementation, data development and reporting requirements for the Elective Surgery Waiting Times Reduction Plan.	

The Department met quarterly with representatives of the private health insurance and private hospital industries to discuss data requirements. Major data changes also involved consultation with the sector in order to determine a way forward.

The Department also commissioned a social marketing research project, conducted in 2007–08 by the Ipsos Eureka Social Research Institute, which explored attitudes and behaviour relating to organ and tissue donation.

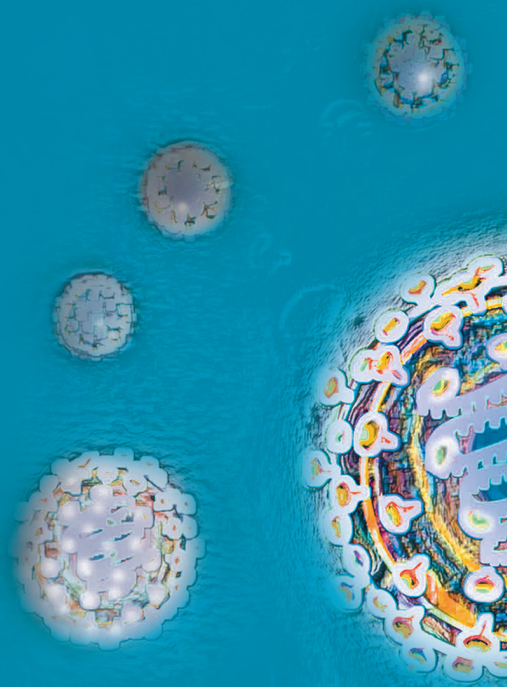
Major Review

Hospital Information and Performance Information Program	
Commencement Date:	03/05/07
End Date:	31/08/08
Related Key Strategic Direction:	Improved Acute Care Information.

Outcome 13 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 13.1: Blood and Organ Donation Services				
National Health Act 2003 to National Blood Authority	443,364	502,626	59,262	504,250
Total Special Appropriations	**443,364**	**502,626**	**59,262**	**504,250**
Appropriation Bill 1/3/5	17,520	15,934	(1,586)	14,572
Appropriation Bill 2/4/6	7,558	3,305	(4,253)	7,397
	468,442	**521,865**	**53,423**	**526,219**
Program 13.2: Medical Indemnity				
Medical Indemnity Act 2002	118,106	34,337	(83,769)	127,843
Total Special Appropriations	**118,106**	**34,337**	**(83,769)**	**127,843**
Program 13.3: Public Hospitals and Information				
Health Care (Appropriation) Act 1998 – Australian Health Care Agreements – Provision of Designated Health (p)	9,752,830	9,752,226	(604)	9,731,003
Total Special Appropriations	**9,752,830**	**9,752,226**	**(604)**	**9,731,003**
Appropriation Bill 1/3/5	49,144	37,982	(11,162)	72,783
Appropriation Bill 2/4/6	153,500	153,500	–	295,150
	9,955,474	**9,943,708**	**(11,766)**	**10,098,936**
Total Administered Expenses	**10,542,022**	**10,499,910**	**(42,112)**	**10,752,998**
Departmental Appropriations				
Output Group 1 – Policy Advice	18,748	17,333	(1,415)	15,821
Output Group 2 – Program Management	9,234	8,537	(697)	7,793
Total price of departmental outputs *(Total revenue from Government & other sources)*	**27,982**	**25,870**	**(2,112)**	**23,614**
Total revenue from Government (appropriations) contributing to price of departmental outputs	26,901	24,699	(2,202)	22,537
Total revenue from other sources	1,081	1,171	90	1,077
Total price of departmental outputs *(Total revenue from Government & other sources)*	**27,982**	**25,870**	**(2,112)**	**23,614**
Total estimated resourcing for Outcome 13 *(Total price of outputs & administered expenses)*	**10,570,004**	**10,525,780**	**(44,224)**	**10,776,612**
Average Staffing Level (Number) Department	184	187	3	161

(p) = Part.



OUTCOME 14

Biosecurity and Emergency Response

Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters

OUTCOME 14

Biosecurity and Emergency Response

Outcome 14 aims to protect the health and wellbeing of all Australians by coordinating arrangements that are capable of responding effectively to national emergencies.

To help achieve this in 2007–08, the Department managed programs under Outcome 14 to prepare for and, where necessary, respond to national health emergencies, including communicable disease outbreaks, environmental health threats, terrorism, or natural disasters. The Department also delivered surveillance programs to inform the Australian Government on the burden of communicable diseases and of ways to protect Australians.

This chapter reports on the major activities undertaken by the Department during the year, addressing each of the key strategic directions and performance indicators published in the Outcome 14 chapters of the *2007–08 Health and Ageing Portfolio Budget Statements* and *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

Outcome 14 was managed in 2007–08 by the Office of Health Protection.

Major Achievements

- Helped improve the identification and response capacities of health authorities to national and international public health events through the development of the *National Health Security Act 2007* and the National Health Security Agreement.
- Procured 1.2 million doses of H5N1 influenza pre-pandemic vaccine to be used by health care and other workers at high risk of infection in an influenza pandemic.
- Implemented outcomes of *Exercise Cumpston' 06* in consultation with the states and territories to enhance Australia's preparedness for an influenza pandemic.
- Commenced revision of the Australian Health Management Plan for Pandemic Influenza to ensure that the plan is based on the latest evidence.

Challenge

- Maintaining a focus on pandemic planning in light of other priorities in the wider health spectrum has been an overall challenge. However, a renewed interest in the area including: better operational planning; new technologies and legislation; improved surveillance systems; and more sophisticated mitigation strategies has reinvigorated the process.

Key Strategic Directions for 2007–08 – Major Activities

Preparing Australia's Health System for National Health Emergencies

In 2007–08, the Department focused on addressing gaps in Australia's emergency response plans and maintaining a state of readiness, to ensure that Australia has the capacity to respond effectively to health emergencies at national and international levels.

Strengthened Legislative Frameworks

A major achievement was the development of the *National Health Security Act 2007* to provide for the exchange of public health surveillance information between health authorities. This Act received Royal Assent in November 2007, and improves health authorities' identification and response capacities to public health events of national or international significance, such as an influenza pandemic. Signed by Health Ministers in November 2007, the National Health Security Agreement supports the Act's practical operation and formalises decision-making and coordinated response arrangements to prepare for health emergencies.

The Department also finalised work on the *Quarantine Amendment (National Health Security) Act 2008*, which was passed by Parliament in June 2008. Australia now has the necessary legislation to comply fully with the World Health Organization's International Health Regulations (2005) requirements relating to vaccinations and prophylaxis, health certificates and charges levied on travellers for health measures. This gives Australia improved tools to protect public health, both under normal circumstances and in the event of an outbreak of a disease of international concern.

Improved Protection Resources

In 2007–08, the Department replaced elements of the National Medical Stockpile that will expire over the next two years. A major achievement was the purchase of 1.2 million doses of H5N1 influenza pre-pandemic vaccine. Until a pandemic specific vaccine becomes available, this vaccine will be used for the protection of those at highest risk of infection, such as health care workers, in the event of an influenza pandemic.

The Department financially supported the development of a prototype pandemic vaccine by the Commonwealth Serum Laboratories, which has now been registered by the Therapeutic Goods Administration[1] for use in adults and the elderly during an officially declared pandemic. The Department also administered funding to the Environmental Health Committee (part of the Australian Health Protection Committee), to develop *Disaster Management: An Environmental Health Practitioner's Guide to Operational Disaster Response*, a practical manual for environmental health practitioners working in disaster management. It uses an 'all hazards' approach and risk management principles to guide planning for, and response to, disasters. The manual will assist environmental health officers in ensuring that the health of people affected by disaster is protected and maintained.

Ensuring Pandemic Influenza Preparedness Plans, Policy and Communications, and Reporting are Based on Up-to-date Evidence

In 2007–08, the Department worked to incorporate the lessons learned from health and disaster management exercises, such as *Exercise Cumpston '06*, and *Exercise Southern Rebound*, which evaluated the deployment of the National Medical Stockpile in April 2008, into pandemic influenza preparedness plans so that they will be effective tools in the event of a real pandemic. The Department also funded technical advice to ensure informed policy development, communications and reporting.

Exercise Cumpston '06

The Department worked in consultation with the states and territories to successfully implement the lessons learned from *Exercise Cumpston '06* – Australia's largest ever health exercise, and one of the first 'whole-of-health system' exercises on pandemic influenza, conducted by the Department in 2005–06.

[1] Further discussion on the Therapeutic Goods Administration can be found in the Outcome 1 – Population Health chapter.

The report on *Exercise Cumpston '06*, released in June 2007, made 12 recommendations to improve Australia's preparedness for an influenza pandemic. The Department implemented the health sector recommendations through the Australian Health Protection Committee. It also developed a strategic and ethical framework for pandemic preparedness and response, which included streamlining decision-making structures.

To address some of the 12 recommendations from *Exercise Cumpston '06*, the Department established an inter-jurisdictional pandemic planning working group, to help develop consistent operational plans, and a Scientific Influenza Advisory Group to provide scientific and medical advice to the Chief Medical Officer on national pandemic planning. In addition, the Department started to revise the Australian Health Management Plan for Pandemic Influenza so that it is based on the latest available evidence, and also began to develop a Surveillance annex to the plan. The Department expects to finalise the Australian Health Management Plan for Pandemic Influenza in late 2008.

Support for Policy-informing Research and Reporting

In 2007–08, the Department continued to support the World Health Organization Collaborating Centre for Reference and Research on Influenza in Melbourne, to play a key role in the identification of influenza viruses and the formulation of vaccines. The centre is an important source of influenza expertise in both Australia and the southern hemisphere, and contributes significantly to the development of pandemic influenza policy and preparedness.

The Department also provided funding for the construction of the centre's new state-of-the-art facility at the Victorian Infectious Diseases Laboratory. While construction has been slower than anticipated, there was progress during the year, and the centre is expected to be completed in late 2008.

In addition, the Department established the Australian Counter Bioterrorism Laboratory Network to maintain and expand collaborative technical links between public health and law enforcement agencies. The network will advise on issues relating to the detection and analysis of security-sensitive biological agents.

Audit of Australia's Preparedness for a Human Influenza Pandemic

During the year, the Department and the Department of Agriculture, Fisheries and Forestry were subject to an Australian National Audit Office review of Australia's preparedness for a human influenza pandemic (full details may be found in the Auditor-General Audit Report No.6 2007–08, accessible at <www.anao.gov.au>). The Department agreed with, and commenced implementing, several of the audit's recommendations regarding the management of the National Medical Stockpile. This included codifying risk management plans, formalising standard operating procedures and undertaking regular exercises to test the stockpile's deployment capacity.

Refining Australia's Communicable Disease Surveillance Systems

In Australia, communicable disease surveillance systems exist at national, state and local levels. The national surveillance system detects and manages any outbreaks affecting more than one jurisdiction, and monitors the need for, and impact of, national control programs. It also guides national policy development and resource allocation, and describes the epidemiology of rare diseases. State and local surveillance systems are crucial to the timely and effective detection and management of outbreaks, and in assisting with the effective implementation of national policies.

During 2007–08, the Department enabled the passage of the *National Health Security Act 2007* and oversaw the endorsement by State and Territory Ministers of the National Notifiable Disease List which specifies those diseases about which protected surveillance information can be exchanged by

jurisdictions. The Department worked to refine these systems to ensure effective surveillance and warning of communicable disease threats. This included formalising existing surveillance systems with the states and territories through the National Health Security Agreement, which established a framework for clear, quick and informed decision-making to support a coordinated national response to public health emergencies.

The Department also maintained its effective working relationship with jurisdictions through the Communicable Disease Network Australia and its subcommittees, and developed protocols to assess, monitor and report public health events based on the World Health Organization disease algorithm. The Department also continued to support specific communicable disease surveillance activities, including the surveillance of 68 communicable diseases such as tuberculosis, measles and sexually transmitted infections, under the National Notifiable Diseases Surveillance System. Furthermore, the Department enhanced Australia's capacity to monitor, analyse and report on notifiable diseases by developing a data warehouse for this system.

The Department's *Communicable Diseases Intelligence* report used surveillance system information to provide valuable information through its website (accessible from <www.health.gov.au>). The Department also collected influenza surveillance data from hospitals, as part of the syndromic surveillance system; evaluated national call centre data; and provided early alerts for seasonal and pandemic influenza.

Effective Communicable Disease Control and Support for National Biosecurity Initiatives

A priority in 2007–08 was to minimise the risks posed by communicable disease threats, particularly where there was potential for diseases to enter Australia through its vulnerable northern border regions; and to strengthen national biosecurity initiatives, for example by efficiently managing the human health risk of biological imports.

Use of Personal Information under the *National Health Security Act 2007*

The *National Health Security Act 2007* provides for the exchange of surveillance information, including personal information, between jurisdictions and with the World Health Organization to enable early identification of, and timely responses to, national or international public health emergencies. These events include communicable disease outbreaks, chemical, biological or radiation dispersal terrorism, and overseas mass casualty incidents.

Personal information was obtained, used or disclosed by the Department on 20 separate occasions in 2007–08. The majority of these disclosures (18) were to assist the jurisdictions with contact tracing of Australian nationals exposed to communicable disease whilst overseas. The remainder (two) were disclosed to the World Health Organization in order to assist with international outbreak investigations.

Disease Prevention in the Torres Strait

In recent times, Australia has seen Papua New Guinea citizens travelling to health clinics in the Torres Strait Treaty Zone such as in Saibai and Boigu, to access care. A significant number of these people have been treated for tuberculosis for Australian public health and humanitarian purposes.

This year has seen an increased level of focus on cross border issues in the Treaty Zone. A major initiative undertaken by the Department was the funding of a tuberculosis capacity building project for an area of Papua New Guinea, within the Treaty Zone. This will help guard public health in Australia and ease pressure on Queensland Health services in the Torres Strait.

Mosquito Eradication Programs

The Department supported mosquito control operations to ensure mosquitos spreading disease are eliminated before they become established in mainland Australia. This included providing funding to Queensland Health for its work in the Torres Strait outer islands to control exotic *Aedes albopictus*

mosquitoes, vectors of dengue virus in South-East Asia. A project team has worked in the area since February 2006, and additional funding will see this program continue until July 2009. The Department also administered support in 2007–08, for the successful *Aedes aegypti* mosquito eradication program on Groote Eylandt to prevent dengue fever in this area.

Prevention of Foodborne Illness

The Department contributed to the control of foodborne illness through the management of OzFoodNet, Australia's national foodborne illness surveillance system. A highly successful model of communication and cooperation between the Department and State and Territory Governments, OzFoodNet responded to 13 multi-jurisdictional outbreaks of foodborne illness during the year, including five international outbreaks that required a high level of international communication. The Department improved the operational success of OzFoodNet by conducting national and international training courses on investigating communicable disease outbreaks.

The Department participated in the Food Chain Assurance Advisory Group to address issues of food security in crises such as pandemics or infrastructure failures. The Department also provided technical and strategic advice to the Food Standards Australia New Zealand Standards Development Committees, to assist in the development of a range of food standards; and to the Implementation Sub-Committee of the Food Regulation Standing Committee that directed study and survey priorities in the states and territories. These activities have helped reduce the incidence of foodborne illness through more effective food safety standards and by identifying areas of the food service chain for enforcement by state and territory regulatory authorities.

Protecting Human Health through Quarantine

Work with the Department of Agriculture, Fisheries and Forestry to administer the human health aspects of the *Quarantine Act 1908* continued in 2007–08.

In November 2007, the two departments signed a Memorandum of Understanding, reaffirming collaborative arrangements for addressing human health screening at the border, managing the health risk of biological imports, and providing policy guidance to the Australian Quarantine and Inspection Service for human quarantine operations.

In December 2007, the Department, in concert with the Australian Quarantine and Inspection Service, implemented Ship Sanitation Certificates under the World Health Organization's International Health Regulations (2005). The Ship Sanitation Certificate strengthens human health protection on international shipping entering Australia.

Facilitated Strategic Approaches to Environmental Threats to Human Health

In 2007–08, the Department led the development of the National Environmental Health Strategy 2007–2012 through the Environmental Health Committee. The strategy is focused on addressing key environmental health risks in Australia including: emergencies and disasters; climate change; increasing pressure on drinking water supplies; the intensity of urban development; and the lack of effective environmental health infrastructure in Aboriginal and Torres Strait Islander Health.

The Department supported the committee's work on improving the environmental health workforce by developing a National Environmental Health Workforce Action Plan. This plan was endorsed by the Environmental Health Committee in April 2008 and identifies eight key actions designed to address the current workforce shortfall and align with various strategies in the National Health Workforce Strategic Framework. As part of this, the successful video *My Job, Better Environmental Health* was transferred to DVD format, with 300 copies distributed to state and territory health departments for their use.

The Department administered funding to the Community Services and Industry Skills Council to work with the Environmental Health Committee on the development of a resource kit to support the training of Indigenous environmental health workers. These workers will benefit from other committee projects funded by the Department; including: the *Conducting Dog Health Programs in Indigenous Communities: a guide for environmental health practitioners*; and the establishment of an Aboriginal and Torres Strait Islander Environmental Health Practitioners' Association. The project involves identifying governance arrangements and setting up a website for the Aboriginal and Torres Strait Islander Environmental Health Practitioners' Association to enhance communication and exchange of information between Indigenous environmental health workers.

The Department also supported a hand washing project, developed to address the high rates of infectious diseases among Aboriginal babies and children in the Northern Territory. Formative research was used to guide the development of the highly successful 'Didya wash ya hands?' social marketing campaign, which included advertisements, posters, stickers, and point of sale displays in the community stores of targeted intervention communities. The long term goal of the project was to reduce the person-to-person, and environment-to-person, transmission of pathogenic organisms that cause diarrhoea, skin sores and respiratory disease. There has been improved hand washing behaviour and an improved level of awareness in all communities (both intervention and comparison groups) of the benefits of hand washing and an improved understanding of how diseases are spread, following the mass media campaign.

Performance Information for Outcome 14 Administered Programs

Administered Funding – Biosecurity and Emergency Response Programs	
Including: 14.1 Health Emergency Planning and Response; and 14.2 Surveillance.	
Indicator:	Containment of disease outbreaks and biosecurity incidents.
Measured by:	Timely engagement of national health coordination mechanisms and implementation of response plans. Timely and appropriate deployment of the National Medical Stockpile.
Reference Point/ Target:	Impact of disease or biosecurity incident on the community mitigated.
Result: Indicator met.	
Effective communicable disease surveillance systems and networks such as Communicable Disease Network Australia ensured early and rapid detection of communicable disease outbreaks. Early detection minimised risk of further spread of disease. For example, in July 2007, a detection of an imported case of wild-type polio prompted the tracing of all passengers on the aircraft on which the case was imported. All but 15 of 238 passengers were rapidly located and offered advice or vaccination. Nationally coordinated responses to outbreaks of foodborne gastroenteritis were undertaken by Oz FoodNet which helped reduce the spread of the illnesses and their economic impact on Australia.	

Indicator:	Use of biological agents for terrorist purposes limited.
Measured by:	Registration of facilities working with identified biological agents and compliance with mandatory standards.
Reference Point/ Target:	100% of facilities registered.

Result: Indicator not met.

The Department is developing a regulatory scheme for security sensitive biological agents. Part 3 of the *National Health Security Act 2007*, which provides the legislative framework for the regulatory scheme, will commence on 29 January 2009, when facilities will start being registered.

The Department consulted extensively with the states and territories, and affected stakeholders, to establish a regulatory scheme that meets the requirements of the *National Health Security Act 2007* and does not excessively increase the regulatory burden on stakeholders.

The Department also progressed development of the details of the regulatory scheme including the Regulations and Security Sensitive Biological Agents Standards which are the legislative instruments that underpin the *National Health Security Act 2007*.

Indicator:	Effective surveillance, analysis and management of incidents of domestic and international communicable and foodborne diseases.
Measured by:	Reporting of communicable and foodborne disease outbreaks within agreed protocols.
Reference Point/ Target:	Impact of communicable and foodborne disease is reduced.

Result: Indicator met.

In 2007–08 The Department detected several outbreaks of communicable diseases, including:

- above normal influenza activity at the start of the influenza season in 2007;
- above normal arboviral (mosquito-borne disease) activity early in the season, during spring rainfall and flooding in central and northern areas of Australia; and
- measles, mumps and pertussis outbreaks and *Haemophilus influenzae* type b clusters, which were referred to relevant committees for enhanced monitoring.

The Department, in conjunction with the NSW Food Authority, also commenced a comprehensive national survey of the incidence of gastroenteritis and foodborne illness, including determining the prevalence of gastroenteritis in aged care settings.

Indicator:	Detection and review of communicable disease incidents and outbreaks.
Measured by:	Timely notification and analysis of national data. Acceptance of revised Australian Health Management Plan for Pandemic Influenza.
Reference Point/ Target:	Early and accurate analysis of national data. State and Territory Governments endorse the Australian Health Management Plan for Pandemic Influenza through the Australian Health Protection Committee.

Result: Indicator substantially met.

The Department worked with the states and territories through the Communicable Disease Network Australia, to action and contain all outbreaks including tuberculosis, polio, influenza, measles and dengue fever. This included contact tracing of potentially infected people to ensure that there was no further spread of communicable diseases in Australia.

The Department effectively liaised with international health agencies to contain communicable disease outbreaks and minimise the impact where there had been international travel.

OzFoodNet coordinated the investigation of 13 multi-jurisdictional outbreaks, including salmonellosis, listeriosis, and Shiga-toxin producing E. coli.

The Department consulted extensively with States and Territory Governments through the Australian Health Protection Committee and its supporting committees to revise the Australian Health Management Plan for Pandemic Influenza. Through this process, jurisdictions made a significant contribution to the policy and operational aspects of the national health plan, and bolstered the health sector preparations and response to influenza pandemic. The revised Australian Health Management Plan for Pandemic Influenza is expected to be endorsed by the Australian Health Protection Committee in late 2008.

Indicator:	Enhanced national approaches to environmental health hazards.
Measured by:	Acceptance of forward-looking national environmental health priorities.
Reference Point/ Target:	Agreement by the states and territories to national environmental health priorities.

Result: Indicator met.

The Department led the development of the National Environmental Health Strategy 2007–2012. All states and territories have agreed to the strategy through their membership of the Environmental Health Committee.

Through its support for Shared Responsibility Agreements, the Department also provided assistance directly to communities for projects in New South Wales and South Australia that included activities to improve environmental health outcomes.

Performance Information for Outcome 14 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	
Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.	

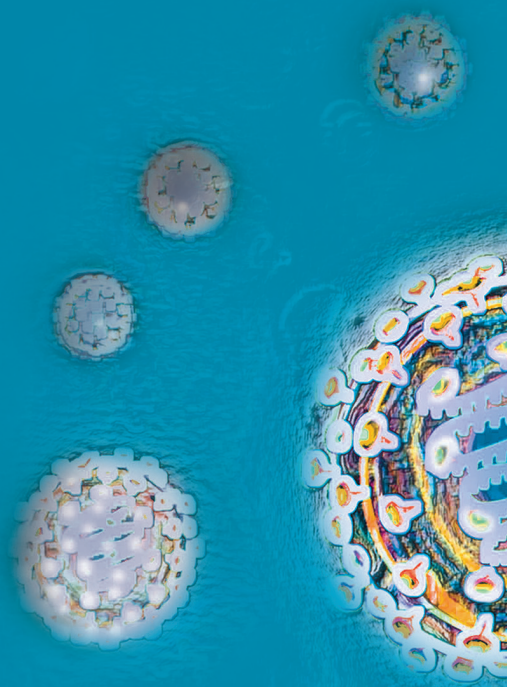
Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Advice to the Minister supported by up-to-date scientific clinical and other evidence.
Result: Indicator met.	
The Department provided quality, relevant and timely advice to Government to inform decision-making. This included advice around pandemic and pre-pandemic influenza vaccines and their role in pandemic response, in order to determine strategies for future procurement such as replenish expiring items in the National Medical Stockpile through the 2008–09 Budget process, and long-term strategies for pandemic influenza vaccine production in Australia.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
Outcome 14 recorded a 2.6% underspend. The majority of the underspend was due to work for the Health Security and Counter Terrorism Response Capacity measure being superseded by a Council of Australian Governments decision.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities provided for stakeholder participation through consultations, forums, meetings and surveys.
Reference Point/ Target:	All relevant stakeholders consulted during program development and implementation phases.
Result: Indicator met.	
The Department consulted extensively throughout the year, with other government agencies and State and Territory Governments, responsible bodies, and with international authorities, such as the World Health Organization. The Department also met and is continuing to work with private enterprise including general practitioners.	

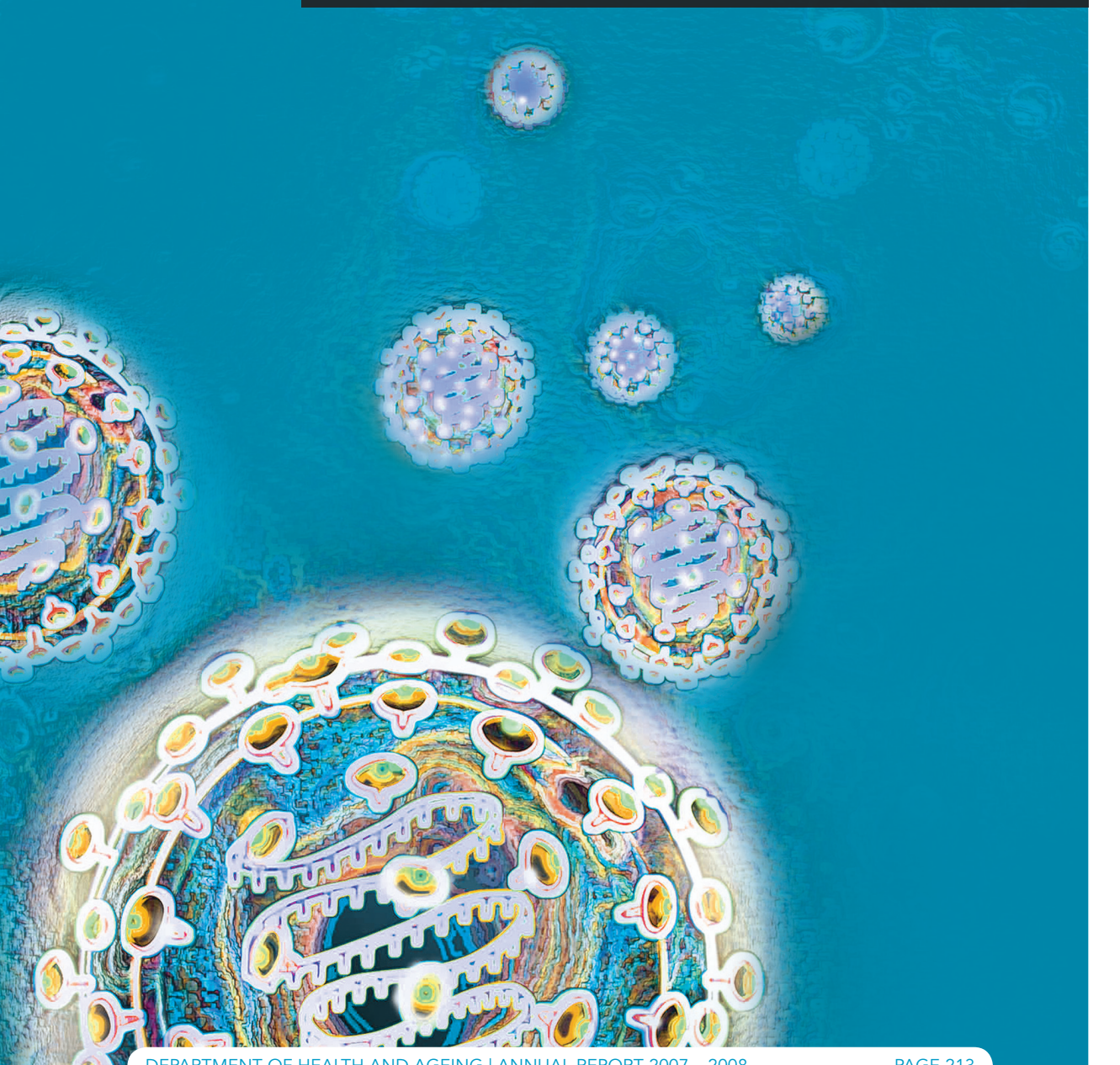
Outcome 14 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 14.1: Health Emergency Planning and Response				
Appropriation Bill 1/3/5	31,041	34,431	3,390	14,059
Appropriation Bill 2/4/6	14,477	14,477	–	14,403
	45,518	**48,908**	**3,390**	**28,462**
Program 14.2: Surveillance				
Appropriation Bill 1/3/5	4,885	4,266	(619)	5,313
Appropriation Bill 2/4/6	818	810	(8)	820
	5,703	**5,076**	**(627)**	**6,133**
Other expenses administered on behalf of Government				
Write down and impairment of assets	18,249	13,678	(4,571)	–
	18,249	**13,678**	**(4,571)**	**–**
Total Administered Expenses	**69,470**	**67,662**	**(1,808)**	**34,595**
Departmental Appropriations				
Output Group 1 – Policy Advice	7,446	8,053	607	7,632
Output Group 2 – Program Management	20,235	21,701	1,466	20,741
Total price of departmental outputs *(Total revenue from Government & other sources)*	**27,681**	**29,754**	**2,073**	**28,373**
Total revenue from Government (appropriations) contributing to price of departmental outputs	23,905	25,210	1,305	24,593
Total revenue from other sources	3,776	4,544	768	3,780
Total price of departmental outputs *(Total revenue from Government & other sources)*	**27,681**	**29,754**	**2,073**	**28,373**
Total estimated resourcing for Outcome 14 *(Total price of outputs & administered expenses)*	**97,151**	**97,416**	**265**	**62,968**
Average Staffing Level (Number) Department	**227**	**213**	**(14)**	**213**



OUTCOME 15

Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians



OUTCOME 15

Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians

Outcome 15 contributes to a competitive and clean Australian sports sector, based on excellence, integrity and leadership. The outcome also aims to encourage greater participation in sport by all Australians.

The Department helped achieve Outcome 15 in 2007–08 by supporting sport and recreation projects from grassroots to elite levels, and facilitating access to sporting and recreational opportunities for people to promote physical and mental health. The Department also supported activities to help detect and deter doping, and promote water and snow safety.

Responsibility for sport and recreation projects transferred from the former Department of Communications, Information Technology and the Arts to Health and Ageing in December 2007.

This chapter reports on the major activities undertaken during the year, addressing the performance information published in the Outcome 2 chapter of the *2007–08 Communications, Information Technology and the Arts Portfolio Budget Statements* and the Outcome 15 chapter of the *2007–08 Health and Ageing Portfolio Additional Estimates Statements*.

Outcome 15 was managed by the Population Health Division.

Major Achievements

- Contributed to increased participation in sport and recreation through funding for the development of sport and recreation facilities.
- Supported four national recreational safety organisations to develop and implement strategies to reduce the number of aquatic and skiing accidents and deaths in Australia.
- Helped promote excellence, participation and sustainability in the sport sector by managing the development of the Government's new policy framework *Australian Sport: emerging challenges, new directions*.
- Supported the successful candidature of John Fahey for the Presidency of the World Anti-Doping Agency.
- Contributed to increasing the active participation of Indigenous Australians through the funding of 134 projects to community groups and organisations in urban, rural and remote regions.

Challenges

- Delays in finalising funding arrangements for the Anti-Doping Research Program.
- Funding for three sporting facilities projects, totalling $31 million, was not provided in 2007–08 as the respective projects were not sufficiently advanced for the execution of funding agreements.

Key Strategic Directions for 2007–08 – Major Activities

Promoting Excellence, Participation and Sustainability in the Sport Sector

Sport and Recreation Facilities

Sport and recreation activities play a fundamental role in building healthy communities. For example, activities undertaken through grassroots sporting clubs promote participation in active sport and recreation, and teach important values such as volunteerism, leadership, teamwork, meeting challenges and pursuing excellence.

During 2007–08, the Department supported the development of a range of community and major sporting and recreation facilities across Australia, through the implementation

of 17 new funding agreements. This major achievement supported the establishment and redevelopment of community sport and recreation facilities, club and oval upgrades, and the purchase of sporting equipment. Through this activity, the Department aims to improve opportunities for participation in sport and recreational activities at a grassroots level; and in the case of larger sport stadiums, a wider promotion of sports and encouragement of greater community participation.

The Department also managed the organisation of the Commonwealth Sports Ministers Meeting, held in Beijing in the margins of the 2008 Olympic Games in August 2008. Chaired by the Australian Minister for Sport, the meeting was an important forum to pursue community development across the Commonwealth through sport, and to further develop anti-doping initiatives, particularly in those countries without anti-doping programs.

Sport Policy

Another achievement was the development of the Australian Government's new policy framework *Australian Sport: emerging challenges, new directions*. Accessible at <www.health.gov.au>, the framework identifies the need to better support elite sport, and prevent chronic disease in the community through increased participation in physical activity. Priority areas include improving the status of women in sport, improving the delivery of Indigenous sport, and examining how to improve access for disabled athletes at the grassroots and elite levels.

The Department will manage the implementation of the major initiatives in the policy, including an independent review of Australian sport, which will look at what is required to ensure Australia's continued sporting success at an elite level and mechanisms to support grassroots community support and increase participation rates.

In addition, the Department will work to help increase the delivery of sport in traditional settings such as schools, and encourage active play. To achieve this, the Department will work with state and territory departments of sport and recreation; developing strategies to overcome issues that present as barriers to participation.

Contribution to Australia's Anti-doping Framework and Promotion of International Cooperation on Anti-doping in Sport

In 2007–08, the Department worked with the Australian Sports Anti-Doping Authority in overseeing Australia's anti-doping arrangements, and to ensure Australia's compliance with international obligations under the UNESCO International Convention Against Doping in Sport.

National Anti-doping Efforts

Working in consultation with state and territory agencies, the Department prepared the National Anti-Doping Framework that was agreed by the Sport and Recreation

Ministerial Council in October 2007. This framework aligns anti-doping efforts in Australia through a set of agreed principles and clearly identifies areas for cooperation between the Australian and State and Territory Governments. It is expected that this framework will help Australia to lead the international fight against drugs and doping in sport, to achieve a level international playing field, where all athletes are subject to the same doping rules and sanctions.

World Anti-doping Efforts

Australia continued to be an active contributor to the activities of the World Anti-Doping Agency, the international organisation established to promote, coordinate, and monitor the fight against doping in sport in all its forms. In 2007–08, Mr John Fahey was appointed as the head of the agency, a highly influential position in world sport and the global anti-doping movement. The Department contributed to this major achievement by providing logistical support to the election of Mr Fahey.

The Department also contributed to the development of the Australian Government's submission to the final stage review of the World Anti-Doping Code and facilitated the Australian Government's participation in the World Anti-Doping Conference in Madrid in November 2007. The endorsement of the revised World Anti-Doping Code at this meeting was the culmination of a two year effort to refine the code so that it underpins the international fight against doping into the future.

Furthermore, the Department worked with the World Anti-Doping Agency to co-host the third Investigations Symposium, which was held in Sydney on 1–2 May 2008. The symposium brought together high-level representatives from UNESCO, governments, law enforcement agencies, the International Olympic Committee, international sporting federations and national anti-doping organisations to work towards the development of protocols that reflect best practice in information sharing and investigative practices in anti-doping.

Promoting Water and Alpine Safety

Another highlight was the provision of funding to four National Recreation Safety Organisations: Surf Life Saving Australia, the Royal Life Saving Society Australia, Austswim and the Australian Ski Patrol Association, to develop and implement strategies to reduce the number of aquatic and skiing accidents and deaths in Australia. Government support for nationally-based water safety programs has contributed to a continuing reduction in drowning. The national drowning rate has steadily decreased from 2.0 deaths per 100,000 population in 1992 to 1.3 deaths per 100,000 population in 2006–07. In a country with a strong beach and water sports culture, continued education efforts are required to promote safety and minimise injury, hospitalisation and death. Government support contributes to the coordinated national efforts of the peak water safety organisations in developing and delivering effective water safety programs.

Active Community Participation in Sport and Physical Recreation Activities for Indigenous Australians

Sport and physical recreation are instrumental in contributing to improved health outcomes for Indigenous Australians and reducing the gap between Indigenous and non-Indigenous Australians' life expectancy. Such activities also engage communities socially, build an individual's self-esteem and foster social skills. Furthermore, sport and physical recreation have the potential to address broader social issues such as low attendance rates at school and interaction with the justice system, thereby having multiple effects on a community.

The Indigenous Sport and Recreation Program forms part of the whole-of-government approach to programs and services for Indigenous Australians. In 2007–08, the Department supported 134 community and regional based projects under the program, aimed at increasing Indigenous Australians' participation in, and encouraging community ownership and management of sport and

physical recreation activities. This major achievement helped with the purchase of sporting equipment, salaries for sport and recreation officers, and administration and operational expenses for organisations where their activities supported sport and physical recreation.

The Department provided funds to the Australian Sports Commission to assist in the delivery of the Indigenous Sport Program. This program assisted the states and territories (with the exception of Queensland) to employ 28 Indigenous Sport Development Officers to work with Indigenous communities and relevant government agencies in promoting sport and physical recreation activities at the local, community and regional level. Funding was also used to financially assist Indigenous sports people attending Australian Sports Commission recognised national and international competitions under the Elite Indigenous Travel and Accommodation Assistance Program.

In addition, the Department saw 35 Community Development Employment Projects sport identified positions transitioned into real jobs as part of the Northern Territory Emergency Response, with a further 51 positions earmarked for transition in 2008–09.

Supporting Portfolio Sport Agencies

Australian Sports Anti-Doping Authority

The Australian Sports Anti-Doping Authority is the focal point for the implementation of Australia's anti-doping arrangements. To deter athletes from using prohibited substances and methods, the authority provides a comprehensive anti-doping program for the Australian sports community that encompasses deterrence (awareness and education), detection (testing and investigations) and enforcement (the presentation of cases at hearings).

In 2007–08, the Department worked with the Australian Sports Anti-Doping Authority to protect Australia's sporting integrity through eliminating doping. This work included consultation on both the World Anti-Doping Agency 2008 Prohibited List and the third stage of the World Anti-Doping Code review.

Australian Sports Commission

During the year, the Department also managed the restructure of the Australian Sports Commission Board. Personnel in the board were appointed on the basis of their expertise and ability to deliver on the new policy directions set by the Government under the framework *Australian Sport: emerging challenges, future directions*.

Performance Information for Outcome 15 Administered Programs

Administered Funding – Outcome 15 Program	
15.1 Sport and Recreation	
Indicator:	Extent to which funded research projects are meeting the needs of anti-doping organisations, anti-doping laboratories and others with a role in the anti-doping sphere. Australia is able to contribute to the international fight against doping in sport.
Measured by:	Effectiveness of the Sport and Recreation (Anti-Doping) program.
Reference Point/ Target:	Number of projects supported.
Result: Indicator substantially met.	

Ten new projects were supported by the Anti-Doping Research Program in 2007–08, eight of which will advance knowledge in the detection of substances and methods on the World Anti-Doping Agency Prohibited List. The projects funded were in line with the research priorities published by the World Anti-Doping Agency, contributing to the global development of new or improved detection tests.

Two additional projects focused on improving deterrence through social research into athlete behaviour, the results of which will inform strategic anti-doping initiatives in the future.

Indicator:	The extent to which the aquatic and ski initiatives funded contribute to an enhancement of aquatic and snow safety in Australia.
Measured by:	Effectiveness of the Water and Snow Safety program.
Reference Point/ Target:	Qualitative evaluation of key initiatives supported by the funding through the analysis of annual reports provided by National Recreational Safety Organisations.

Result: Indicator met.

National Recreational Safety Organisations initiatives funded by the Government in 2007–08 were delivered in a timely and effective manner. These programs contributed to a continuing downward trend in the number of aquatic and skiing accidents and deaths in Australia. The national drowning rate has steadily decreased from 2.0 deaths per 100,000 population in 1992 to 1.3 deaths per 100,000 population in 2006–07. Government support contributes to the coordinated national efforts of the peak water safety organisations in developing and delivering effective water safety programs.

Indicator:	The development of a stronger sports sector and greater participation in sport resulting from facilities funding initiatives.
Measured by:	Effectiveness of Government financial support for the development of sporting facilities.
Reference Point/ Target:	Percentage and number of individual funding agreement milestones met.

Result: Indicator met.

The Department executed 17 (85%) new funding agreements in 2007–08. Three additional (15%) funding agreements could not be executed as the proponents were unable or not ready to proceed with the project.

These funding agreements support increased participation in and promotion of sport and recreational activities. For example, funding for the Leichhardt Oval in Balmain will allow a greater use of the oval by a range of community and sporting groups and the Community Street Soccer Program brings together homeless and marginalised people for weekly training and matches around the country.

During 2007–08, the Department continued the administration of a further 19 funding agreements that had been executed during previous financial years. Final reports for 13 of these older funding agreements will be delivered in 2008–09.

Indicator:	Impact and range of Indigenous sport and recreation activities funded.
Measured by:	Effectiveness of the Indigenous Sport and Recreation program.
Reference Point/ Target:	Number of Indigenous people actively participating in programs. Number of Indigenous communities with improved access to sport and physical recreation activities. Number of Indigenous athletes receiving travel and accommodation support to attend Australian Sports Commission recognised national and international sporting competitions. Number of Indigenous Sport Development Officers (ISDOs) supported. Number of sport and physical recreation programs developed by ISDOs in collaboration with relevant parties.
Result: Indicator met.	

In 2007–08 approximately 73,000 Indigenous Australians actively participated in an Indigenous Sport and Recreation Program activity. Over 500 activities were held nationally, attracting approximately 39,000 Indigenous males and 34,000 Indigenous females. Program participants ranged in age and ability; approximately 15,000 adults and 58,000 youths participated in program activities, plus 27 disabled adults and 85 disabled youths.

The Indigenous Sport and Recreation Program improved access to sport and physical recreation activities for 110 Indigenous communities, through the delivery of 130 sport and recreation projects. Over 100 Indigenous organisations operating in urban, rural and remote areas received direct funding and support under the program in 2007–08.

A total of 641 Indigenous athletes (342 males and 299 females) received travel and accommodation support to attend Australian Sports Commission recognised national and international sporting competitions in 2007–08. Recipients came from regional, country and metropolitan areas (56% metropolitan and 44% country/regional). Total expenditure for travel and accommodation support was $601,242, at an average of $938 per recipient.

The Indigenous Sport and Recreation Program provided direct support to 23 Indigenous Sport Development Officers throughout South Australia, Western Australia, New South Wales, Tasmania, Victoria, Northern Territory and the Australian Capital Territory. Through collaboration with relevant parties and support of the Indigenous Sport and Recreation Program, 517 sport and physical recreation programs were developed by Indigenous Sport Development Officers in 2007–08, benefiting over 30,000 Indigenous Australians.

Performance Information for Outcome 15 Departmental Outputs

Output Group 1 – Policy Advice	
Indicator:	Quality, relevant and timely advice for Australian Government decision-making.
Measured by:	Ministerial satisfaction.
Reference Point/ Target:	Maintain or increase from previous year.
Result: Indicator met.	

Ministers were satisfied with the advice provided by the Department for Australian Government decision-making. This is on par with ministerial satisfaction in 2006–07.

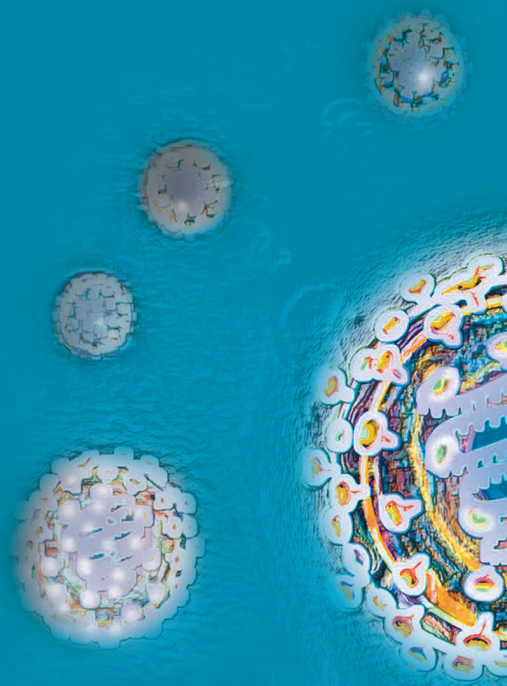
Indicator:	Relevant and timely evidence-based policy research.
Measured by:	Production of relevant and timely evidence-based policy research.
Reference Point/ Target:	Relevant evidence-based policy research produced in a timely manner.
Result: Indicator met.	
In developing the Government's policy framework, the Department sourced information from previous Government inquiries, data on physical activity and obesity levels, as well as comparative data from other countries. The Department also researched base parameters to inform the development of the Local Sporting Champions program.	

Output Group 2 – Program Management	
Indicator:	Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.
Measured by:	Percentage that actual expenses vary from budgeted expenses.
Reference Point/ Target:	0.5% variance from budgeted expenses.
Result: Indicator not met.	
There was a -21.86% variance in 2007–08. The underspend in the Anti-Doping Research Program was due to delays in finalising funding arrangements for a number of projects. The administrative changes arising from the move of sport into the Health portfolio also caused delays as new systems were set up. This is not expected to be an issue in the future. Another challenge was finalising funding for three sporting facilities projects, totalling $31 million. The respective projects were not sufficiently advanced for the execution of funding agreements. It is expected that the majority of these agreements will be executed in the 2008–09 financial year.	

Indicator:	Stakeholders to participate in program development.
Measured by:	Opportunities for stakeholder participation through a range of avenues, such as initiatives, reviews and discussion papers.
Reference Point/ Target:	Stakeholders participate through initiatives, reviews and discussion papers.
Result: Indicator substantially met.	
The Department worked with experts in the illicit drug field as well as with the Australian Sports Anti-Doping Authority on the development of the Government's illicit drugs in sport policy. Similarly, experts in the alcohol field were consulted on the development of the Club Champions component of the National Binge Drinking initiative, as well as the Australian Sports Commission and national sporting organisations.	

Outcome 15 – Financial Resources Summary

	(A) Budget Estimate 2007–08 $'000	(B) Actual 2007–08 $'000	Variation (Column B minus Column A) $'000	Budget Estimate 2008–09 $'000
Administered Expenses				
Program 15.1: Sport and Recreation				
Appropriation Bill 1/3/5	117,565	93,058	(24,507)	64,620
Appropriation Bill 2/4/6	22,040	16,040	(6,000)	10,000
Total Administered Expenses	**139,605**	**109,098**	**(30,507)**	**74,620**
Departmental Appropriations				
Output Group 1 – Policy Advice	633	590	(43)	804
Output Group 2 – Program Management	1,901	1,765	(136)	2,412
Total price of departmental outputs *(Total revenue from Government & other sources)*	**2,534**	**2,355**	**(179)**	**3,216**
Total revenue from Government (appropriations) contributing to price of departmental outputs	2,513	2,152	(361)	3,200
Total revenue from other sources	21	203	182	16
Total price of departmental outputs *(Total revenue from Government & other sources)*	**2,534**	**2,355**	**(179)**	**3,216**
Total estimated resourcing for Outcome 15 *(Total price of outputs & administered expenses)*	**142,139**	**111,453**	**(30,686)**	**77,836**
Average Staffing Level (Number)				
Department	12	12	–	21



PART 03

Management Arrangements

PART 03

Management Arrangements

We show leadership and effectively manage staff performance.

Part Three details the Department's governance, people and financial management arrangements. It also includes information on internal and external scrutiny activities and ministerial responsibilities.

Our Managers

As managers we:

- show leadership and effectively manage staff performance;
- ensure staff understand their role in achieving the Department's priorities;
- involve staff in decision-making to promote open and productive working relationships;
- promote enthusiasm by delegating interesting work where possible;
- encourage and support staff to reach their full potential;
- assist staff to maintain a healthy work and life balance; and
- acknowledge and reward the efforts and contributions of staff.

Our People

We:

- put Our Values into practice and add as much value as we can to our tasks;
- work in partnership with each other and with our stakeholders;
- commit to quality and administrative excellence;
- take personal responsibility; and
- respect each other and strive for a happy, safe and productive work environment.

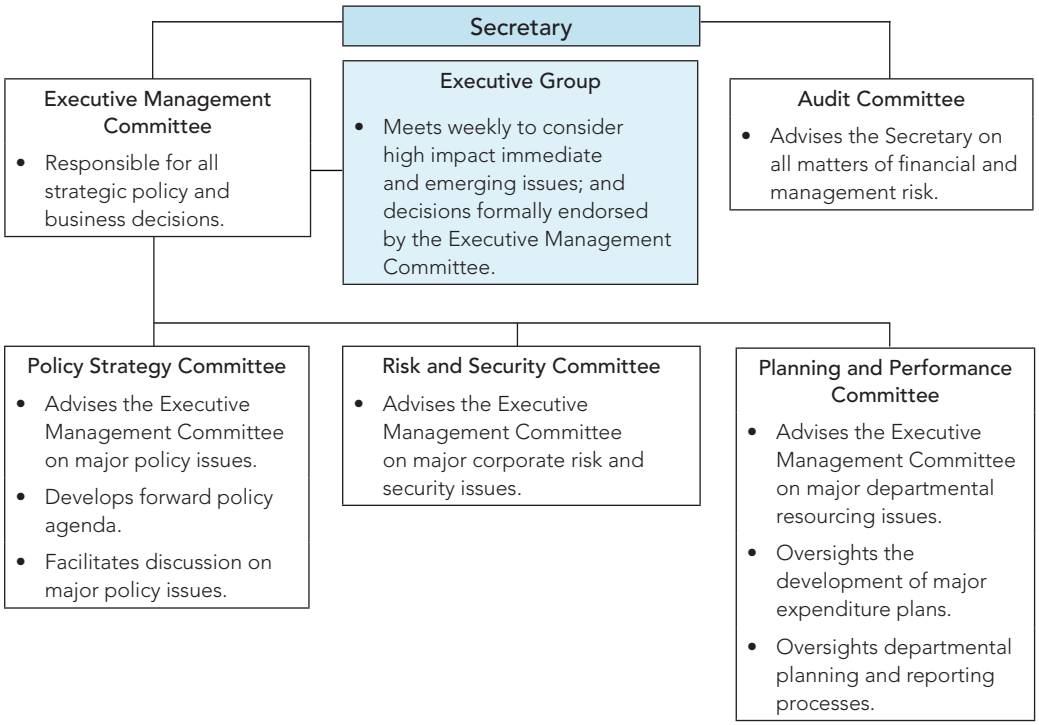
Department of Health and Ageing Corporate Plan 2006–09

3.1 Corporate Governance

Departmental Committees

The Department's governance framework provides the structure for informed decision-making, efficient and effective program management, risk management and accountability. In 2007–08, the following high level committees provided the Department with a transparent, rigorous and robust capacity for effective governance across all areas of operation.

Figure 3.1.1: Department of Health and Ageing Corporate Governance Framework



Executive Management Committee

The Executive Management Committee provided the Department with leadership and strategic guidance and considered recommendations from the Policy Strategy Committee, the Risk and Security Committee and the Planning and Performance Committee. The Executive Management Committee, supported by the Executive Group, made major decisions on departmental policy, and financial and operational issues. It also assessed expenditure proposals involving major investment and was responsible for strategic people management. This included the development of the Collective Agreement and remuneration policy for departmental staff. Discussion relating to the Department's Collective Agreement can be found in the 3.2 People Management chapter.

Policy Strategy Committee

The Policy Strategy Committee provided a forum to promote and facilitate cross-departmental cooperation in the development of policy. It enabled the provision of advice

to the Executive Management Committee on major policy issues, including policy priorities and gaps, and advice and recommendations about priorities for the Department's research agenda. It also helped First Assistant Secretaries to increase their knowledge and understanding of issues that are of broad relevance to the portfolio, outside of their day-to-day work.

Planning and Performance Committee

The Planning and Performance Committee provided advice to the Executive Management Committee on major strategic resourcing issues. It was responsible for the performance of administered programs and capital expenditure. The committee also focused on Information Technology systems and applications proposals, and funding priorities and pressures.

Following a commissioned review of departmental business planning, the committee gave considerable attention to the business planning process, with a particular focus on workforce planning. The committee was kept informed of the 2008 Departmental Financial Review and considered a number of business cases for capital funding following assessment by the Business Investment Committee. It also endorsed a Workforce Strategy for future dissemination (discussed in the 3.2 People Management chapter).

Risk and Security Committee

The Risk and Security Committee ensured that the Department had appropriate risk management, security, and business continuity frameworks in place, including an Enterprise Risk Management Plan, policies, guidelines, standards, business processes and operational performance reporting. At a strategic level, the committee monitored, encouraged and supported compliance with these frameworks.

In 2007–08, the committee monitored the progress of risk treatments outlined in the Enterprise Risk Management Plan, endorsed a new Agency Security Plan, and reviewed the Department's Business Continuity Framework. The committee supported the conduct of protective security risk assessments of its premises and noted the Department's improved performance against key result areas in the annual Comcover Risk Management Survey. The committee also continued a progressive regime of testing elements of its Business Continuity Plan which incorporated exercises to ensure business continuity preparedness for APEC 2007 and World Youth Day 2008.

Audit Committee

The Audit Committee provided independent assurance and advice to the Secretary on the Department's risk, control and compliance framework, and its external accountability responsibilities. This included reviewing the Department's financial statements and advising the Secretary regarding their signing. The committee also reviewed the internal audit coverage and annual work plans, and provided input and feedback on the financial statement and performance audit coverage afforded by the Australian National Audit Office. Further discussion relating to the Audit Committee can be found in the 3.5 Internal Audit Arrangements chapter.

Ethical Standards

Reinforcing Australian Public Service Values

The Department's commitment to maintaining high ethical standards is reflected in the *Department of Health and Ageing Corporate Plan 2006–09*, which guides team leaders and staff on how to approach their work. These principles are underpinned by the Australian Public Service Values.

During 2007–08, the Department provided all new staff with a copy of the Australian Public Service Values and Code of Conduct. In addition, each new staff member was made aware of his or her responsibilities under the *Public Service Act 1999*, through orientation training and induction sessions.

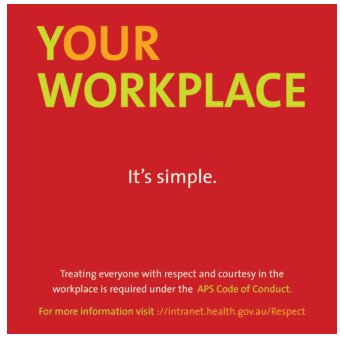
Promoting Respect in the Workplace

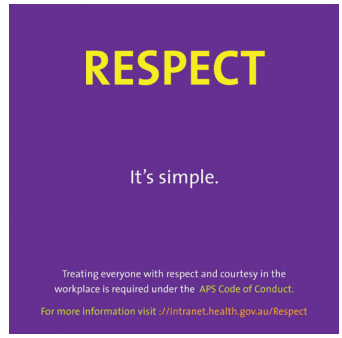
The Department continued its Respect campaign to reinforce that workplace harassment will not be tolerated. Through this campaign, the Department highlighted the linkages to the Code of Conduct and emphasised the expected workplace behaviours and responsibilities of all staff. Discussion relating to other Respect campaign activities can be found in the 3.2 People Management chapter.

Any alleged breaches of the Code of Conduct are taken seriously. Formal investigations into these matters are undertaken when there is a prima facie case to answer and are managed in accordance with Australian Public Service guidelines.

Dealing with Potential Conflicts of Interest

In addition, the Secretary advised all staff of new Australian Public Service Commission guidelines to help them declare and manage any conflicts of interest in carrying out their duties. Staff were reminded that all employees must notify their managers and declare to the Secretary financial and personal private interests that could present a real or apparent conflict with their official duties.





3.2 People Management

We value the commitment, achievements and development of all staff; and our ability to apply our skills and training to the delivery of better health and ageing outcomes.

Following is a discussion of the activities undertaken by the Department in 2007–08 to ensure that the organisation had a workforce that was motivated and capable of delivering the Australian Government's health and ageing policies and programs, now and into the future.

Staff Survey

The Department's fifth Staff Survey, conducted on 21 November 2007, provided an evidence-based evaluation of the organisation's culture, staff motivation and workplace factors that impact on motivation and productivity. Eighty-eight per cent of staff present on the day participated in the survey. The 2007 Survey tally score showed an overall improvement on the 2006 result. Similar to last year, the highest scoring drivers continued to be manager, job, employer and development.

Results for staff of Aboriginal and Torres Strait Islander origin showed a marked improvement in areas relating to the work environment and developmental opportunities. These improvements validated activities delivered under the Aboriginal and Torres Strait Islander Workforce Action Plan (discussed later in this chapter). Results for staff with a disability also showed significant improvement across the board, with the greatest improvements in areas relating to a supportive work environment and opportunities to provide input and contribute to business planning.

Recruitment and Selection

The Department continually reviews the effectiveness of its recruitment processes to meet operational needs. Following a comprehensive evaluation of processes in 2006–07, the Department implemented a number of changes that: place a greater emphasis on the type of advertising undertaken for vacant positions; provide a wider suite of information available to selection panels to assist in undertaking recruitment exercises; and help managers to improve the overall time taken to complete recruitment processes. The Department will work to further improve its recruitment processes over the coming year, to increase its ability to attract skilled and experienced staff in an increasingly competitive labour market.

Performance Development

The Department's Staff Survey demonstrated that having a Performance Development Scheme agreement with clearly specified tasks, objectives and performance measures, and regular ongoing feedback from supervisors as part of this process, has a significantly positive impact on staff motivation. This compares with generally lower motivation levels found by the survey for those staff without agreements in place. An increase in the number of staff with a Performance Development Scheme agreement has led to improved 2007 Staff Survey results.

The Department continued to improve its performance management and development scheme in 2007–08, by developing an Online Performance Development Scheme. Launched in August 2008, this new approach enables staff members' agreements to be stored centrally on the Department's corporate information technology system and their performance results to be approved online.

Workplace Planning, Staff Retention and Turnover

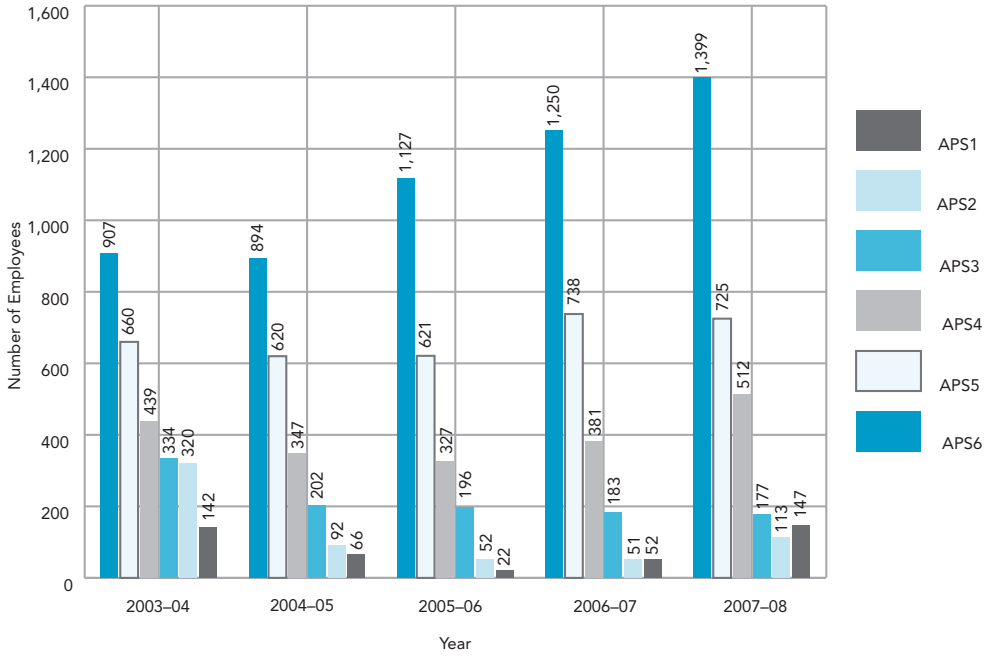
In late 2007, the Department undertook a workforce planning process to address predicted and current workforce challenges, such as the ageing workforce and skills

shortages. The Department's business units were surveyed to determine the maturity of workforce planning activity, as well as to identify their immediate and longer-term workforce needs. In addition, qualitative and quantitative data on key departmental demographic information, staff and exit survey data, relevant research and reports, labour market data and benchmarking information, was collected and analysed. This resulted in the identification of the following three approaches for addressing critical workforce issues:

- improving the workforce planning process itself, with integration of workforce planning into cyclical business planning providing a structured, disciplined solution to the Department and its business units;
- attraction, recruitment and retention, with a range of corporate workforce management projects to establish protocols around internal and external movements, job design, critical roles and succession planning, and utilisation of non-Australian Public Service workforce personnel; and
- learning and development projects around graduate employment, capability and leadership development.

The Department has incorporated workforce planning into its 2008–09 business plans.

Figure 3.2.1: Staff Numbers by Classification Australian Public Service Levels 1 to 6



Source: Department of Health and Ageing Annual Reports 2004–05 to 2007–08. Further information relating to staffing numbers can be found in the 3.3 Staffing Information chapter.

Staff Training and Development

Departmental Training Priorities

The Department continued to align its training and development program with business needs as part of its Learning and Development framework. The Department completed a training needs analysis in June 2008, which obtained Senior Executives' views on existing and emerging training priorities. The Department will use the findings from the analysis to better identify, target, tailor and deliver on staff development needs.

Aboriginal and Torres Strait Islander Career Development Program

The Department supported its Aboriginal and Torres Strait Islander Workforce Action Plan in 2007–08, through a Career Development Program for Aboriginal and Torres Strait Islander staff who have been at the same classification for eighteen months or more. A component of the program focused on coaching individuals to articulate their ambitions in a career plan and develop strategies to achieve them. Fifteen staff completed the program this year, and seven have nominated for the next round of coaching in 2008–09. Other components of the career development program included leadership training, peer support and secondment.

Office of Health Protection Risk Assessment Training

The Department developed a training suite to assist the Office of Health Protection in its risk assessment of communicable diseases, environmental health threats, natural or man-made disasters, biosecurity and bioterrorism. The two courses conducted in 2007–08 provided participants with skills in risk analysis and risk assessment and included training in the use of software to model communicable disease outbreaks. Twenty-four staff members completed both courses.

Financial Management Training

Improving people's financial skills and capabilities continued to be a priority. The Department developed a course on financial analysis to assist program managers in understanding financial statements. Participants developed an understanding of basic accounting practices, reading profit and loss statements and understanding balance sheets to enable them to assess risks in relation to organisations receiving grants. Two hundred and seventy-six staff received financial analysis training during 2007–08.

Improving Strategic Thinking and Executive Level Capability

The Department introduced a course aimed at improving strategic thinking skills, one of the skills required for all staff above the Australian Public Service Level 5 classification under the Department's Capability Map. Four hundred and seventy-three staff attended the new strategic thinking course in 2007–08. The Department also introduced executive level transition courses to support staff who have recently moved to the Executive Level 1 and 2 classifications.

Graduate Development Program

The Department's graduate program remains a key entry level workforce strategy that provides development opportunities in a wide range of areas in the Department and will help position the Department to meet its future workforce needs. One hundred and three graduates were employed in the 2008 program intake. This included three staff engaged through the Indigenous Graduate Program.

Health and Life Strategy

The Department continued to facilitate the health and wellbeing of staff, and to encourage a work/life balance. The Department's fifth Collective Agreement provided for a variety of leave entitlements for personal, carers and parental reasons; part time work; and home based work. Staff also had access to education and awareness programs on the Department's intranet site, including smoking cessation, good nutrition and physical activity.

Helping the Community Through Work/Life Balance Activities

The Department actively encourages staff to participate in activities that not only help with maintaining a healthy work and life balance, but also benefit the community. In 2007–08, these included walking challenges, triathlons, rides to work, workplace giving and participation in fundraising activities such as the Hartley Cycling Challenge.

In 2007–08, staff efforts in blood donation were formally recognised when the Department was awarded second place for 'Public Sector Highest Number' in the Australian Red Cross Blood Bank's Corporate Donor Challenge. The award acknowledged the 906 donations made by staff.

Workplace Diversity

The Department's ongoing employment of Aboriginal and Torres Strait Islander staff and staff with disabilities remained above the Australian Public Service average, as reported in the Australian Public Service Commission *State of the Service Report 2006–2007*. The Department's ongoing employment rate of mature age staff (ie aged 45 years to 54 years), however, was marginally lower than the Australian Public Service average.

Supporting Staff from Aboriginal and Torres Strait Islander Backgrounds

During 2007–08, the Department continued to work with and support the Aboriginal and Torres Strait Islander Network to deliver a broad range of initiatives identified in the Aboriginal and Torres Strait Islander Workforce Action Plan. This included holding the National Aboriginal and Torres Strait Islander Conference in Brisbane for staff and conducting National Talking Circles with Aboriginal and Torres Strait Islander staff. This encouraged thinking and feedback around issues pertinent to retention, development and recruitment. The Staff Survey results showed significant improvements in the areas of development and employer support for Aboriginal and Torres Strait Islander staff.

Supporting Staff with a Disability

The Department continued its membership with the Australian Employers' Network on Disability, which supported advance employment opportunities for people with disability. The Department also drafted a Disability Workforce Action Plan 2008–2010 with an initial focus on supporting current staff with a disability and positioning the Department as an 'employer of choice' in the market place.

Brown Bag Lunch – Helping Staff to Manage and Develop People with Disability in the Department

The Department held a 'Brown Bag Lunch' session in June 2008 to help staff learn about managing and developing people with a disability.

Ms Suzanne Colbert, Chief Executive of the Australian Employers Network on Disability, outlined some of the key issues related to managing and developing team members with disability including:

- position descriptions and inherent requirements of a role;
- reasonable adjustments;
- disclosure of disability;
- barrier-free training and development; and
- barrier-free performance management.

Mature Aged Staff

The Department's Mature Age Action Plan aims to meet the particular needs of mature age staff in a number of ways, for example by assisting mature age staff to remain in employment beyond their 55th birthday, and providing information on how they can make the best use of conditions available under the Department's Collective Agreement. These conditions include flexible leave, part-time work and working from home.

In 2007–08, the Department provided access to six monthly superannuation information sessions to help mature age staff prepare for retirement. Under its Collective Agreement, the Department also financially helped staff aged 54 years and older to obtain advice from a registered financial advisor regarding their retirement options (as discussed later in this chapter).

Encouraging Respect in the Workplace

Following the success of the first phase of the Department's Respect campaign in 2006–07, the Department developed and implemented phase two in 2007–08. This involved interactive workshops with senior staff to educate them on people management issues, specifically on the management of bullying and harassment in the workplace. Through this work, the Department reinforced its commitment to a harassment-free workplace.

Workplace Agreements in the Department

Following the announcement of the new Government's policy in relation to agreement-making in the Australian Public Service in December 2007 and the release of the Australian Government Employment Bargaining Framework on 29 February 2008, the Department introduced a number of conventions in relation to its agreement making processes:

- Australian Workplace Agreements were no longer offered or varied by the Department;
- the Department's Collective Agreement provided the terms and conditions of employment for non-Senior Executive Staff, with a flexibility clause available to provide other terms and conditions for individuals or a particular group of staff where appropriate; and
- in lieu of a suitable collective arrangement, comprehensive terms and conditions of employment for new Senior Executive Staff were provided via an individual determination under Section 24(1) of the *Public Service Act 1999* and/or common law contract where required.

With the subsequent introduction of the *Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008* on 19 March 2008, the offering of Australian Workplace Agreements was prohibited in the Australian Public Service. Current Australian Workplace Agreements will continue to operate until terminated or replaced.

Common Law Contracts

While not generally used by the Department, common law contracts may be used to establish and/or supplement conditions and entitlements.

New Collective Agreement

The Department's fifth Collective Agreement was lodged with the Workplace Authority on 9 August 2007 and will expire on 9 August 2011. This agreement covers all staff below the Senior Executive Service level and is a principles based agreement, with the majority of detail on the operation of conditions held in supporting guidelines. The main features of the agreement are:

- pay increases of 4.2 per cent on lodgement, 4.1 per cent in August 2008, 4.1 per cent in August 2009 and 4.25 per cent in August 2010;
- changes to conditions of employment to comply with the requirements of the *Workplace Relations Act 1996;*

- ordinary hours of duty for staff covered by the agreement were increased from 7 hours 25 minutes per day to 7 hours 30 minutes per day;
- an additional two weeks maternity and adoption leave;
- the provision of a one-off $500 reimbursement to staff aged 54 years and older as a contribution to the cost of financial advice from a registered financial advisor regarding retirement options; and
- provision of a Public Transport Loan Scheme to promote and facilitate staff use of public transport.

Remuneration

The Remuneration Committee considers and determines requests for remuneration packages that fall outside the usual remuneration framework. These requests are generated by the Department's need to retain skilled, experienced and high performing staff who make a significant contribution to its operations. The Remuneration Committee also responds to requests for the Department to attract high quality staff whose technical experience and other attributes have a higher 'market value' than the standard remuneration arrangements will accommodate.

Separately the Department participates in the Remuneration Survey conducted by the Department of Education, Employment and Workplace Relations. This information is used to inform the annual review of salaries for Senior Executive staff.

Productivity Improvements

Productivity improvements were identified through the collective agreement negotiations, with significant items including:

- automation of the Performance Development Scheme and renewed focus on performance management, including informal feedback. In addition to reducing the administrative costs of the current manual process, this will increase scheme compliance, strengthen the link between performance and development, allow the Department to better meet the development needs of staff, and have a positive impact on motivation and retention;
- implementation of a new Learning and Development framework and strategy, which will have a strong link to attraction and retention, strengthen the link between learning, required knowledge, performance and business outcomes;
- implementation of an online e-learning program to complement 'classroom' and on the job learning;
- increasing the standard working day for staff by five minutes to 7 hours 30 minutes per day; and
- implementation of outcomes from the revised recruitment model evaluation and review processes.

3.3 Staffing Information

We work in partnership with each other.

This section provides information on Australian Public Service (APS) employees engaged by the Department in 2007–08 under the *Public Service Act 1999*. The following tables include information on staff numbers, locations, aggregated information on salary, performance pay and non-salary benefits provided to staff in 2007–08 under the Department's Collective Agreement and Australian Workplace Agreements.

Table 3.3.1 Staff Numbers by Classification at 30 June 2008

	Female		Male		
Classification	Full time	Part time	Full time	Part time	Total
Secretary	1	-	-	-	1
Holder of Public Office	3	-	1	-	4
Senior Executive Band 3	2	1	4	-	7
Senior Executive Band 2	14	-	10	-	24
Senior Executive Band 1	56	-	42	-	98
Executive Level 2	290	35	264	16	605
Executive Level 1	727	189	397	35	1,348
APS6	827	223	330	19	1,399
APS5	435	127	151	12	725
APS4	265	158	73	16	512
APS3	112	21	35	9	177
APS2	50	40	13	10	113
APS1	15	86	23	23	147
Cadet	3	-	-	-	3
Graduate	83	3	18	-	104
Legal 2	10	7	8	1	26
Legal 1	11	3	6	-	20
Chief Medical Officer	-	-	1	-	1
Medical Officer Class 6	3	-	1	1	5
Medical Officer Class 5	3	-	9	2	14
Medical Officer Class 4	7	-	14	9	30
Medical Officer Class 3	6	-	3	1	10
Medical Officer Class 2	4	2	4	-	10
Medical Officer Class 1	4	-	6	-	10
Professional 1	3	-	1	-	4
Senior Public Affairs	2	-	-	-	2
Public Affairs	12	4	11	2	29
Senior Principal Research Scientist	1	1	2	-	4

Classification	Female		Male		Total
	Full time	Part time	Full time	Part time	
Principal Research Scientist	1	-	-	-	1
Total	**2,950**	**900**	**1,427**	**156**	**5,433**

This table includes the head count figures of departmental staff by classification as at 30 June 2008.
It includes inoperative staff and staff acting at a higher level, for any period, as at 30 June 2008 (ie these staff are listed against their higher classification).
The headcount figures include Mersey Community Hospital staff as the Commonwealth assumed ownership of the hospital from the Tasmanian Government on 23 November 2007. They also include Australian Commission on Safety and Quality in Health Care and National Health and Hospitals Reform Commission staff. While externally funded, staff in these organisations are employed via the Department of Health and Ageing's employment framework.

Table 3.3.2 Distribution of Staff at 30 June 2008

Unit	Female		Male		Total
	Ongoing	Non-ongoing	Ongoing	Non-ongoing	
Acute Care Division*	151	384	59	83	677
Ageing and Aged Care Division**	294	47	93	24	458
Audit and Fraud Control Branch	6	-	8	4	18
Business Group#	312	71	163	56	602
Executive	8	1	5	1	15
Medical Benefits Division	130	23	62	14	229
Mental Health and Workforce Division	182	12	52	9	255
Office for Aboriginal and Torres Strait Islander Health	141	20	42	11	214
Office of Health Protection	118	7	59	8	192
Pharmaceutical Benefits Division	157	11	67	4	239
Population Health Division	267	15	64	4	350
Portfolio Strategies Division	112	14	46	4	176
Primary and Ambulatory Care Division	215	15	73	5	308
Regulatory Policy and Governance Division	54	3	24	-	81
Office of the Gene Technology Regulator	31	-	22	1	54
National Industrial Chemicals Notification and Assessment Scheme	30	8	20	4	62
Central Office Total	**2,208**	**631**	**859**	**232**	**3,930**
Australian Capital Territory Office	19	3	4	1	27
New South Wales Office	148	6	61	5	220
Northern Territory Office	49	10	7	1	67
Queensland Office	120	12	35	2	169
South Australia Office	69	9	34	2	114

Unit	Female		Male		
	Ongoing	Non-ongoing	Ongoing	Non-ongoing	Total
Tasmania Office	31	3	10	-	44
Victoria Office	135	13	53	2	203
Western Australia Office	71	10	27	2	110
State Office Total	642	66	231	15	954
Core Department Total	2,850	697	1,090	247	4,884
Therapeutic Goods Administration trust	276	27	224	22	549
Departmental Total	**3,126**	**724**	**1,314**	**269**	**5,433**

* Includes Mersey Community Hospital staff.
** Includes Office of Aged Care Quality and Compliance staff.
# Includes Australian Commission on Safety and Quality in Health Care and National Health and Hospitals Reform Commission staff.
This table includes the head count figures of all staff by unit as at 30 June 2008, including inoperative staff.
Non-ongoing figures include casual staff.

Table 3.3.3 Distribution of Staff by State and Territory at 30 June 2008

State	Core Department	TGA* Trust	Total
Australian Capital Territory**	3,390	536	3,926
New South Wales#	309	2	311
Victoria	211	9	220
Queensland	180	-	180
South Australia	112	2	114
Western Australia	113	-	113
Tasmania##	498	-	498
Northern Territory	71	-	71
Total	**4,884**	**549**	**5,433**

* Therapeutic Goods Administration.
** Includes Australian Capital Territory Office, Central Office and National Health and Hospitals Reform Commission staff.
# Includes New South Wales State Office, National Industrial Chemicals Notification and Assessment Scheme and Australian Commission on Safety and Quality in Health Care staff.
Includes Tasmania State Office and Mersey Community Hospital staff.
This table includes the head count figures of all staff by State and Territory as at 30 June 2008, including inoperative and out posted staff.

Table 3.3.4 Senior Executive Service Staff and Equivalent Staff with Australian Workplace Agreements and Section 24(1) Determinations as at 30 June 2008

	Number of Approved Australian Workplace Agreements		Number of Approved Section 24(1) Determinations		
Level	Female	Male	Female	Male	Total
Senior Executive Band 3	1	3	2	1	7
Senior Executive Band 2	12	6	-	2	20
Senior Executive Band 1	40	27	2	2	71
Chief Medical Officer	-	1	-	-	1
Medical Officer Class 6	2	1	-	-	3
Medical Officer Class 5	3	10	-	-	13
Senior Principal Research Scientist	2	2	-	-	4
Total	**60**	**50**	**4**	**5**	**119**

This table includes Senior Executive Service and equivalent staff who had an approved Australian Workplace Agreement or Section 24(1) Determinations at their nominal classification and were employed by the Department at 30 June 2008.

Table 3.3.5 Non-Senior Executive Service Staff with Australian Workplace Agreements as at 30 June 2008

Level	Number of Approved Australian Workplace Agreements
Non-Senior Executive Service staff	407

This table includes Non-SES staff who had an approved Australian Workplace Agreement at their nominal classification and were employed by the Department at 30 June 2008.

Table 3.3.6 APS Levels Salary Structure

Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Executive Level 2	99,008	108,368
	95,808	103,166
	87,841	99,832
	83,309	91,530
Executive Level 1	-	87,498
	80,648	84,035
	76,829	80,056
	73,626	76,718
APS 6	67,590	70,429
	66,110	68,887
	62,818	65,456
	59,912	62,428
APS 5	57,322	59,730

Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
	55,787	58,130
	54,310	56,591
APS 4	52,759	54,975
	51,306	53,461
	49,933	52,030
APS 3	48,850	50,902
	46,634	48,593
	45,320	47,223
	44,072	45,923
APS 2	41,617	43,365
	40,460	42,159
	39,281	40,931
	38,137	39,739
APS 1	36,646	38,185
	34,941	36,409
	33,785	35,204
	32,631	34,002
At 20 years	29,694	30,941
At 19 years	26,431	27,541
At 18 years	22,841	23,801
Under 18 years	19,579	20,401

Table 3.3.7 Professional 1 Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Professional 1	APS 5	57,322	59,730
	APS 5	55,787	58,130
	APS 4	51,306	53,461
	APS 4 #	49,933	52,030
	APS 3 ##	46,634	48,593
	APS 3	45,320	47,223

Salary on commencement for a 4 year degree (or higher).
Salary on commencement for a 3 year degree.

Table 3.3.8 Medical Officer Salary Structure

Local Title	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Medical Officer Class 4	124,923	130,170
	117,915	122,867
	113,493	118,260
Medical Officer Class 3	108,966	113,543
	104,073	108,444
Medical Officer Class 2	98,070	102,189
	93,077	96,986
Medical Officer Class 1	85,057	88,629
	77,053	80,289
	71,594	74,601
	66,089	68,865

Table 3.3.9 Legal Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Legal 2	Executive Level 2	104,731	112,161
		101,528	107,293
		95,889	103,825
Legal 1	Executive Level 1	89,141	94,936
		80,871	87,397
		73,626	80,056
	APS 6	65,852	68,618
		62,386	65,006
		58,920	62,428
	APS 5	55,454	57,783
	APS 4	51,988	54,171
	APS 3	48,522	50,560

Table 3.3.10 Public Affairs Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Senior Public Affairs 2	Executive Level 2	103,895	112,703
		100,689	108,324
Senior Public Affairs 1	Executive Level 2	95,808	103,166
Public Affairs 3	Executive Level 1	89,149	94,060
		83,309	89,497
		77,960	84,058
Public Affairs 2	APS 6	67,660	70,502
		62,818	65,456
		59,912	62,428
Public Affairs 1	APS 5	57,322	59,730
		55,787	58,130
	APS 4	52,759	54,975
	APS 4*	49,933	52,030

*This level is generally reserved for staff with less than two years experience.

Table 3.3.11 Research Scientist Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Senior Principal Research Scientist	Executive Level 2	131,051	137,627
		118,343	123,800
Principal Research Scientist	Executive Level 2	114,091	121,372
		109,950	117,609
		106,922	112,810
		104,086	109,836
		100,880	105,763
Senior Research Scientist	Executive Level 2	100,689	110,210
		94,399	103,166
		87,841	99,832
		83,309	91,530
Research Scientist	Executive Level 1	79,115	82,438
		72,194	76,718
	APS 6	62,935	65,578
		59,648	62,153
		58,025	60,462

Table 3.3.12 Graduate APS Salary Structure – Commencement Salary

Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Graduate APS	41,618	43,366

Table 3.3.13 Cadet Salary Structure

Classification	Salary Ranges as at 1 July 2007 $	August 2007 4.2% Increase $
Cadet Full Time Study	18,248	19,014
	16,606	17,303
	14,781	15,402
	12,774	13,310
	10,949	11,409
Cadet Practical Training	36,502	38,035
	34,544	35,995
	33,636	35,049
	32,545	33,912
	29,616	30,860
	26,362	27,469
	22,781	23,738
	19,527	20,347

Table 3.3.14 Senior Executive Service and Senior Medical Officer Indicative Salary Bandwidths*

Classification	Minimum $	Maximum $
Senior Executive Band 1	125,000	142,000
Senior Executive Band 2	150,000	180,000
Senior Executive Band 3	205,000	214,000
Medical Officer Class 5	154,000	160,000
Medical Officer Class 6	162,000	215,000

* These are indicative as the Secretary may approve salary rates outside these bands.

Table 3.3.15 Non-Salary Benefits

Non-Senior Executive Service staff	Access to the Employee Assistance Program.
	Extended purchased leave.
	Maternity and adoption leave.
	Parental leave.
	Leave for personal compelling reasons and exceptional circumstances.
	Eligibility for performance based pay.
	Access to paid leave at half pay.
	Flextime (not all officers).
	Flexible working locations and home-based work including, where appropriate, access to lap-top computers, dial-in facilities, and mobile phones.
	Study assistance.
	Support for professional and personal development.
	Access to engage in private medical practice for Medical Officers.
	Access to remote locality conditions.
	Public Transport Loan Scheme.
	Access to negotiated discount registration/membership fees to join a fitness or health club.
	Family care rooms.
	Breastfeeding facilities.
	Provision of eyesight testing and reimbursement of prescribed eyewear costs specifically for use with screen based equipment.
	Influenza and hepatitis B vaccinations for staff who are required to come into regular contact with members of the community classified as at increased risk with regard to influenza.
	Recognition of travel time.
	Annual closedown and early stand down at Easter and Christmas Eve.
	Financial assistance to access financial advice for staff 54 years and older.
Senior Executive Service staff	All the above benefits except flextime.
	Car parking.
	Airport lounge membership.
	Home office equipment.
	Private use of motor vehicles or an allowance in lieu in certain circumstances.

Table 3.3.16 Senior Executive Service and Equivalent Staff, Performance-Based Payments, 1 July 2007 to 30 June 2008

Level	Number	Aggregated Amount $	Average $	Minimum $	Maximum $
Senior Executive Bands 2 and 3	21	323,136	15,387	5,356	25,200
Senior Executive Band 1	84	919,255	10,944	2,457	22,050
Total	**105**	**1,242,391**			

This table includes figures of Senior Executive Service and equivalent staff who received performance pay. Due to the small numbers of staff at the Senior Executive Band 3 level, details for Senior Executive Bands 2 and 3 have been combined. Payments have been aggregated to preserve employees' privacy.

The performance payments made in 2007–08 relate to assessments for the 2006–07 cycle.

Performance bonus payments are only available to staff with a current Australian Workplace Agreement which provides eligibility.

Table 3.3.17 Non-Senior Executive Service Staff, Performance-Based Payments, 1 July 2007 to 30 June 2008

Level	Number	Aggregated Amount $	Average $	Minimum $	Maximum $
Non-Senior Executive Service staff	371	2,105,225.39	5,674	495	13,089

This table includes figures of Non-Senior Executive Service staff who received performance pay. Payments have been aggregated to preserve employees' privacy.

The majority of performance payments made in 2007–08 relate to assessments for the 2006–07 cycle; a small number relate to assessments for the 2007–08 cycle.

Performance bonus payments are only available to staff with a current Australian Workplace Agreement which provides eligibility.

3.4 Financial Management

The Department's financial accountability responsibilities are set out in Section 44 of the *Financial Management and Accountability Act 1997* and are based on the efficient, effective and ethical use of allocated resources. The Department met these responsibilities by working within a financial control framework that supports efficient processing and recording of financial transactions (including the production of audited financial statements).

In 2006–07, the Government introduced an annual financial reporting requirement known as the Certificate of Compliance. The certificate required the Secretary to confirm the Department had complied with the financial management and accountability legislation and other specified Commonwealth policies. It also confirmed the Department operated within the agreed resources for the current financial year.

To ensure the Department complied with the certificate's requirements in 2007–08, the Department maintained effective financial processes and internal control mechanisms as well as ongoing compliance monitoring and reporting activities.

Other key 2007–08 financial management initiatives included:

- the continued focus on the Department's internal business planning and budgeting processes to better align policy and program delivery with Government initiatives and priorities, and to manage Government budgeting and funding announcements;
- the management of the Government's Administrative Arrangement Orders relevant to the Department and the Health and Ageing portfolio; and
- the Department's program management improvements, comprising of: the ongoing implementation of common funding processes which are supported by an intranet-based program management manual and toolkit; and the provision of comprehensive program management staff training.

Asset Management

The Department's asset management strategy emphasises whole-of-life asset management. In addition, the annual review seeks to minimise holdings of surpluses and underperforming assets.

The Department's stocktake of fixed and intangible assets in 2007–08 confirmed their location and condition. The Department's valuation and review of assets for impairment, undertaken in accordance with the Australian Accounting Standard (AASB 116 Property, Plant and Equipment and AASB 136 Impairment of Assets respectively), ensures assets are only carried at a value above their recoverable amount.

Discussion relating to the assets administered by the Department in 2007–08 can be found in Part 5: Financial Statements.

Purchasing

In 2007–08, with the exception of a small number of instances as reported in the Certificate of Compliance, the Department complied with the purchasing policies articulated in the *Commonwealth Procurement Guidelines*. Through the Department's procurement framework, staff were encouraged to consider value for money, encourage competition, and use resources efficiently and ethically.

Australian National Audit Office Access Clauses

In 2007–08, all of the Department's awarded Contracts or Deeds of Standing Offer valued at $100,000 (GST inclusive) or greater contained standard clauses granting the Auditor-General access to contractors' premises.

Exempt Contracts

In 2007–08, three contracts were exempted from reporting on AusTender on the basis that publishing contract details would disclose exempt matters under the *Freedom of Information Act 1982*.

3.5 External Liaison and Scrutiny

We value working in an apolitical, fair, professional and ethical manner.

In 2007–08 the Department, through its Audit and Fraud Control Branch, worked with the Australian National Audit Office, and provided responses to proposed audit findings and recommendations prior to the Auditor-General presenting his reports to Parliament.

The Department also liaised with the Commonwealth Ombudsman on complaints relating to aspects of the Department's administrative activities; and with the Joint Committee of Public Accounts and Audit and the House of Representatives Standing Committee on Health and Ageing on matters relating to the Department.

Information on the Auditor-General's reports, the reports of the House of Representatives Standing Committee on Health and Ageing and the Commonwealth Ombudsman's complaints, is set out below.

Australian National Audit Office

The Australian National Audit Office tabled several reports in Parliament in 2007–08 on audits involving the Department. Included were audits specific to the Department, cross-agency audits where the Department was involved and other audits where the Department was not directly involved but where recommendations were targeted at all agencies.

Audits Specific to the Department

National Cervical Screening Program: Follow-up (Audit Report No.5 of 2007–08, tabled 16 August 2007)

The audit assessed the Department's progress in addressing the four recommendations from Audit Report No.50 of 2000-01, designed to improve the administration and performance of the National Cervical Screening Program. The audit concluded that the Department had made progress, with three recommendations implemented and the fourth being partially implemented. The Australian National Audit Office made no further recommendations in this report.

Australia's Preparedness for a Human Influenza Pandemic (Audit Report No.6 of 2007–08, tabled 11 September 2007)

The audit examined Australia's preparedness to respond to a human influenza pandemic and an outbreak of avian influenza in domestic poultry. The audit assessed: the whole-of-government arrangements for an influenza pandemic; and the Department's planning for, and execution of, *Exercise Cumpston '06*, an exercise that tested the preparedness and response to an influenza pandemic. It also reviewed the Department's establishment, management, and deployment arrangements for the National Medical Stockpile. The overall conclusion of the audit was that the Australian Government has established a sound contingency framework to respond to an influenza pandemic. The Department has implemented all three recommendations of the audit relating to the management of the National Medical Stockpile.

Administering Round the Clock Medicare Grants (Audit Report No.25 of 2007–08, tabled 27 February 2008)

The audit examined the effectiveness of the Department's administration of the Round the Clock Medicare: Investing in After Hours General Practice Services Program. The audit report acknowledged the Department's achievements in responding quickly to the (then) Government's decision to establish the program. The audit identified some areas for the Department to consolidate and build on its achievements and strengthen the future administration of the grants program. The audit made three recommendations, all of which were supported by the Department. The Department is in the latter stages of implementing the recommendations.

Administration of the Pathology Quality and Outlays Memorandum of Understanding (Audit Report No.34 of 2007–08, tabled 21 May 2008)

The audit examined the effectiveness of the Department's administration of the Memorandum of Understanding between the Government and the pathology profession, to ensure that it is achieving its objectives. The audit concluded that the Department's monitoring of and reporting on pathology outlays was comprehensive, and made one recommendation to assist the Department in the work it is already undertaking. The Department agreed with the recommendation.

Building Certification of Residential Aged Care Homes (Audit Report No.35 of 2007–08, tabled 22 May 2008)

The audit assessed the Department's administration of building certification of residential aged care homes. The audit examined the Department's arrangements to plan for, and report on, the certification program, manage the delivery of certification services and manage stakeholder relations. The audit concluded that the Department had been successful in the implementation and administration of the certification program. The audit made two recommendations to strengthen the future administration of the certification program, in the areas of program performance assessment and stakeholder communications. The Department agreed with both recommendations.

Cross Agency Audits Where the Department was Involved

The Department was involved in two cross agency audits:

- *Whole of Government Indigenous Service Delivery Arrangements (Audit Report No.10 of 2007–08)* (tabled 17 October 2007); and
- *The Management of Cost Recovery by Selected Regulators (Audit Report No.23 of 2007–08)* (tabled 21 February 2008).

Other Audits Where the Department was Not Directly Involved But Where Recommendations Were Targeted at All Agencies

The Department was also involved in other audits targeted at all government agencies. These included:

- *The Senate Order for Departmental and Agency Contracts (Calendar Year 2006 Compliance) (Audit Report No.7 of 2007–08)* (tabled 27 September 2007);
- *Management of Recruitment in the Australian Public Service (Audit Report No.31 of 2007–08)* (tabled 29 April 2008);
- *Management of Credit Cards (Audit Report No.37 of 2007–08)* (tabled 3 June 2008); and
- *Management of Personnel Security – Follow-up Audit (Audit Report No.41 of 2007–08)* (tabled 18 June 2008).

The Department's Audit Committee maintained scrutiny over the implementation of relevant recommendations from Australian National Audit Office reports. Formal reports including details of implementation actions were provided to the Audit Committee at least twice yearly. Further discussion relating to the Audit Committee can be found in the 3.l Corporate Governance and 3.6 Internal Audit Arrangements chapters.

Details of the Auditor-General's reports, including responses to the recommendations where the Department was involved in the audits, can be found at the Australian National Audit Office website <www.anao.gov.au>. Other enquiries regarding the reports should be directed to the Assistant Secretary, Audit and Fraud Control Branch, in the Department. Telephone and address details for the Department are listed in the 6.1 Department of Health and Ageing Contact Details chapter.

Joint Committee of Public Accounts and Audit

In 2007–08, the Department attended two public hearings of the Joint Committee of Public Accounts and Audit relating to reviews of reports of the Auditor-General. Reports of the committee relating to the reviews have not been tabled.

Judicial Decision and Decision of Administrative Tribunals

The Department was involved in 25 matters before the Administrative Appeals Tribunal; one matter before the Federal Magistrates Court; and four matters before the Federal Court. The Department had no matters before the High Court and one matter before the Full Federal Court during 2007–08.

House of Representatives Standing Committee on Health and Ageing

On 9 August 2007, the House of Representatives Standing Committee on Health and Ageing tabled its report on the inquiry into the health benefits of breastfeeding entitled *The Best Start*.

On 15 August 2007, the House of Representatives Standing Committee on Health and Ageing tabled a report entitled *Review of Auditor-General's Report No.19 (2006-2007) Administration of State and Territory Compliance with the Australian Health Care Agreements*.

Other Parliamentary Scrutiny

The Department appeared before the Senate Community Affairs Committee (Senate Estimates) on two occasions during 2007–08, for a total of four days. The Department also gave evidence and/or made submissions to a number of Parliamentary Committee inquiries. These are set out below.

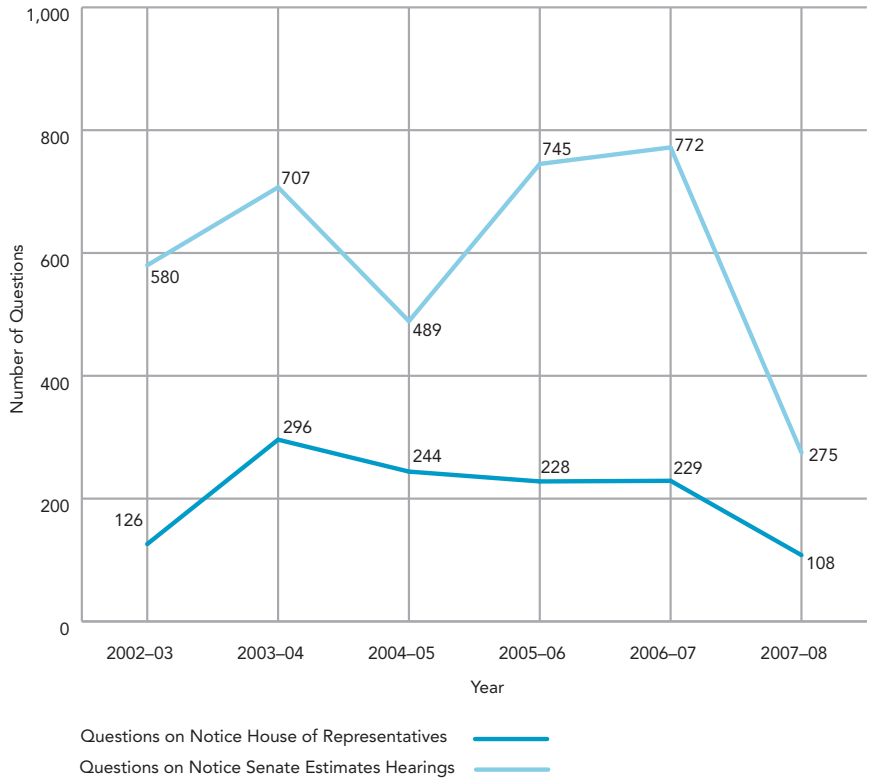
Table 3.5.1: Evidence and/or Submissions to Parliamentary Committee Inquiries

Parliamentary Committee	Inquiry
Senate Standing Committee on Community Affairs	Mental Health Services in Australia
	Alcohol Toll Reduction Bill 2007
	Inquiry into Ready-to-Drink Alcohol Beverages
	Provisions of Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Emergency Response Consolidation) Bill 2008
	The Operation and Effectiveness of Patient Assisted Travel Schemes: *Highway to Health: better access for rural, regional and remote patients*
	Health Insurance Amendment (Medicare Dental Services) Bill 2007
	A matter relating to the PET Review of 2000
	Inquiry into the Funding and Operation of the Commonwealth State/Territory Disability Agreement
	Inquiry into the cost of living pressures on older Australians *A decent quality of life*

Parliamentary Committee	Inquiry
House of Representatives Standing Committee on Family, Community, Housing and Youth	Inquiry into the Impact of Illicit Drug Use on Families – *The winnable war on drugs*
Senate Standing Committee on Legal and Constitutional Affairs	Inquiry into the Stolen Generation Compensation Bill Inquiry into Older People and the Law
House of Representatives Standing Committee on Health and Ageing	Inquiry into Obesity in Australia Inquiry into the Health Benefits of Breastfeeding

In addition, the Department had a significant workload of Parliamentary Questions with a combined total of 108 questions received on notice from the House of Representatives and the Senate completed, and a total of 275 from the two Senate Estimates hearings. The number of Parliamentary Questions on Notice received in 2007–08 was lower than in recent years, most likely as a result of the Federal Election in November 2007.

Figure 3.5.1: Parliamentary Questions Completed by the Department: 2002–03 to 2007–08



Source: Department of Health and Ageing Annual Reports, 2002–03 to 2007–08.

Commonwealth Ombudsman

Anyone with concerns about the Department's actions or decision-making is entitled to make a complaint with the Commonwealth Ombudsman, to determine whether the Department was wrong, unjust, unlawful, discriminatory or unfair. Further information on the role of the Commonwealth Ombudsman can be obtained from the website <www.ombudsman.gov.au>.

During 2007–08, the Commonwealth Ombudsman investigated 26 complaints against the Department's administrative practices, seven of which had carried over from 2006–07. Of the 19 new complaints, investigations commenced in 2007–08, and 15 remained open as at 30 June 2008. The Commonwealth Ombudsman has advised of two findings of administrative deficiency relating to the Department in 2007–08.

How Else Can I Provide Feedback or Make a Complaint?

Some areas of the Department have charters explaining what people can expect in terms of service, and how they can either provide feedback or make a complaint. Each of the following service charters offer a variety of ways in which to do this, for example, by telephone, mail, online or fax:

- the Office of Hearing Services Service Charter (available at <www.health.gov.au>). The Complaints Officer can be contacted by telephone on 1800 500 726 (voice) or 1800 500 496 (TTY equipment);
- the Therapeutic Goods Administration Customer Service Charter (available at <www.tga.gov.au>). The Customer Feedback/Complaints Service numbers are 1800 020 653 (voice), 1800 555 677 (TTY equipment – callers must ask for 1800 020 653), and 1800 555 727 (Speak and listen users – callers must ask for 1800 020 653);
- the Office of the Gene Technology Regulator (available at <www.ogtr.gov.au>). The contact number for the office is 1800 181 030; and
- the National Industrial Chemicals Notification and Assessment Scheme (available at <www.nicnas.gov.au>). The contact number for the scheme is 1800 638 528.

The Department also managed the Aged Care Complaints Investigation Scheme, which is available for anyone who has a complaint or concern about an Australian Government subsidised aged care service (residential or community care). Further details are available from <www.health.gov.au> or 1800 550 552.

3.6 Internal Audit Arrangements

We anticipate opportunities and what might go wrong, and manage risk.

In 2007–08, primary responsibility for internal audit arrangements within the Department rested with the Audit and Fraud Control Branch, under the broad direction of the Department's Audit Committee.

Audit Committee

The role of the Audit Committee is to provide independent assurance and assistance to the Secretary on the Department's risk management and control and compliance frameworks and its external accountability responsibilities.

In 2007–08, the Audit Committee: provided advice to the Secretary on the signing of the Department's financial statements; reviewed the internal audit coverage and the annual work program of the Audit and Fraud Control Branch; and monitored the implementation of internal and external audit recommendations.

The Department's Audit Committee met on seven occasions during the year. Membership comprised senior departmental managers, two independent external members and a representative from the Australian National Audit Office. Further discussion relating to the committee can be found in the 3.1 Corporate Governance and 3.5 External Liaison and Scrutiny chapters.

Audit and Fraud Control Branch

The Audit and Fraud Control Branch promoted and helped improve the Department's corporate governance through the conduct of audits and investigations and the provision of high quality independent advice and assistance to departmental senior management.

In 2007–08, the branch redeveloped its strategic planning framework, and conducted a range of audits and reviews in line with the annual work program approved by the Audit Committee. The work program encompassed compliance with departmental control frameworks, grants and contract management, Information Technology management, and departmental expenditure and procurement activities. The Audit and Fraud Control Branch also provided fraud prevention and investigation services to the Department.

Fraud Minimisation Strategies

The Department pursued a fraud control program that complied with the *Commonwealth Fraud Control Guidelines*. This included: the preparation of risk assessments and fraud control plans; ensuring that appropriate fraud prevention, detection, investigation and reporting procedures and processes were in place; and collecting and reporting on annual fraud data.

The Department investigated 41 fraud allegations during 2007–08, with some of these investigations still continuing. The Department also referred a number of matters to the Director of Public Prosecutions or departmental officers with powers authorised under the *Public Service Act 1999*.

3.7 Ministerial Responsibilities (as at 30 June 2008)

The Hon Nicola Roxon MP Minister for Health and Ageing

The Hon Nicola Roxon MP, as senior Minister and member of Cabinet, held overarching policy responsibility for all issues pertaining to health and ageing, and specific administrative responsibility for:

- Medicare benefits;
- hospitals;
- medical indemnity;
- private health insurance;
- medical workforce issues;
- the Pharmaceutical Benefits Scheme;
- pharmacy issues;
- population health, including issues concerning HIV/AIDS and other communicable diseases, immunisation, obesity, specific women's and men's health issues, environmental health issues and drug abuse reduction;
- biosecurity and bioterrorism;
- national health priorities (with the exception of injury prevention, arthritis musculoskeletal conditions and asthma);
- rural and regional health;
- health and medical research and biotechnology;
- diagnostics and technology;
- Indigenous health issues;
- e-Health;
- illicit drugs; and
- mental health and suicide prevention.

The Hon Justine Elliot MP Minister for Ageing

As Minister for Ageing, Ms Elliot had responsibility for:

- the National Strategy for an Ageing Australia;
- the National Continence Management Strategy;
- a range of programs to meet the needs of Australia's ageing population, including:
  - Home and Community Care;
  - Residential Care;
  - National Respite for Carers – including the Carer Information and Support Program, Carer Respite Centres and Carer Resource Centres;
  - Aged Care Assessment;
  - Community Care Packages;
  - Assistance with Care and Housing for the Aged;
  - Complaints Investigation Scheme;
  - Dementia Support Services;
  - Advocacy Services;
  - Aged Care Standards and Accreditation Agency; and
  - the Safe at Home Program.
- Multipurpose services;
- the Hearing Services Program and policy;
- injury and falls prevention;
- arthritis and musculoskeletal conditions; and
- palliative care.

The Hon Kate Ellis MP Minister for Sport

As the Minister for Sport, Ms Ellis had responsibilites relating to:

- national sports policy and programs;
- the Australian Sports Commission (including enabling legislation);
- the Australian Sports Foundation;
- the Australian Sports Anti-Doping Authority (including enabling legislation);
- the Australian Sports Drugs Medical Advisory Committee;
- the World Anti-Doping Agency;
- the UNESCO Anti-Doping Convention;
- the International Anti-Doping Arrangement;
- the Anti-Doping Research Program;
- the Indigenous Sport and Recreation Program;
- the National Recreation Safety Program (water and snow safety);
- ad hoc grants for sports facilities;
- ad hoc grants for major sporting events;
- sport and leisure industry development;
- the Sport Intellectual Property Framework;
- Commonwealth involvement in major sporting events; and
- Commonwealth Sports Ministers Meeting, Beijing.

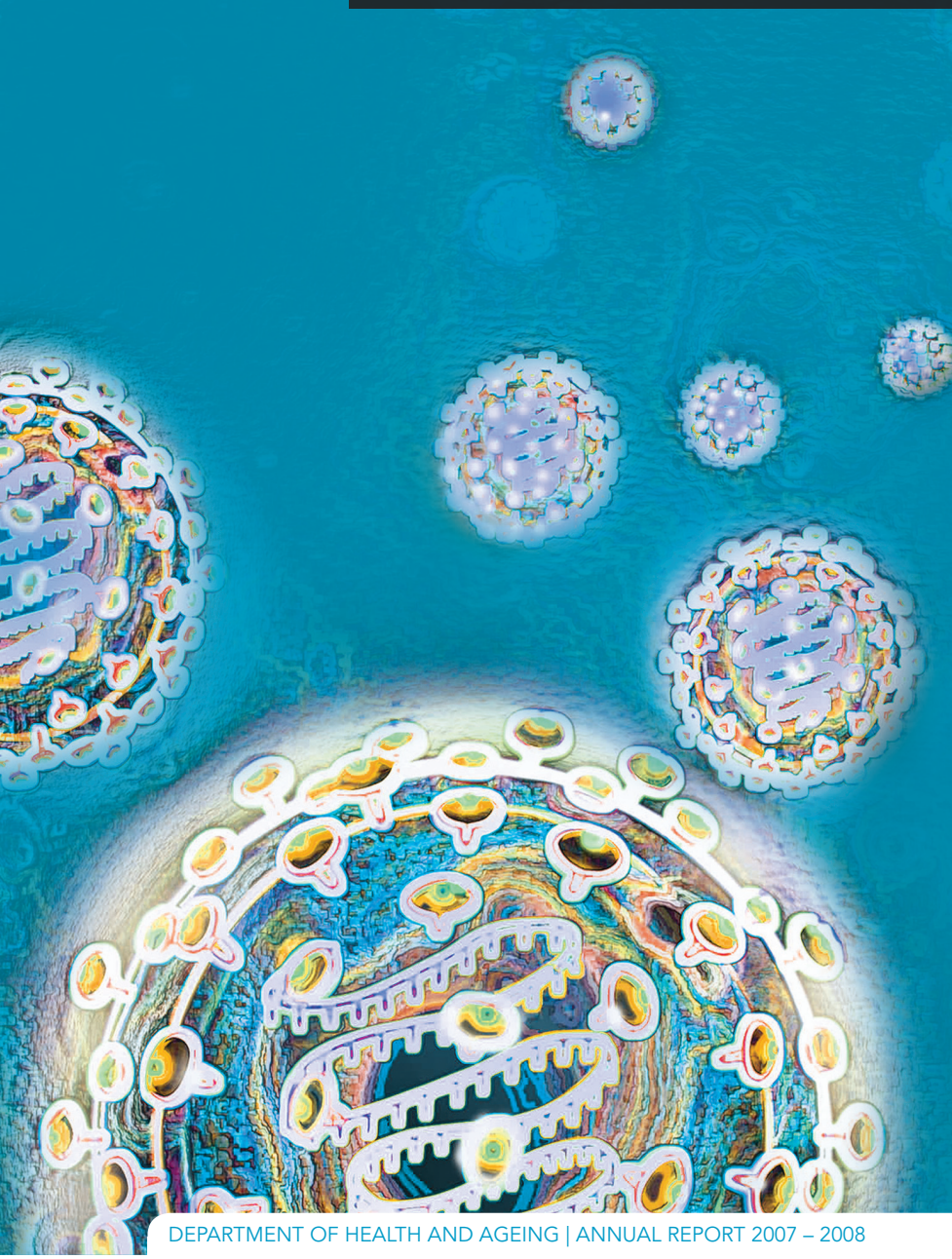
Senator The Hon Jan McLucas Parliamentary Secretary to the Minister for Health and Ageing

Senator McLucas assisted Minister Roxon by assuming responsibility for matters relating to:

- the Therapeutic Goods Administration;
- the Office of the Gene Technology Regulator;
- the National Industrial Chemicals Notification and Assessment Scheme;
- the Australian Radiation Protection and Nuclear Safety Agency;
- Food Standards Australia New Zealand;
- the National Blood Authority;
- food policy;
- blood and organ donation;
- human cloning and stem cell research;
- nanotechnologies;
- asthma;
- alcohol; and
- tobacco.

PART 04

Accountability Reporting



PART 4.1

Accountability Reporting

We value commitment to quality and administrative excellence.

Part Four provides information on payments for advertising and market research and consultancies, and reports on the Department's performance in meeting Commonwealth Disability Strategy, Ecologically Sustainable Development and Occupational Health and Safety objectives. Information on discretionary grants and Freedom of Information arrangements is also provided.

4.1 Advertising and Market Research

The Department undertakes advertising campaigns to promote community awareness of key health and ageing issues and programs. The Department also seeks the community's views on health and ageing matters through market research activities.

The Department is required to report on all payments over $10,300 (GST inclusive) to advertising agencies, market research organisations, polling organisations, media advertising organisations, and direct mail organisations. Details of payments to these organisations in 2007–08 are set out below.

Table 4.1.1: Advertising Agencies

Organisation	Service Provided	Paid $ (GST Incl)
BMF Advertising Pty Ltd	Creative advertising services for the National Skin Cancer Awareness Campaign Phase 2.	39,071
BMF Advertising Pty Ltd	Creative advertising services for the National Skin Cancer Awareness Campaign Phase 2.	14,080
BMF Advertising Pty Ltd	Creative advertising services for the National Skin Cancer Awareness Campaign Phase 2.	12,586
BMF Advertising Pty Ltd	Creative advertising services for the National Skin Cancer Awareness Campaign Phase 2.	19,942
BMF Advertising Pty Ltd	Television Commercial Template production – pandemic influenza communications.	49,496
Campaign Palace	Creative services for Phase 3 of the National Drugs Campaign.	309,843
The 303 Group	Creative services for the Australian Better Health Initiative Social Marketing Campaign.	387,167
Whybin/TBWA and Partners Pty Ltd	Creative advertising services for the Private Health Insurance Communications Campaign.	620,786

Table 4.1.2: Market Research Organisations

Organisation	Service Provided	Paid $ (GST Incl)
Blue Moon Unit Trust*	Breastscreening Australia evaluation - participation qualitative research.	138,292
Blue Moon Unit Trust	Concept testing research for the Australian Better Health Initiative Social Marketing Campaign.	81,950
Blue Moon Unit Trust	Evaluation research for the National Human Papillomavirus Campaign.	167,200
Blue Moon Unit Trust*	Qualitative research into the patterns of use and harms associated with methamphetamine in Australia.	242,000
Blue Moon Unit Trust*	Qualitative research for the BreastScreen Australia Program.	180,000
Campbell Research and Consulting*	Research and scoping study for the Home Medicines Review Program.	255,937
Cultural Perspectives Pty Ltd	Non-English speaking background communications services for the Private Health Insurance Communications Campaign.	119,185
Elliott Shanahan Research	Qualitative and quantitative research to undertake an evaluation of the effectiveness of graphic health warnings on tobacco product packaging.	317,295
Eureka Strategic Research Pty Ltd*	National Skin Cancer Awareness Campaign – Phase II concept testing research.	46,322
Eureka Strategic Research Pty Ltd	Concept testing research for the National Skin Cancer Awareness Campaign.	61,670
Eureka Strategic Research Pty Ltd	Qualitative and quantitative research to inform a communication strategy for organ and tissue donation.	230,192
Eureka Strategic Research Pty Ltd*	National Skin Cancer Awareness Campaign – Phase II tracking research.	122,111
Eureka Strategic Research Pty Ltd	Focus testing and evaluation research for the Asthma Awareness Campaign.	14,055
Gavin Anderson Research*	To undertake a research and scoping study for the Hepatitis C Public Health Promotion Program.	126,500
GSI Media Pty Ltd	Printing of Z-cards for the Private Health Insurance Campaign.	17,677
Inside Story Knowledge Management Pty Ltd	Market research Seniors Portal (release 4).	64,789
Inside Story Knowledge Management Pty Ltd	User satisfaction and useability testing of the <www.agedcareaustralia.gov.au> website.	78,430
Mary Dickie Issues Management Pty Ltd (trading as Quay Connection)	Public relations activities for the Private Health Insurance Communications Campaign.	73,161
Open Mind Research Group Pty Ltd	Benchmarking and tracking research on the Private Health Insurance Communications Campaign.	42,493

Organisation	Service Provided	Paid $ (GST Incl)
Open Mind Research Group Pty Ltd*	Research into consumer views on Australian Government Community Aged Care Programs.	219,661
Open Mind Research Group Pty Ltd*	Research into consumer views on Australian Government aged care programs – Extended Aged Care at Home and Extended Aged Care at Home Dementia.	49,324
Open Mind Research Group Pty Ltd	Research into consumer views of recipients of packaged care programs, their carers, and older Australians who are potential future users of community aged care services.	256,855
Orima Research Pty Ltd*	Provision of professional services – client survey.	26,436
SMS Consulting Group Ltd	Information architecture facilitation for the Seniors Portal.	13,475
Stancombe Research*	Formative research (qualitative) for the National HIV/AIDS and Other Sexually Transmissible Infections Prevention Campaign.	110,000
Stancombe Research*	Formative research for the National HIV/AIDS and Other Sexually Transmissible Infections Prevention Campaign – Phase 2 Quantitative.	46,567
The Social Research Centre Pty Ltd*	National Drugs Campaign Phase 3 Evaluation Research.	232,965
The Social Research Centre Pty Ltd*	National Tobacco Survey 2007.	317,900
Urbis	Evaluation of the *Smoking Cessation Guidelines* for Australian General Practice. Services: qualitative research; interviews with key informants; survey of general practitioners; and focus groups with general practitioners and nurses.	107,910
Woolcott Research Pty Ltd*	Concept testing research to inform the development of National Alcohol Campaign materials.	154,493

* These are Consultancy contracts. The contract value of these Consultancies is reported in the 4.3 Consultancy Services chapter where they were established during the reporting year.

Table 4.1.3: Polling Organisations

Organisation	Service Provided	Paid $ (GST Incl)
Not applicable.	Not applicable.	Not applicable.

Table 4.1.4: Direct Mail Organisations**

Organisation	Service Provided	Paid $ (GST Incl) *
National Mailing and Marketing Pty Ltd	Assembly of Around Australia in 40 Days Walking Challenge kits and computer and fulfilment services.	35,582
National Mailing and Marketing Pty Ltd	Distribution of *Management of Mental Disorders* publications.	64,661
National Mailing and Marketing Pty Ltd	Distribution of mental health publications and brochures.	21,934
National Mailing and Marketing Pty Ltd	Standard Uniform Scheduling of Drugs and Poisons warehouse and distribution.	21,064
National Mailing and Marketing Pty Ltd	Warehousing and distribution of Human Papillomavirus publications.	10,877
National Mailing and Marketing Pty Ltd	Warehousing and distribution of National Drugs Campaign publications.	11,463
National Mailing and Marketing Pty Ltd	Warehousing and fulfilment services for information and promotional material for the Carer Information and Support Program.	124,440
PMP Limited	Packing and national letterbox distribution of *Talking with your kids about drugs* parent booklet.	681,316

** These include organisations which handle the sorting and mailing out of information material to the public.

Table 4.1.5: Media Advertising Organisations

Organisation	Service Provided	Paid $ (GST Incl)
General Practice Registers Australia	Advertising for the More Doctors for Outer Metropolitan Areas Program.	14,300
HMA Blaze Pty Ltd	Advertising for John Flynn Scholarship Scheme.	78,788
HMA Blaze Pty Ltd	Advertising for More Doctors for Outer Metropolitan Areas Program.	48,235
HMA Blaze Pty Ltd	Advertising of 2008 Zero Real Interest Loans Round – Invitation to apply.	34,601
HMA Blaze Pty Ltd	Advertisement seeking applications for appointment to the Aged Care Planning Advisory Committees.	47,870
HMA Blaze Pty Ltd	Advertising for urban brokerage services funding for the Office for Aboriginal and Torres Strait Islander Health December 2007.	24,596
HMA Blaze Pty Ltd	National advertising seeking applications from organisations to provide accreditation services for the Diagnostic Imaging Accreditation Scheme.	26,339
HMA Blaze Pty Ltd	Advertising of the Quality Use of Pathology Program – 2008 Funding Round.	19,088

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Advertising for the *Australian Immunisation Handbook 9th Edition 2008 (NHMRC).*	24,616
HMA Blaze Pty Ltd	Advertising of request for expressions of interest for the provision of services to provide the management, operation and administration of the Mersey Community Hospital.	11,586
HMA Blaze Pty Ltd	Advertising for expressions of interest for the Visiting Optometrists Scheme.	19,568
HMA Blaze Pty Ltd	Advertising for a community consultation in Shell Harbour for GP Super Clinics.	12,425
HMA Blaze Pty Ltd	Advertising for expressions of interest for the Australian Hospital Nursing School initiative.	65,958
HMA Blaze Pty Ltd	Internet adwords campaign for the <agedcareaustralia.gov.au> website.	30,000
HMA Blaze Pty Ltd	Invitation to comment on a risk assessment and risk management plan for genetically modified cotton.	17,136
HMA Blaze Pty Ltd	Monthly national advertising for Commonwealth Respite and Carelink Centres (Commonwealth Carelink Program funding).	766,665
HMA Blaze Pty Ltd	Print media advertising for the Outer Metro Relocation Grants Scheme.	75,853
HMA Blaze Pty Ltd	Request for Tender advertising for tenders to undertake the development of guidelines for managing challenging behaviours associated with psychostimulant use.	11,883
HMA Blaze Pty Ltd	Tender for evaluation of the Primary Health Care Research and Evaluation Development Strategy 2007.	15,099
HMA Blaze Pty Ltd	Tender for Inter-professional Learning Demonstration Projects.	15,696
Universal McCann	Media buy for the Asthma Awareness Campaign.	100,710
Universal McCann	Media buy for the National Drugs Campaign.	9,827,859
Universal McCann	Media buy for the National Human Papillomavirus Campaign.	1,811,004
Universal McCann	Media buy for the National Skin Cancer Awareness Campaign.	4,618,753
Universal McCann	Media buy for the Private Health Insurance Communications Campaign.	10,416,157

4.2 Commonwealth Disability Strategy

The Commonwealth Disability Strategy encourages Australian Government agencies to recognise and consider the needs of people with a disability in the development and delivery of policies, programs and services. Following is a discussion of the Department's performance in meeting the strategy's objectives in 2007–08.

Policy Adviser Role

New or revised program/policy proposals assess impact on the lives of people with disabilities prior to decision.

The Department's consideration of the potential effects of new or revised policy and program proposals on stakeholders resulted in positive outcomes for people living with a disability. For example, mental illness and drug and alcohol abuse often go hand-in-hand and require treatment of both disorders. The Improved Services for People with Drug and Alcohol Problems and Mental Illness initiative aims to build the capacity of non-government drug and alcohol treatment services to better identify and treat people in these situations. Further discussion relating to this initiative can be found in the Outcome 1 – Population Health chapter.

A new strategy for community care, *The Way Forward*, aims to streamline administrative arrangements and create a nationally consistent and fairer system to help people with a disability to remain living in their homes for as long as possible. This initiative is discussed in the Outcome 4 – Aged Care and Population Ageing chapter.

The Australian Health Pandemic Influenza Communication Strategy provides a guide for the Department's communication response to an influenza pandemic. Its primary objective is to ensure that accurate, transparent and consistent information is publicly available in a timely manner. In developing the strategy, the Department carefully considered the needs of people from diverse backgrounds, including those with hearing or visual impairments, to ensure that all Australians have access to accurate and timely information that helps minimise their risk of illness. Discussion on health pandemic preparedness activities can be found in the Outcome 14 – Biosecurity and Emergency Response chapter.

Helping People with Disabilities to Enjoy their Trip to the Movies

In 2007–08, the Department commenced working with the Independent Cinemas Association of Australia and Media Access Australia to expand access to cinemas for people with a hearing impairment. Through the Helping Older Australians Enjoy Movies – Accessible Cinema Project, 12 cinemas will be selected in rural, regional and suburban areas to be fitted with a DTS Cinema Subtitling System that enables audio description and captioning. This will bring the number of accessible cinemas around the country to 22. The aim of this project is to help reduce social isolation, allow greater opportunities for improved access to community activities, and encourage social engagement for older people and those with hearing or vision impairment.

People with disabilities are included in consultations about new or revised policy/program proposals.

The Department actively consulted with a diverse range of key stakeholders on new or revised policy and program proposals throughout the year. For example, the Department regularly consulted with the Australian Mental Health Consumers' Network and the National Mental Health Consumer and Carer Forum on programs and policies aimed at addressing mental health issues and disabilities in the community. The Deafness Forum, the peak body for people who are deaf or hard of hearing, were consulted on new or revised policy and program proposals relating to the Hearing Services Program.

People with disabilities had the opportunity to contribute to the Home and Community Care Program, which provides services for the frail aged, younger people with disabilities, and their carers; to support them to be more independent at home and to reduce the potential or inappropriate need for admission to residential care. Representatives from the disability sector and people with disabilities and their advocates also participated in forums such as the National Continence Management Committee and the Dementia Advisory Group.

Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner.

The Department ensured that people with disabilities could gain access to all public announcements on policy and program initiatives in a timely manner. For example, information on the Hearing Services Program was published on the Department's website within a week of a decision being made; and hard copies were produced, with some in large print for people who are vision impaired.

Information on the Department's website, <www.health.gov.au>, was published in accordance with the World Wide Web Consortiums' Web Content Accessibility Guidelines, to make web content accessible to people with disabilities. For example, content was uploaded in Hyper Text Mark-up Language which allows programs such as 'screen reader' to read aloud information to users. Information was also available in Portable Document File format.

Regulator Role

Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.

In 2007–08, the Department's Therapeutic Goods Administration provided information on the regulation of therapeutic goods in a number of ways that were accessible for people with disabilities. For example, the Administration provided Freecall™ (1800 020 653) and Freecall™ (1800 500 236) Teletype information for people who are deaf or have a hearing or speech impairment, via the National Relay Service.[1] People could also request publicly available documents from <info@tga.gov.au> or other information from <www.tga.gov.au>. The internet site was managed under a continuous improvement process to ensure that it met government accessibility and usability standards.

The Department's Office of Gene Technology Regulator also provided easily accessible information on its website (<www.ogtr.gov.au>). This information related to: records of licences issued; risk management plans for applications to release genetically modified organisms into the environment; information on amended legislation; revised forms; guidelines and operational policies; and quarterly and annual reports. The Office of Gene Technology Regulator also maintained a free call number (1800 181 030) to respond to enquiries from callers requesting access to hard copies of publicly available material.

[1] Information on the National Relay Service's call options can be found at <www.relayservice.com.au>.

Similarly, the Department's National Industrial Chemicals Notification and Assessment Scheme provided material and information on industrial chemicals regulation in electronic and hard copy formats. The public could also access this information via a free call number (1800 638 528).

Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.

The Department's 2007–08 Regulatory Plan was publicly available on the Department's website in Portable Document File format. The plan covers business regulation, including primary legislation, subordinate legislation, quasi-regulation or treaties that directly affect business, have a significant indirect effect on business, or restrict competition.

Information relating to aged care business opportunities, grant/funding invitations, the allocation of aged care places, and approvals under the annual Aged Care Approvals Round were also available on the internet, and in printed form on request.

Purchaser Role

Publicly available information on agreed purchasing specifications are available in accessible formats for people with disabilities.

In 2007–08, the Department continued to provide publicly available purchasing specifications in accessible electronic formats through its website. All tender documents provided details of departmental contact officers who could issue information in other accessible formats upon request.

Processes for purchasing goods or services with a direct impact on the lives of people with disabilities are developed in consultation with people with disabilities.

The Department considered the concerns and interests of stakeholders, including people with disabilities, as an ongoing responsibility of its procurement planning. Where goods and services had a direct impact on people with disabilities, these requirements were specified in tender documentation.

Purchasing specifications and contract requirements for the purchase of goods and services are consistent with the requirements of the *Disability Discrimination Act 1992*.

The Department's procedural rules require purchasing officials to adhere to relevant specific legislation in specifications and contract documents. The Department's standard contract for services, consultancy contract and Deed of Standing Offer contain provisions for the contractor to agree to comply with the *Disability Discrimination Act 1992*.

Publicly available performance reporting against purchase contract specifications requested in accessible formats for people with disabilities is provided.

Reporting against purchase contract specifications is generally in-confidence and not available to the public. The Department, however, displayed all open business opportunities (tenders) and grant/funding invitations on its website in formats accessible for people with a disability. Printed formats were also available on request.

Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about providers' performance.

The Department had a range of mechanisms in place to respond to complaints and grievances from stakeholders, clients and members of the public about a provider's performance. For example, the Therapeutic Goods Administration customer service charter includes ways in which to receive feedback, and resolve complaints, on its performance and service delivered to stakeholders and members of the public. The charter complies with the Australian Government's Customer Service Charter guidelines. The Department also operated an external complaints mechanism to address concerns raised about hearing service providers' performance. This was accessible to all Hearing Services Program clients.

Information on these and other avenues for providing feedback or making complaints relating to the Department and its services can be found in the 3.5 External Liaison and Scrutiny chapter.


Australian Government
Department of Health and Ageing

Office of Hearing Services
Service Charter
for OHS Clients

What the Service Charter is

This Service Charter sets out the standards of service you can expect from the Office of Hearing Services (the Office) which manages the Australian Government Hearing Services Program (the Program). On behalf of the Government, the Office purchases high quality hearing services from within the hearing industry to be delivered to clients of the Program.

Our goal

Our goal is to reduce the consequences of hearing loss for eligible clients and the incidence of hearing loss in the broader community.

- Our customer service standards for clients
- Your legal rights
- How you can help us to help you
- How to make a suggestion or complaint
- Reviews
- External appeals
- How to contact us


OHS Service Charter for Clients page 4 of 5

How to make a suggestion or complaint

The Office of Hearing Services wants to provide the best possible service to you. We also aim to continually improve our service by listening to suggestions from clients about how to improve service delivery and by effectively resolving all complaints. We believe our clients have a right to comment or complain and to have that comment or complaint handled as professionally and quickly as possible.

Our complaints procedures ensure that:

- the Office aims to take action on urgent complaints within 7 days, or if necessary, 24 hours where there is an immediate threat to the client;
- general complaints are resolved in 30 days; and
- complicated, non-urgent complaints may take up to 90 days to resolve.

Ways to make a suggestion or complaint:

- Contact the Office Call Centre. The first person you speak to should be able to help you with your complaint. Some complaints are complex. If the person who first deals with your complaint can't resolve it, they may need to ask another staff member with specialist knowledge to do so.
- Send an E-mail to hearing@health.gov.au
- Complaint forms are also available on the Office of Hearing Services web site at www.health.gov.au/hear

4.3 Consultancy Services

The Department's policy on the selection and engagement of consultants accords with the *Commonwealth Procurement Guidelines*. Value for money is the core principle for selection, underpinned by a focus on: encouraging competition; efficiency and effectiveness; ethical practices; and accountability and transparency.

The Department's Chief Executive Instructions and Procedural Rules further support the core principles in the *Commonwealth Procurement Guidelines*.

Summary

During 2007–08, 450 new consultancy contracts were entered into involving total actual expenditure of $17.51 million (GST inclusive). In addition, 187 ongoing consultancy contracts were active during the year involving total actual expenditure of $15.45 million (GST inclusive).

(1) Explanation of Selection Processes Used

Open Tender (OS): A procurement procedure in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders. Public tenders are sought from the marketplace using national and major metropolitan newspaper advertising and the Australian Government AusTender internet site.

Select Tender (RS): A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders. Tenders are invited from a short list of competent suppliers.

Direct Sourcing (SS): A form of restricted tendering, available only under certain defined circumstances, with a single potential supplier or suppliers being invited to bid because of their unique expertise and/or their special ability to supply the goods and/or services sought.

Panel: An arrangement under which a number of suppliers, usually selected through a single procurement process, may each supply property or services to an agency as specified in the panel arrangements. Tenders are sought from suppliers that have requalified on the agency panels to supply to the Government. This category includes standing offers and supplier panels where the consultant offers to supply goods and services for a predetermined length of time, usually at a prearranged price. Where a contractor is sourced from a panel, the selection process used to establish the panel has been identified.

(2) Justification for Decision to Use Consultancy

A – Skills currently unavailable within agency.

B – Need for specialised or professional skills.

C – Need for independent research or assessment.

Consultancy Services Let During 2007–08, of $10,000 or More

Table 4.3.1: Outcome 1 – Population Health

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Access Economics Pty Ltd	Literature review and modelling option for Chronic Disease and Workforce.	88,880	OS	B
Access Economics Pty Ltd	BreastScreen Australia evaluation – review of infrastructure and capacity.	241,120	OS	C

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Attorney General's Department	Legal services.	14,616	OS	A
Australian Bureau of Statistics	Children's Nutrition and Physical Activity Survey.	11,880	SS	A
Australian Government Solicitor	(2) Legal services contracts.	20,000	OS	A
Bethwaite, Francis M	Report drafting food regulation.	12,000	SS	C
Bethwaite, Francis M	Report on the National Food Regulation System.	48,000	SS	B
Blue Moon Unit Trust*	BreastScreen Australia evaluation – participation qualitative research.	180,000	RS	B
Blue Moon Unit Trust*	Research into patterns of use and harms in association with methamphetamine users in Australia.	242,000	SS	C
Brooke-Taylor and Co Pty Ltd	Consultancy to investigate the implementation of the Priority Existing Chemical Assessments.	19,800	RS	A
Centre for International Economics	Analysis of regulatory impact statement for internet advertising of tobacco.	137,071	SS	C
Clayton Utz	(5) Legal services contracts.	122,221	OS	A
Communio Pty Ltd	Improved services for people with Drug and Alcohol Problems and Mental Illness Initiative – Scoping and development of a data model and tool to collect service data from grant recipients.	50,260	RS	B
Cultural Perspectives Pty Ltd	Evaluation of Youth Wellbeing Program – Top End Region.	75,075	SS	B
Eureka Strategic Research*	Concept testing research for National Skin Cancer Awareness Campaign.	61,670	RS	C
Eureka Strategic Research*	National Skin Cancer Awareness Campaign – Phase II concept testing research.	99,044	RS	C
Eureka Strategic Research*	National Skin Cancer Awareness Campaign – Phase II tracking research.	122,111	RS	C
Healthcare Management Advisors Pty Ltd	Evaluation of the Australian Better Health Initiative.	660,000	OS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Heathmore Pty Ltd	BreastScreen Australia Evaluation – policy analysis.	225,929	OS	B
IMS Health Australia Pty Ltd	BreastScreen Australia Evaluation – economic evaluation and modelling.	170,500	OS	C
KPMG	BreastScreen Australia Evaluation – review of accreditation process.	190,900	OS	C
La Trobe University	Design of a monitoring and evaluation framework for the Australian Better Health Initiative.	60,397	RS	B
La Trobe University	Conduct research to determine good practice and improved treatment outcomes for people with mental health problems.	336,134	OS	C
Matthews Pegg Consulting Pty Ltd	Provision of assistance in relation to Bethwaite.	22,000	RS	B
Minter Ellison	Legal services.	18,000	OS	A
Monash University	HIV Epidemiology Project.	97,180	SS	A
Monash University	Review on HIV data and research in Australia.	194,360	SS	A
National Breast and Ovarian Cancer Centre	BreastScreen Australia Evaluation – ecological study.	128,126	OS	B
NOUS Group Pty Ltd	BreastScreen Australia Evaluation – program governance and management.	129,681	SS	C
Orima Research Pty Ltd*	Provision of Professional Services – client survey.	26,436	SS	C
Phillip Jones and Associates Pty Ltd	Evaluation into processes surrounding the National Bowel Cancer Screening Program.	22,811	SS	B
Robert Griew Pty Ltd	Evaluation of Hepatitis C Research Report from the Blood Borne Virus and STIs Sub Committee.	20,000	SS	A
Robert Griew Pty Ltd	Critical success factors in the prevention and management of Aboriginal and Torres Strait Islander Chronic Disease Project.	75,000	SS	A
Stancombe Research*	Formative research (qualitative) for the National HIV/AIDS and Other Sexually Transmissible Infections Prevention Campaign.	110,000	RS	A

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Stancombe Research*	Formative research for the National HIV/AIDS and Other Sexually Transmissible Infections Prevention Campaign – Phase 2 Quantitative.	116,419	RS	A
Sydney South West Area Health Service	Development of standards for Lifestyle Modification Programs for people at risk of diabetes.	74,470	SS	C
Synergy Business Solutions	Financial management and reporting services.	60,000	SS	C
The Social Research Centre Pty Ltd*	National Drugs Campaign Phase 3 evaluation research.	240,285	RS	A
The Social Research Centre Pty Ltd*	National Tobacco Survey 2007.	317,900	SS	C
University of Sydney	Review and update indicators for *Towards a National System for Monitoring Breastfeeding in Australia* publication.	32,200	SS	B
UTAS Innovations Ltd	Evaluation of the National Illicit Drugs Strategy Non-government Organisation Treatment Grants program in Tasmania.	16,500	SS	A
Various External Evaluators (100 Contracts)	Evaluation of data for the registration of medicines 'exempt matters' pursuant to the *Freedom of Information Act 1982.*	1,472,743	21 SS, 79 OS	C
Walterturnbull Pty Ltd	Provide high level financial advice, perform audit of CCNAS Finances, and conduct reviews of budget, financial processes and reporting. Conduct a business risk assessment and develop risk management plan.	60,000	RS	B
Woolcott Research Pty Ltd*	Concept testing research to inform the development of National Alcohol Campaign materials.	321,860	RS	C

* Also reported in the 4.1 Advertising and Market Research chapter.

Table 4.3.2: Outcome 2 – Access to Pharmaceutical Services

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Acumen Alliance (now Oakton AA Services)	Stage 2.1 Cost Recovery for listing medicines on the Pharmaceutical Benefits Scheme.	11,616	RS	B
Acumen Alliance (now Oakton AA Services)	Stage 2 Cost Recovery for listing medicines on the Pharmaceutical Benefits Scheme.	35,415	RS	B
Adelaide Research and Innovation Pty Ltd	Evaluation of vaccine submissions made to the Pharmaceutical Benefits Advisory Committee.	440,000	OS	B
Applied Economics Pty Limited	Advice on the build, testing and implementation of the Community Pharmacy Remuneration Financial Model.	11,000	OS	C
Applied Economics Pty Limited	Scoping study for Community Pharmacy Remuneration Model.	64,815	OS	C
Australian Government Solicitor	(15) Legal services contracts.	317,841	OS	A
Campbell Research and Consulting*	Research and Scoping Study for the Home Medicines Review Program.	255,937	RS	C
Gavin Anderson Research*	To undertake a research and scoping study for the Hepatitis C Public Health Promotion Program.	176,000	RS	C
Health Outcomes International Pty Ltd	To provide an evaluation of the Diabetes Pilot Program – Diabetes Medication Assistance Program.	386,243	OS	B
Health Outcomes International Pty Ltd	The Evaluation of the Dose Administration Aids Program and the Patient Medication Profile Program.	502,624	OS	C
Healthcare Management Advisors Pty Ltd	To assess the impact of the collection and recording of Pharmaceutical Benefits Scheme under co-payment prescription data.	82,500	OS	C
Healthcare Management Advisors Pty Ltd	Review supply of Pharmaceutical Benefits Scheme medicines to aged care residential facilities and private hospitals.	158,082	OS	C

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
KPMG	Conduct a review to identify opportunities and recommend actions that will improve the overall performance of PharmBiz and position the program for successful delivery.	42,000	RS	B
Oakton AA Services Pty Ltd	Independent assessment of statement of financial loss.	24,500	RS	C
Oakton AA Services Pty Ltd	Update the cost recovery costing model, fee structure and cost recovery impact statement.	28,747	SS	B
SMS Consulting Group Limited	To assist the Department and the Guild to develop and deliver a registration, claiming and payment system.	206,580	SS	A
SMS Consulting Group Limited	To assist the Department and the Pharmacy Guild to develop and deliver a registration, claiming and payment system.	374,220	SS	A
Stratsec.Net Pty Ltd	To conduct a threat risk assessment on the Fourth Community Pharmacy Agreement IT system developed by the Pharmacy Guild.	21,120	RS	B
Urbis Pty Ltd	Evaluation of the QUMAX Program.	549,362	OS	B
Walterturnbull Pty Ltd	To conduct a financial audit on a Commonwealth funding recipient to determine non/ accordance.	26,099	RS	C
Woolcott Research Pty Ltd	Services for development communications research for the Generic Medicines Public Awareness Campaign.	131,835	RS	C

* Also reported in the 4.1 Advertising and Market Research chapter.

Table 4.3.3: Outcome 3 – Access to Medical Services

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Government Solicitor	(2) Legal services contracts.	40,000	OS	A
Banscott Health Consulting	Provision of policy advice in relation to health technology assessment.	55,000	SS	B
Campbell Research and Consulting Pty Ltd	Mid term evaluation of the Quality Assurance for Aboriginal Medical Services Program.	78,031	OS	B
Campbell Research and Consulting Pty Ltd	Review Medicare Benefits Schedule items for Cancer Case Conferencing.	79,550	OS	C
Clayton Utz	(2) Legal services contracts.	95,258	OS	A
DLA Phillips Fox	Legal services.	55,000	OS	A
Health Outcomes International Pty Ltd	Review of the quality use of Diagnostic Imaging Program.	80,300	OS	B
Minter Ellison	(2) Legal services contracts.	102,000	OS	A
Phillip Jones and Associates Pty Ltd	Provision of advice on the procedures, guidelines, functions and structure of the Medical Services Advisory Committee Secretariat.	26,499	SS	C

Table 4.3.4: Outcome 4 – Aged Care and Population Ageing

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Access Economics Pty Ltd	Discussion paper for the review of aged care planning ratios.	26,950	OS	B
Allen Consulting Group Pty Ltd	Development of key performance indicators for the Home and Community Care Program.	137,515	OS	A
Alt Beatty Consulting	Map health quality system used by multipurpose services against Commonwealth Government Aged and Community Care standards and expectations.	31,522	SS	C
Alt Beatty Consulting	Reviews of the Quality Reporting, Extended Aged Care at Home and National Respite for Carers Program.	74,369	SS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Bureau of Statistics	Review of statistical data for Tasmanian aged care environment to produce Aged Care Planning Advisory Committee profiles.	37,511	SS	B
Australian Government Solicitor	(7) Legal services contracts.	191,715	OS	A
Australian Healthcare Associates	Development of a National Quality Reporting Framework for Community Care Programs.	172,137	OS	B
Clayton Utz	(3) Legal services contracts.	70,000	OS	A
Deloitte Touche Tohmatsu	Professional services – probity advisor.	38,625	SS	C
Department of Health and Human Services	Central Highlands Review.	29,830	SS	C
Dynamic Wisdom Pty Ltd	Business improvement initiative for the Community Program Section.	38,720	SS	B
Evolution Research Pty Ltd	Review of guidelines and development of a Performance Framework for ACHA.	46,430	RS	B
Evolution Research Pty Ltd	Professional services – development and delivery of Extended Aged Care at Home Dementia program information sessions.	55,000	SS	B
Evolution Research Pty Ltd	Stage 2 Access Points – SA Mapping Project.	63,200	RS	B
Ewan Maxwell Morrison	Advising services – Home and Community Care Information Management System and Key Performance Indicators project.	39,600	SS	B
KPMG	Review of the Canterbury Multicultural Ageing and Disability Support Service.	77,323	OS	C
KPMG	Independent financial services – Zero Real Interest Loans Initiatives.	410,300	OS	C
La Trobe University	Review best practice models for aged care services.	220,280	OS	B
La Trobe University	National evaluation of the Australian Government Dementia Health Priority Initiative.	1,350,910	OS	C
National Ageing Research Institute Inc	Consumer information for Aged Care in the Community.	110,196	OS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
PPB Pty Limited	Professional services in relation to Bridgewater Aged Care.	80,000	SS	B
Pricewaterhousecoopers	National planning framework for community care.	72,855	OS	B
Richard Rosewarne	Statistical and analytical services.	255,331	SS	B
Robert Griew Pty Ltd	General advice on Home and Community Care workforce strategy development.	30,870	SS	B
The Open Mind Research Group Pty Ltd*	Research into consumer views on Australian Government Community Aged Care programs – Extended Aged Care at Home and Extended Aged Care at Home Dementia.	49,324	SS	C
The Open Mind Research Group Pty Ltd*	Research into consumer views on Australian Government Community Aged Care programs.	219,661	SS	C
University of Wollongong	National evaluation project for the Encouraging Best Practice in Residential Aged Care Program.	270,000	OS	C
University of Wollongong	National evaluation project for the Encouraging Best Practice in Residential Aged Care Program.	897,355	OS	C
Urbis Pty Ltd	Scoping study on the use of assistive technology by frail older people living in the community.	73,086	OS	B
Urbis Pty Ltd	Evaluation of Employed Carer Innovative Pilot for the National Respite for Carers Program.	688,743	RS	B
Utilities Holdings Pty Ltd	Clinical consultancy services to Bridgewater Aged Care.	197,000	SS	B
Victoria University	National Continence Management Strategy Independent Evaluator.	860,838	OS	C
Wallace Mackinnon and Associates	ADARDS financial review.	24,120	SS	C
Wallace Mackinnon and Associates	Tasman MPS review.	28,475	SS	C

* Also reported in the 4.1 Advertising and Market Research chapter.

Table 4.3.5: Outcome 5 – Primary Care

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Allen Consulting Group Pty Ltd	Review of the training for the Procedural General Practitioners Program.	63,820	OS	B
Australian Government Solicitor	(2) Legal services contracts.	63,286	OS	A
Banscott Health Consulting	Advice relating to the business objectives for the Primary and Ambulatory Care Division.	307,000	SS	B
Clayton Utz	Legal services.	30,000	OS	A
Clayton Utz	Provision of legal services for the National Health Call Centre Network.	275,000	OS	B
General Practice BW	Review program delivery options for Liverpool and Sydney Southwest Division of General Practice.	205,269	OS	B
Health Outcomes International Pty Ltd	Evaluation of the Health Education Impact Questionnaire (heiQ) project.	62,700	OS	B
Health Outcomes International Pty Ltd	Develop a draft evaluation framework to assess the efficacy of the National Health Call Centre Network.	86,680	OS	B
Healthcare Planning and Evaluation	Evaluation of the Primary Health Care Research, Evaluation and Development Strategy.	380,600	RS	A
Little Oak Pty Ltd	Maintenance of network information system.	21,480	SS	B
Little Oak Pty Ltd	Advice relating to the Divisions On-Line reporting system (DORIS).	25,080	SS	B
Little Oak Pty Ltd	Development of a Microsoft Office Access Database for the GP After Hours Section.	41,800	RS	B
Little Oak Pty Ltd	Design and construction of Division's network information system.	61,475	SS	A
Oakton AA Services Pty Ltd	Provision of advice on streamlining financial reporting arrangements for Divisions of General Practice.	13,283	OS	B
SMS Consulting Group Ltd	Provision of facilitation services for GP Super Clinics local consultation.	312,400	OS	A

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Success Works Pty Ltd	Develop an evaluation framework for the National Health Call Centre Network.	83,050	OS	B
University of London	Lead the evaluation of the Primary Health Care Research, Evaluation and Development Strategy.	200,000	SS	B
Valintus Pty Ltd	Investigation and report on General Practice Data Extraction and Analysis Tools.	163,966	RS	A

Table 4.3.6: Outcome 6 – Rural Health

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australia's Health Pty Ltd	Building Healthy Communities – national evaluation.	283,294	SS	B
J Cornish and Associates	Independent assessment of the Royal Flying Doctor Service Aircraft Replacement Plan.	19,500	SS	B
J Cornish and Associates	Independent assessment of the Royal Flying Doctor Service Aircraft Replacement Plan.	52,755	SS	B
Resolution Consulting Services Pty	Advice on Royal Flying Doctor Service funding agreement.	77,600	OS	B
Resolution Consulting Services Pty	Development of new funding agreement for the Royal Flying Doctor Service.	115,800	OS	B

Table 4.3.7: Outcome 7 – Hearing Services

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Hearing Services	Research to establish a profile of noise exposure for younger people in the community, and to identify areas of greatest risk.	482,669	OS	C
Australian Hearing Services	Research into the prevalence of hearing loss in young people and their risk exposure to leisure noise.	571,149	OS	C
Edith Cowan University	Research to establish the effectiveness of a health-based fear appeal to prevent hearing loss in young people.	235,493	OS	C

Table 4.3.8: Outcome 8 – Indigenous Health

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australasian Society for HIV Medicine Inc	Conference organisation services for National Aboriginal and Torres Strait Islander Sexual Health Promotion workshop.	54,000	OS	B
Australian Indigenous Business Services Pty Ltd	Financial administration and advisory services for Biripi Aboriginal Corporation Medical Centre.	87,827	OS	B
Australian Indigenous Business Services Pty Ltd	To provide financial administration and advisory services to Biripi Aboriginal Corporation Medical Centre.	87,883	OS	B
Australian Indigenous Business Services Pty Ltd	Financial management services.	164,682	OS	B
Business Mapping Solutions Pty Ltd	Funds Administrator to the Gumbi Gumbi Aboriginal and Torres Strait Islander Corporation.	66,126	OS	B
Business Mapping Solutions Pty Ltd	Financial administration and advisory services to Ferdy's Haven Alcohol Rehabilitation Corporation.	83,974	OS	B
Business Mapping Solutions Pty Ltd	Provide funds administration services to TAIHS Ltd.	93,567	OS	B
Clayton Utz	Legal services.	17,000	OS	A
DH4 Pty Ltd	Advice regarding enhancements to IT.	65,400	SS	B
DH4 Pty Ltd	Advice for information management (ICT/IM).	183,125	SS	A
Effective Change Pty Ltd	Clinical review of the Bunurong Health Service and primary care needs of Aboriginals and Islanders.	48,840	OS	C
Health Policy Analysis Pty Ltd	Consultancy services – Health Performance Framework 2008 Report.	178,775	OS	A
Institute for Healthy Communities Australia Ltd	Funds administrator and health services advisor at Ampilatwatja Health Centre Aboriginal Corporation.	533,793	OS	B
James Cook University	Data collection of East Kimberley Region to coincide with rollout of *Opal fuel*.	50,908	SS	C

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
James Cook University	Consultancy services – Impact Evaluation of *Opal fuel*.	99,616	OS	B
John Stewart Deeble	Professional services – advice on the profiling and benchmarking project.	36,300	SS	B
KPMG	Review services for Carnarvon Medical Service Aboriginal Corporation.	94,705	OS	A
Kristine Battye Consulting Pty Ltd	Report on Indigenous primary health service levels in Dubbo and its surrounding communities.	79,937	RS	C
Kristine Battye Consulting Pty Ltd	Regional health service planning in East Arnhem Land.	184,498	OS	B
Laughing Mind Pty Ltd	Review of the Office for Aboriginal and Torres Strait Islander Health capital works program delivery model.	50,154	SS	B
Mallesons Stephen Jaques	Legal services.	10,000	OS	A
Merit Partners Pty Ltd	Issues management of the cessation of Commonwealth funding to KARU Aboriginal Family Support Agency.	15,240	OS	C
Naomi J Duncan	Production of generic board induction and operations manual.	19,800	SS	B
North Stradbroke Island Community Development Employment Programme	Design, organise and conduct specialised workshops about Foetal Alcohol Syndrome.	46,712	SS	B
Pricewaterhousecoopers	Fee for professional services in relation to the review of Namatjira Haven.	59,400	RS	C
Quality Improvement Council Ltd	Development of the Indigenous health service accreditation framework.	85,209	SS	B
Robert Griew Pty Ltd	Development of primary health care models for Aboriginal and Torres Strait Islander peoples.	123,281	OS	A
Robert Griew Pty Ltd	Consultancy services – literature review Office for Aboriginal and Torres Strait Islander Health.	70,152	OS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Shannon Consulting Services Trust	Provision of mentoring and support services to the board of Dharah Gibinj Aboriginal Medical Services.	63,052	OS	B
Taylor Nelson Sofres Australia Pty Ltd	National audit of petrol sniffing, communication resources and materials.	69,630	RS	B
The Adelaide Research and Innovation Investment Trust	Professional services – update the Aboriginal and Torres Strait Islander Social Health Atlas.	21,725	SS	B
The Adelaide Reasearch and Innovation Investment Trust	Professional Services – feasibility study for predictions of NATSIHS estimates at a regional level.	41,550	SS	B
University Physicians Incorporated	Consultancy services – Health@Home Plus.	1,010,787	SS	B
Urbis Pty Ltd	Workforce information Policy Officers Evaluation.	105,537	RS	B

Table 4.3.9: Outcome 9 – Private Health

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Government Solicitor	(3) Legal services contracts.	61,612	OS	A
DLA Phillips Fox	(2) Legal services contracts.	36,419	OS	A

Table 4.3.10: Outcome 10 – Health System Capacity and Quality

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Government Solicitor	Legal services.	120,000	OS	A
Campbell Research and Consulting Pty Ltd	Evaluation of the Public Access Defibrillation Demonstration Project.	69,923	RS	C
Clayton Utz	(3) Legal services contracts.	147,350	OS	A
Dialog Information Technology	Review and assess reports for Managed Health Network Grants.	150,000	OS	B
Ernst and Young	Financial review of Cancer Australia.	81,000	RS	B
Growing Your Knowledge Pty Ltd	Possible options for a National Stem Cell Bank.	149,433	RS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Growing Your Knowledge Pty Ltd	Creation of a National Stem Cell Bank.	149,433	RS	B
GSB Consulting	Prepare literature review on electronic decision support systems for the Australian Health Information Council.	64,425	SS	A
GSB Consulting	Provision of advice for the eHealth Future Directions briefing paper for the Australian Health Ministers' Advisory Council.	67,700	SS	A
International Diabetes Institute	Risk assessment tool for identifying people at risk of developing type 2 diabetes.	280,353	SS	B
KPMG	Provide ePrescribing advice on implementation of electronic prescribing and dispensing of medicines.	335,358	OS	C
Mallesons Stephen Jaques	Legal services.	30,000	OS	A
NOUS Group Pty Ltd	Final report re eHealth Future Directions Summit.	16,750	SS	C
PALM Consulting Group Pty Ltd	Facilitation services – Health Websites Forum.	16,611	SS	B
PALM Consulting Group Pty Ltd	Review of the Australian Health Information Council.	34,500	SS	B
Peter Conde	Develop discussion material for medical research opportunities in South-East Asia.	16,258	SS	B
Phillip Jones and Associates Pty Ltd	System testing and guidance/ mentoring departments tester(s) for the Project Managers Information System Project.	72,785	SS	A

Table 4.3.11: Outcome 11 – Mental Health

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Fianian Pty Ltd	Expert advice regarding the implementation of the Expanded Settings for Specialist Training Program.	202,000	SS	B

Table 4.3.12: Outcome 12 – Health Workforce Capacity

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Clayton Utz	(2) Legal services contracts.	25,769	OS	A
KPMG	Evaluation of the competent authority pathway of assessment for international medical graduates.	155,488	OS	C
Yellow Edge Pty Ltd	Divisional development plan.	27,390	RS	B

Table 4.3.13: Outcome 13 – Acute Care

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Bone Marrow Donor Registry	Provision of expert advice on the development of a national reform package for organ and tissue donation for transplantation in Australia.	25,000	SS	B
Australian Government Solicitor	(7) Legal services contracts.	522,600	OS	A
Australian Institute of Health and Welfare	Validation – Provision and analysis of data for the *State of Our Public Hospitals 2008* report.	46,203	SS	C
Banscott Health Consulting	Policy advice on acute care funding.	58,860	OS	A
Batt, Neil Leonard Charles	Mersey Hospital – Interim Advisory Committee Chairperson.	95,000	RS	B
Clayton Utz	Legal services.	500,000	OS	A
Deacons	Legal services.	100,000	OS	A
DLA Phillips Fox	Legal services.	10,000	OS	A
Doll Martin Associates Pty Ltd	Development of a conceptual model for an establishment framework.	85,400	OS	B
Health Outcomes International Pty Ltd	Review of the regulatory framework governing solid organs and tissues and reproductive tissues – Stage 2.	92,873	OS	A
Ian Maxwell Braid	Mersey Community Hospital Interim Advisory Committee Deputy Chairperson.	38,000	RS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
KPMG	Provision of financial advice on submissions for the management and operation of the Mersey Community Hospital.	120,000	OS	B
KPMG	Review of the National Hospital Cost Data Collection.	131,024	OS	B
KPMG	Policy advice on acute care funding.	140,400	OS	A
KPMG	Policy advice on acute care funding – production of a conceptual cost study report, production of a report on business and management arrangements, provision of advice on governance arrangements, and production of a due diligence framework in relation the implementation of the Mersey Community Hospital Proposal.	165,400	OS	B
KPMG	Policy advice on acute care funding – due diligence for the Mersey Hospital Initiative.	330,000	RS	B
Mallesons Stephen Jaques	(3) Legal services contracts.	560,000	OS	A
RABADO Pty Ltd	Independent review of the Private Health Insurance Prostheses Listing Arrangements.	50,000	RS	B
SpencerSmith and Associates	Examination of options for inpatient critical care services at the Mersey Community Hospital.	145,249	OS	B

Table 4.3.14: Outcome 14 – Biosecurity and Emergency Response

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Government Solicitor	(3) Legal services contracts.	113,803	OS	A
Clayton Utz	Legal services.	10,000	OS	A
Datum Point Pty Ltd	Warehousing advisory services for National Medicine Stockpile.	50,000	RS	B
Food Science Australia	Scope the issues to be addressed to enhance linkages.	55,000	OS	B
Monash University	HIV Epidemiology Project.	99,680	SS	A

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Neill Buck and Associates Pty Ltd	Audit of systems and processes with the Treaties and Compliance Team of the Office of Chemical Safety.	11,052	SS	A
Nertec Pty Limited	Technical pharmaceutical manufacturing advice.	57,904	OS	C
Origin Communications Pty Ltd	Development of the Indigenous Communication Component (strategy and recommended activities) of the Australian Health Pandemic Influenza Communications Strategy.	34,430	OS	A

Table 4.3.15: Outcome 15 – Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Australian Drug Foundation Inc	To develop a generic training resource to educate athletes, coaches, and support staff on the risks and harms associated with the use of illicit drugs.	75,300	SS	B
Office of the Privacy Commissioner	Provision of advice for the development of a national framework to address illicit drug use in sport.	64,673	SS	B
University of New South Wales	Conduct research into illicit drug use by athletes through interviews with elite athletes from professional and non-professional sports.	264,550	SS	B

Table 4.3.16: Cross Outcome

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Alliance Consulting Group Pty Ltd	Review of Security Guard Scope.	40,000	SS	C
AON Risk Serv Aust Ltd	Asset valuation consulting.	10,000	RS	B
APIS Group Pty Ltd	Review of the Budget process.	13,781	SS	C
Australian Government Solicitor	Legal services.	30,000	OS	A

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Booz Allen Hamilton (Australia) Ltd	Development of an IT strategy to guide the future ICT sourcing.	257,972	SS	A
Booz Allen Hamilton (Australia) Ltd	Development of an IT strategy to guide the future ICT sourcing.	386,958	SS	A
Booz Allen Hamilton (Australia) Ltd	Development of an IT strategy to guide the future ICT sourcing.	386,958	SS	A
Booz Allen Hamilton (Australia) Ltd	Review of Future IT Sourcing Options.	438,900	OS	A
Booz Allen Hamilton (Australia) Ltd	Development of an IT strategy to guide the future ICT sourcing.	515,944	SS	A
Carroll Communications Pty Ltd	Population health market research.	32,225	SS	B
Clayton Utz	Legal services.	99,000	OS	A
David William Lyle Webster	Provide business planning and management advice.	67,740	SS	A
Department of the Treasury	Advice on employee leave entitlement liabilities in 2007–2008.	20,000	SS	B
DLA Phillips Fox	(2) Legal services contracts.	285,000	OS	A
Grosvenor Management Consulting	Development of a Property Manager's Toolkit.	71,350	OS	C
IT Newcom Pty Ltd	ICT benchmarking services.	22,000	SS	A
IT Newcom Pty Ltd	ICT benchmarking and advisory services.	50,000	OS	A
IT Newcom Pty Ltd	ICT benchmarking and advisory services.	107,500	SS	B
IT Newcom Pty Ltd	ICT benchmarking services.	550,000	SS	B
Mallesons Stephen Jaques	(4) Legal services contracts.	55,000	OS	A
Maximussolutions Australia	Business services for BAA.	25,200	RS	B
Maximussolutions Australia	Advice on the Department's disaster recovery project and business improvement.	49,951	RS	B
Minter Ellison	(2) Legal services contracts.	30,000	OS	A
Oakton AA Services Pty Ltd	Development of a grant financial and management control framework.	16,500	SS	B

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)
Oakton AA Services Pty Ltd	Property budget advice.	43,560	SS	B
Oakton AA Services Pty Ltd	Invoice scanning feasibility project.	56,200	RS	B
Oakton AA Services Pty Ltd	Investigation of issues from the Program Management Information Initiative review.	82,354	SS	B
Oakton AA Services Pty Ltd	Review of the Program Management Information System project.	82,740	SS	C
OOSW Consulting Pty Limited	Strategic management advice for the 2009–10 Accommodation Project.	29,700	SS	B
Profmark Consulting Pty Ltd	Independent legal services review.	25,520	SS	B
Resolution Consulting Services Pty	Professional costing advice to assist the Business Group division.	18,000	OS	B
RSM Bird Cameron	Risk assessments in the business planning process.	35,834	RS	C
SMS Consulting Group	Identity Management and Directory (IM&DS) review.	49,060	RS	B
The Trustee for Apis Consulting	Consultancy services to support the 2008 Departmental financial review.	79,992	RS	B
Walterturnbull Pty Ltd	Specialist assistance for financial evaluation of response to RFP 058/0708.	28,463	RS	B
ZED Business Management	Review the Corporate Systems Section.	67,310	OS	B
ZED Business Management	Functional analysis of departmental procurement process.	87,440	SS	A

Expenditure on Consultancy Services

Table 4.3.17: Expenditure on Consultancy Services During 2005–06, 2006–07 and 2007–08.

2005–06 $	2006–07 $	2007–08 $
33,445,141	35,020,020	32,967,209

Information on expenditure on contracts and consultancies is also available on the AusTender website <www.tenders.gov.au>.

4.4 Discretionary Grants

The Department funds a number of discretionary grant programs. Discretionary grants are payments where the portfolio Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant. The payment can be made to an organisation or individual and is provided without expectation of a service to the Government in return for the grant. This definition includes program grants as well as ad-hoc and one-off payments and excludes:

- Service agreements, which are treated as contracts rather than grants;
- intra-Commonwealth Government funding;
- payments to states and other government agencies;
- Specific Purpose Payments, inter-government transfers;
- payments to overseas aid organisations;
- Government income support programs;
- emergency payment programs;
- grants under commercial industry development programs (including increasing research and development, and assisting exporters);
- grant programs specifically for educational institutions and medical research institutions;
- grants approved by Commonwealth bodies outside the General Government Sector; and
- payments of a specific sum of money or fixed percentage of shared funding to an organisation or individual that are made according to a Cabinet Decision, a letter from the Prime Minister, or a determination of a Ministerial Council.

In 2007–08, discretionary grants were funded under the following outcomes and program groups. Information on funding to recipients by program group is available on the Department's internet site, at <www.health.gov.au>.

Table 4.4.1: Discretionary Grant Payments by Outcome and Program Group in 2007–08

Outcome	Program Group
Outcome 1 – Population Health The incidence of preventable mortality, illness and injury in Australians is minimised	1.1 Chronic Disease – Early Detection and Prevention
	1.2 Communicable Disease Control
	1.3 Drug Strategy
	1.6 Public Health
Outcome 4 – Aged Care and Population Ageing Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported	4.1 Aged Care Assessment
	4.2 Aged Care Workforce
	4.3 Ageing Information and Support
	4.4 Community Care
	4.5 Culturally Appropriate Aged Care
	4.8 Residential Care
Outcome 5 – Primary Care Australians have access to high quality, well-integrated and cost-effective primary care	5.1 Primary Care Education and Training
	5.2 Primary Care, Financing, Quality and Access
	5.3 Primary Care, Policy, Innovation and Research

Outcome	Program Group
Outcome 6 – Rural Health Improved health outcomes for Australians living in regional, rural and remote locations	6.1 Rural Health Services
Outcome 8 – Indigenous Health Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs	8.1 Aboriginal and Torres Strait Islander Health
Outcome 10 – Health System Capacity and Quality The capacity and quality of the health care system meets the needs of Australians	10.1 Chronic Disease – Treatment 10.2 e-Health Implementation 10.3 Health Information 10.5 Palliative Care and Community Assistance
Outcome 12 – Health Workforce Capacity Australians have access to an enhanced health workforce	12.2 Workforce
Outcome 14 – Biosecurity and Emergency Response Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disaster	14.1 Health Emergency Planning and Response
Outcome 15 – Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians	15.1 Sport and Recreation
Departmental Departmental grants are generally for promotional activities. Outcome 7 – Hearing Services	7.1 Hearing Services

4.5 Ecologically Sustainable Development

The National Strategy for Ecologically Sustainable Development, accessible at <www.environment.gov.au>, defines ecologically sustainable development as using, conserving and enhancing the community's resources so that ecological processes, on which life depends, are maintained, and the quality of life, for both present and future generations, is increased.

The Department's success in supporting the strategy's principles in 2007–08 is discussed against Section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*.

Legislation Administered by the Department During 2007–08 Accords with Ecologically Sustainable Development Principles (Section 516A(6)(a))

In 2007–08, the Department managed more than 60 pieces of legislation. Examples of legislation administered by the Department that were relevant to, and met Ecologically Sustainable Development principles, include:

- the *Gene Technology Act 2000*, which is administered by the Gene Technology Regulator. This Act aims to protect the health and safety of people and the environment by identifying risks posed by gene technology, and managing those risks through regulating dealings with genetically modified organisms; and
- the *Industrial Chemicals (Notification and Assessment) Act 1989*, which is administered by the National Industrial Chemicals Notification and Assessment Scheme. This Act provides for a national notification and risk assessment scheme for industrial chemicals, which protects people and the environment by determining the risks from industrial chemicals and recommending measures to manage identified risks.

A full listing of legislation administered by the Department can be found in the 4.6 Freedom of Information chapter.

Outcome Contribution to Ecologically Sustainable Development (Section 516A(6)(b))

The Department's 15 outcomes focus on meeting the health and ageing needs of the community and supporting people to lead healthy, active lives. In working to achieve these outcomes, the Department undertook a number of activities in 2007–08 that addressed ecologically sustainable development principles and had ecologically sustainable development relevance.

Assessment of Chemicals

The Department's National Industrial Chemicals Notification and Assessment Scheme assessed the risks of industrial chemicals in, and newly introduced to, Australia for effects on worker safety, public health and the environment. The Department also progressed initiatives to improve the safe and sustainable use of industrial chemicals. This included developing regulations to implement the final phase of the Low Regulatory Chemical Concern initiative, which will encourage the introduction of less hazardous chemicals that pose lower risks to the environment. Reforms to the program of assessment for existing chemicals were initiated, to improve the identification, assessment and management of chemicals of concern that are in use in Australia. In addition, the Department initiated a strategy to consider the risks arising from the application of nanotechnology to the development of industrial chemicals. Further discussion of activities relating to the regulation of industrial chemicals can be found in the Outcome 1 – Population Health chapter.

Health Infrastructure in Indigenous Communities

The Department also supported the development of capital works projects such as clinic and staff housing, to provide infrastructure necessary for the delivery of health services to Indigenous communities. The infrastructure was designed and constructed in accordance with the principles of ecologically sustainable development. For instance, guidelines required the adoption of passive solar design, thermal insulation, energy efficient appliances, use of natural lighting and other opportunities to reduce energy consumption. This year, a facilities design guideline was completed that will be utilised in all future clinic development. Discussion on capital works projects can also be found in the Outcome 8 – Indigenous Health chapter.

Water Recycling

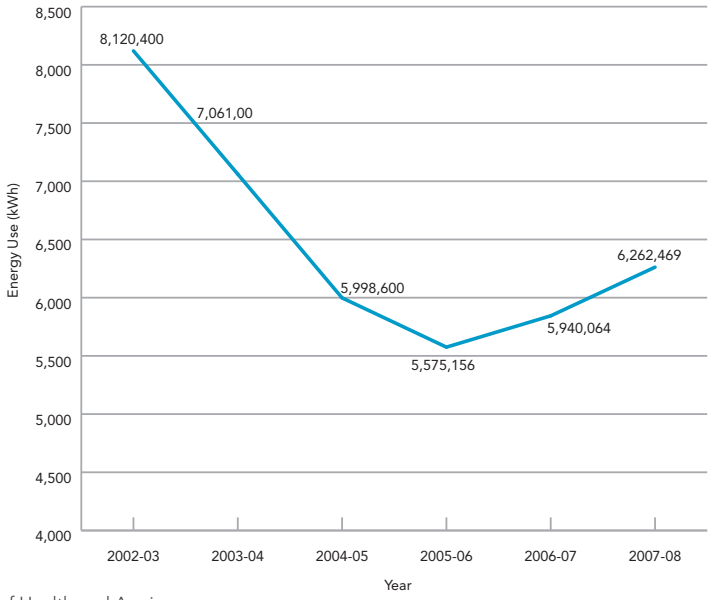
The Department participated in the phase two development of national water recycling guidelines to support beneficial and sustainable recycling of water from sewage, grey water and stormwater. This phase focused on the safe use of recycled water for drinking, stormwater reuse, and managing aquifer recharge for drinking water, non-drinking purposes and ecosystem protection. In April 2008, the Environment Protection and Heritage Council, the Natural Resource Management Ministerial Council and the National Health and Medical Research Council endorsed *Australian Guidelines for Water Recycling: Managing Health and Environmental Risks (Phase 2): Augmentation of Drinking Water Supplies.*

The Effect of Departmental Activities on the Environment (Section 516A(6)(c))

Environmental Management System

The Department has demonstrated commitment to the environment through its Environmental Management System, which was developed on the basis of AS/NZS 14001:1996. The Environmental Management System identifies key aspects of the Department's core business that impacts on the environment, and provides for a range of measures to monitor and alleviate those impacts. In 2007–08, the Department's key environmental impacts related to the consumption of energy and goods, as well as waste generated by staff in the course of business activities.

Figure 4.5.1: Central Office Energy Use, 2002 to 2008



Source: Department of Health and Ageing.

Measures the Department is Taking to Minimise the Impact of Activities on the Environment (Section 516A(6)(d))

Measures to Reduce Energy Consumption

The Department's Central Office experienced an overall increase in electricity usage attributed to increased accommodation demands of 1,598m^2 since 2006–07. When viewed in terms of units of electricity (kWH) per unit of leased office area (m^2), there was an increase from 102.9 kWH per m^2 in 2006–07 to 105.6 kWH per m^2 in 2007–08.

The Department is in the process of securing new Central Office accommodation that will replace all leases in the Woden Town Centre, except for Scarborough House. The objective is to consolidate Central Office personnel into two main buildings (the new accommodation and Scarborough House) by the end of 2009–10.

In accordance with the *Energy Use in the Australian Government's Operations* policy, the Department's new building will be constructed and fitted out to meet a 4.5 star National Australian Built Environment Rating System rating. The Department recently received a 3.5 star rating for its Sydney office, and Scarborough House in Canberra scored a 4.5 star rating. Future plans are underway to rate the Department's Melbourne and Brisbane offices.

Improving Environmental Credentials of Leased Vehicle Fleet

The Australian Government Pool Fleet has set Australian Government agencies with the 28 per cent target of leased/pool vehicles meeting the 10.5 rating of the Green Vehicle Guide. This is a voluntary target. The Department prefers to lease Green Vehicle Guide-compliant vehicles, and as of June 2008, approximately 81 per cent of the Department's pool/leased fleet (comprising of 80 cars) achieved the Green Vehicle Guide rating.

The Department also promoted the use of E10 ethanol blend fuel, using approximately 314 litres over the past year, which is reflective of the limited availability of the fuel. As availability of E10 expands, the Department expects to increase the purchase of this fuel, further reducing the Department's greenhouse gas emissions.

Table 4.5.1: Greenhouse Gas Reductions from Energy Use – Central Office 2002 to 2008

Central Office	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
Leased sq meters (per annum)	45,830	45,410	44,900	52,300	57,697	59,295
Energy use (kWh)	8,120,400	7,061,000	5,998,600	5,575,156	5,940,064	6,262,469
Greenhouse gas (GHG) emissions (tonnes)#	7,999	6,955	5,791	5,161	6,344	5,726
Continuous annual reduction in GHG emissions	N/A	-1,044	-1,164	-630	+1,183	-618
% reduction in GHG emissions (per annum)	N/A	-13%	-17%	-11%	+18.6%	-10%
kWh per m^2 of leased area	177.2	155.5	133.6	106.6	102.9	105.6

Source: Department of Health and Ageing.

calculated using GHG calculator at <www.oscar.gov.au>.

Expansion of Office Recycling to Reduce Waste Going to Landfill

The Department decreased the volume of paper it used and increased its recycling efforts; reducing the amount of waste that would otherwise have gone to landfill.

Table 4.5.2: Minimising Impact of Activities – Central Office 2007–08

	Volume		
Central Office	2006–07	2007–08	Environmental Impact Minimised
Office paper recycled	178 tonnes	112.5 tonnes	One ton of recycled paper saves 1,678 kilograms of lumber and 108,960 litres of water. Using this as a basis for calculation, the Department saved over 188,808 kilograms of lumber and 12,285,000 litres of water. (Source: <www.oroloma.org>.)
Old mobile phones and batteries recycled	70 items	72 items	Mobile phones contain highly toxic materials such as cadmium, lead, and nickel, which have the potential to leach into the water-table and contaminate the environment. (Source: <www.archive.dcita.gov.au>.)
Used toner cartridges recycled	1,929 items	2,812 items	Recycling printer cartridges prevents potentially hazardous materials from polluting the environment. The metals used in cartridges are mined from the earth's crust and the plastics are derived from petroleum. Recovering resources from used cartridges therefore reduces the demand for, and environmental impacts of, mining and manufacturing new materials. (Source: <www.planettark.org.au>.)
Commingle recycling	6.63 tonnes	14.36 tonnes	Manufacturing products from recycled materials not only reduces demand for new materials for manufacture and levels of harmful emissions reaching the atmosphere. It also saves energy, which in Australia is primarily generated through the burning of coal. (Source: <www2.mdbc.gov.au>.)
Cardboard recycling	15.5 tonnes	8.16 tonnes	Recycling one ton of cardboard saves over nine cubic yards of landfill space. The Department saved over 73.44 cubic yards of landfill space. (Source: <www.oroloma.org>.)
Organics	N/A	7.5 tonnes	Organic recycling diverts waste from landfill and greatly reduces production of greenhouse gases. This process provides a nutrient rich compost from putrescible waste that otherwise would have been lost to landfill. (Source: <www.anu.edu.au>.)

Source: Department of Health and Ageing.

As of June 2008, 74 per cent of printing paper used by the Department comprised a component of recycled fibres and was manufactured using ecologically friendly processes (see Table 4.5.3). While the recycled paper used by the Department has a 50 per cent content of recycled fibres, the general qualities and archival longevity equal those of virgin paper.

Table 4.5.3: The Department's Paper Consumption

Paper	2003–04	2004–05	2005–06	2006–07	2007–08
Total reams	92,040	63,200	68,036	81,779	79,910
% change in consumption	N/A	-31%	8%	20%	-2.3%
% white paper with recycled component	64%	66%	75%	73%	74%

Source: Department of Health and Ageing.

Use of Recycled Office Products

The Department operated an Excess Stationery Store, providing staff with a central site where surplus office supplies could be dropped off and collected. By recycling stock in preference to the purchase of new items, the demand for natural resources and energy used in manufacturing is reduced. There is also a reduction in the environmental degradation associated with packaging and transport.

Therapeutic Goods Administration Accreditation and Compliance

Throughout 2007–08, the Department's Therapeutic Goods Administration continued to operate under its Environmental Management System. It also closely monitored energy trends and was proactive in the environmental disposal of items such as fluorescent tubes and laboratory waste. The Administration is currently finalising Environmental Management System accreditation and developing processes for the ongoing review of environmental management system practices to ensure continued compliance.

Mechanisms for Reviewing and Improving Measures to Minimise the Impact of the Department on the Environment (Section 516A(6)(e))

The Department continued to improve its environmental performance through its Environment Management System. The system incorporates regular reviews and audit schedules as well as evaluation processes facilitating the achievement of system objectives, targets and action plans. The Department also reports electricity and fuel consumption annually in the *Energy Use in the Australian Government's Operations*, highlighting progress against Government and departmental targets.

4.6 Freedom of Information

The Department is required under Section 8 of the *Freedom of Information Act 1982* to publish in its annual report information about its functions and its decision-making powers that affect the public. The Department is also required to comment on arrangements for public participation in the formulation of policy, the categories of documents that are held by the Department, and how these documents can be accessed by the public.

Decision-Making Powers

In 2007–08, Ministers and/or departmental officers exercised decision-making powers under the following Acts, or parts of Acts:

- *Aged or Disabled Persons Care Act 1954*;
- *Aged Care Act 1997*;
- *Aged Care (Bond Security) Act 2006*;
- *Aged Care (Bond Security) Levy Act 2006*;
- *Aged Care (Consequential Provisions) Act 1997*;
- *Alcohol Education and Rehabilitation Account Act 2001*;
- *Australian Hearing Services Act 1991*, Subsections 8(4) to 8(8) inclusive;
- *Australian Institute of Health and Welfare Act 1987*;
- *Australian Radiation Protection and Nuclear Safety Act 1998*;
- *Australian Radiation Protection and Nuclear Safety (Licence Charges) Act 1998*;
- *Australian Sports Anti-Doping Authority Act 2006* (from December 2007);
- *Australian Sports Anti-Doping Authority (Consequential and Transitional Provisions) Act 2006* (from December 2007);
- *Australian Sports Commission Act 1989* (from December 2007);
- *Cancer Australia Act 2006*;
- *Commonwealth Serum Laboratories Act 1961*;
- *Delivered Meals Subsidy Act 1970*;
- *Dental Benefits Bill* (from June 2008);
- *Epidemiological Studies (Confidentiality) Act 1981*;
- *Food Standards Australia New Zealand Act 1991*;
- *Gene Technology Act 2000*;
- *Gene Technology (Licence Charges) Act 2000*;
- *Health and Other Services (Compensation) Act 1995*;
- *Health and Other Services (Compensation) Care Charges Act 1995*;
- *Health Care (Appropriation) Act 1998*;
- *Health Insurance Act 1973*;
- *Health Insurance Commission (Reform and Separation of Functions) Act 1997*;
- *Health Insurance (Pathology) (Fees) Act 1991*;
- *Hearing Services Administration Act 1997*;
- *Hearing Services and AGHS Reform Act 1997*;
- *Home and Community Care Act 1985*;
- *Home Nursing Subsidy Act 1956*;
- *Industrial Chemicals (Notification and Assessment) Act 1989;*
- *Industrial Chemicals (Registration Charge – Customs) Act 1997*;
- *Industrial Chemicals (Registration Charge – Excise) Act 1997*;
- *Industrial Chemicals (Registration Charge – General) Act 1997*;
- *Medical Indemnity Act 2002*;
- *Medical Indemnity (Competitive Advantage Payment) Act 2005*;
- *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003*, Part 3, Division 2A;
- *Medical Indemnity (Run-off Cover Support Payment) Act 2004*;
- *Medical Indemnity (UMP Support Payment) Act 2002*;

- *Medical Indemnity Agreement (Financial Assistance – Binding Commonwealth Obligations) Act 2002*;
- *Narcotic Drugs Act 1967*, Sections 9, 10, 11, 13, 19 and 23 and Subsection 24(1), and so much of the remaining provisions of the Act (other than Sections 12 and 22 and Subsection 24(2)) as relates to powers and functions under those sections;
- *National Blood Authority Act 2003*;
- *National Health Act 1953*;
- *National Health and Medical Research Council Act 1992*;
- *National Health Security Act 2007*;
- *Nursing Home Charge (Imposition) Act 1994*;
- *Nursing Homes Assistance Act 1974*;
- *Private Health Insurance Act 2007*;
- *Private Health Insurance (Collapsed Insurer Levy) Act 2003*;
- *Private Health Insurance Complaints Levy Act 1995*;
- *Private Health Insurance (Council Administration Levy) Act 2003*;
- *Private Health Insurance (Prostheses Application and Listing Fees) Act 2007*;
- *Private Health Insurance (Risk Equalisation Levy) Act 2003*;
- *Private Health Insurance (Transitional Provisions and Consequential Amendments) Act 2007*;
- *Prohibition of Human Cloning Act 2002*;
- *Research Involving Human Embryos Act 2002*;
- *Quarantine Act 1908*, in relation to human quarantine;
- *Quarantine (Validation of Fees) Act 1985*, in relation to human quarantine;
- *States Grants (Home Care) Act 1969*;
- *States Grants (Nurse Education Transfer Assistance) Act 1985*;
- *States Grants (Paramedical Services) Act 1969*;
- *Therapeutic Goods Act 1989*;
- *Therapeutic Goods (Charges) Act 1989*;
- *Tobacco Advertising Prohibition Act 1992*; and
- *World Health Organization Act 1947*.

Portfolio Authorities Whose Requests For Access Were Processed by the Department

For the purposes of the administration of the *Freedom of Information Act 1982*, the Department was responsible in 2007–08 for processing requests for access to documents of the following prescribed authorities (as defined by the *Freedom of Information Act 1982*):

- Advisory Panel on the Marketing in Australia of Infant Formula;
- Aged Care Funding Instrument Reference Group;
- Ageing Consultative Committee;
- AHMAC Australian Population Health Development Principal Committee;
- Australia and New Zealand Food Regulation Ministerial Council;
- Australian Community Pharmacy Authority;
- Australian Drug Evaluation Committee;
- Australian National Council on Drugs;
- Complementary Medicines Evaluation Committee;
- Complaints Resolution Panel;
- General Practice Recognition Appeal Committee;
- General Practice Recognition Eligibility Committee;
- Hearing Services Consultative Committee;
- Intergovernmental Committee on Drugs;
- Medical Device Evaluation Committee;
- Medical Services Advisory Committee;
- Medicare Participation Review Committee;
- Minister for Health and Ageing;

- Minister for Ageing;
- Minister for Sport (from December 2007);
- Ministerial Advisory Committee on AIDS, Sexual Health and Hepatitis;
- Ministerial Council on Drug Strategy;
- National Drugs and Poisons Schedule Committee;
- National E-Health Transition Authority;
- National Pathology Accreditation Advisory Council;
- Nuclear Safety Committee;
- Pathology Services Table Committee;
- Parliamentary Secretary to the Minister for Health and Ageing;
- Pharmaceutical Benefits Advisory Committee;
- Pharmaceutical Benefits Pricing Authority;
- Pharmaceutical Benefits Remuneration Tribunal;
- Pharmaceutical Health and Rational Use of Medicines Committee;
- Prostheses and Devices Committee;
- Quality Use of Pathology Committee;
- Radiation Oncology Reform Implementation Committee;
- Sport and Recreation Ministers' Council (from December 2007);
- Therapeutic Goods Advertising Code Council; and
- Therapeutic Goods Committee.

Portfolio Agencies Not Included in this Report

The following prescribed authorities (as defined by the *Freedom of Information Act 1982*) in the Health and Ageing portfolio were separate agencies for the purpose of the Act. They publish their own annual report and are therefore not covered by this statement:

- Aged Care Commissioner;
- Australian Institute of Health and Welfare;
- Australian Radiation Protection and Nuclear Safety Agency;
- Australian Sports Anti-Doping Authority (from December 2007);
- Australian Sports Commission (from December 2007);
- Cancer Australia;
- Food Standards Australia New Zealand;
- Gene Technology Regulator;
- National Blood Authority;
- National Health and Medical Research Council;
- Director – National Industrial Chemicals Notification and Assessment Scheme;
- Private Health Insurance Administration Council;
- Private Health Insurance Ombudsman; and
- Professional Services Review.

Contact details for these agencies can be found in their respective annual report, and in the 6.2 Portfolio Agencies' Contact Details chapter (with the exception of the Aged Care Commissioner).

Authorised Freedom of Information Decision Makers

The authority to provide access to documents was held widely throughout the Department primarily at Assistant Secretary (Senior Executive Service) and Director (Executive Level 2) levels. Generally, occupants of positions classified as Senior Executive Service could authorise and refuse access to documents and make other decisions, such as imposing and remitting charges under the *Freedom of Information Act 1982*.

Arrangements for Bodies or Persons Outside the Commonwealth to Participate in Policy Formulation, or the Administration by the Department, of Any Enactment or Scheme

The Department welcomes views and comments from members of the public and bodies outside the Commonwealth on its policy formulation and administration of portfolio legislation. Public consultation and consumer and stakeholder participation in policy formulation was widely encouraged at varying levels, across a range of areas of policy. Formal arrangements for outside participation included cross-portfolio bodies. Further information regarding formal arrangements can be obtained from the Government Online Directory, accessible at <www.gold.gov.au> and from the Department's internet site.

Categories of Documents Maintained by the Department

The Department maintains records relating to the functions of the Health and Ageing portfolio in various forms and locations. Records are generally retained for varying periods, depending on their administrative and historical value, and are disposed of in accordance with standards and practices approved by the National Archives of Australia. The following categories of documents were common throughout the Department and its portfolio agencies in 2007–08 (unless specified otherwise):

- briefing papers and minutes prepared for the Ministers, the Parliamentary Secretary and senior departmental officers;
- Cabinet documents, including Cabinet submissions/memoranda and documents submitted to Cabinet;
- documents prepared for the Executive Council;
- documents relating to the development of, and explanatory memoranda to Acts, Regulations and other legislative instruments;
- internal administration documents relating to staff management and the Department's organisation and operation, including personnel records, organisational and staffing records, financial and resource management records, audit records, internal operating procedures, Requests for Tender, instructions and indexes;
- instruments of appointment;
- ministerial and departmental responses to correspondence and parliamentary questions;
- inter-departmental and general correspondence and papers;
- policy documents, including the development and implementation of government and departmental policy, recommendations and decisions;
- working papers covering functions and issues handled by the Department, including program fund and grant administration and planning documents;
- documents relating to complaints about Commonwealth-funded services;
- agreements, Memoranda of Understanding and contracts between the Commonwealth, State and Territory Governments and other bodies and organisations;
- legal documents, including legislation, contracts, leases, instruments of delegation, legal advices and court documents;
- requests for information under the *Freedom of Information Act 1982* and files and papers relevant to the consideration of those requests;

- standard operating procedures and fact sheets;
- separate records of internal departmental management meetings and teleconferences, such as agendas and meetings;
- correspondence with non-government parties (stakeholders);
- records of meetings and teleconferences with external stakeholders, including agendas and minutes;
- financial reports, expenditure estimates and expenditure reports;
- maps, charts, photographs, technical drawings, specifications and technical manuals;
- statistics and databases;
- documents prepared by international agencies;
- reports prepared by other government agencies and consultants;
- international agreements, Memoranda of Understanding and treaties;
- documents submitted by third parties;
- departmental publications and occasional papers;
- training materials;
- media releases;
- committee records; and
- mailing lists.

A large number of departmental publications were available free of charge to the public. A list of these publications can be accessed via the Department's internet site, where a number are also available for download.

Facilities Provided by the Department for Enabling the Public to Obtain Physical Access to the Department's Documents

Facilities for inspecting documents to which access is given under the *Freedom of Information Act 1982* are provided by the Department in each State and Territory and Central office.

Departmental Manuals

In accordance with Section 9 of the *Freedom of Information Act 1982*, a list has been compiled of unpublished manuals and other documents provided by the Department to officers to assist in making decisions or recommendations that affect the public. The list, as at July 2006, is available on request from the Freedom of Information Coordinator or any office of the National Archives of Australia.

Freedom of Information Procedures and Departmental Contact Details

A request for access to documents under the *Freedom of Information Act 1982* must be in writing and accompanied with a $30 application fee and an address in Australia to which notices can be sent. In certain circumstances the fee is not required or can be remitted. To enable a prompt response and to help the Department to meet its obligations under the *Freedom of Information Act 1982*, applicants should provide as much information as possible about the documents they are seeking. A telephone number or an email address should also be included in case departmental officers need any clarification. Applicants may be liable to pay charges at rates prescribed by the Freedom of Information (Fees and Charges) Regulations.

Enquiries regarding submission of a formal request under the *Freedom of Information Act 1982* should be directed to the Department's Freedom of Information Coordinator or State/Territory Office Freedom of Information Contact Officers at:

Freedom of Information Coordinator (Central Office)	(02) 6289 1666
New South Wales	(02) 9263 3926
Victoria	(03) 9665 8323
Queensland	(07) 3360 2603
South Australia	(08) 8237 8025
Western Australia	(08) 9346 5400
Tasmania	(03) 6221 1435
Northern Territory	(08) 8919 3450
Australian Capital Territory	(02) 6289 3353

Requests should be sent to the appropriate office of the Department at the following address:

Department of Health and Ageing
GPO Box 9848
Capital City

In accordance with the *Electronic Transactions Act 1999,* Freedom of Information requests may be emailed to <FOI@health.gov.au>. However, as a request must be accompanied by an application fee, in most cases no action will be taken until the application fee is received or a request has been made for the remission of the application fee.

Departmental Freedom of Information Statistics

Table 4.6.1: Requests for Access under the *Freedom of Information Act 1982* in 2007–08

Matters On-hand (Start 2007–08)	Requests Received (2007–08)	Requests Finalised (2007–08)	Requests Outstanding (End 2007–08)
37	180	178	39

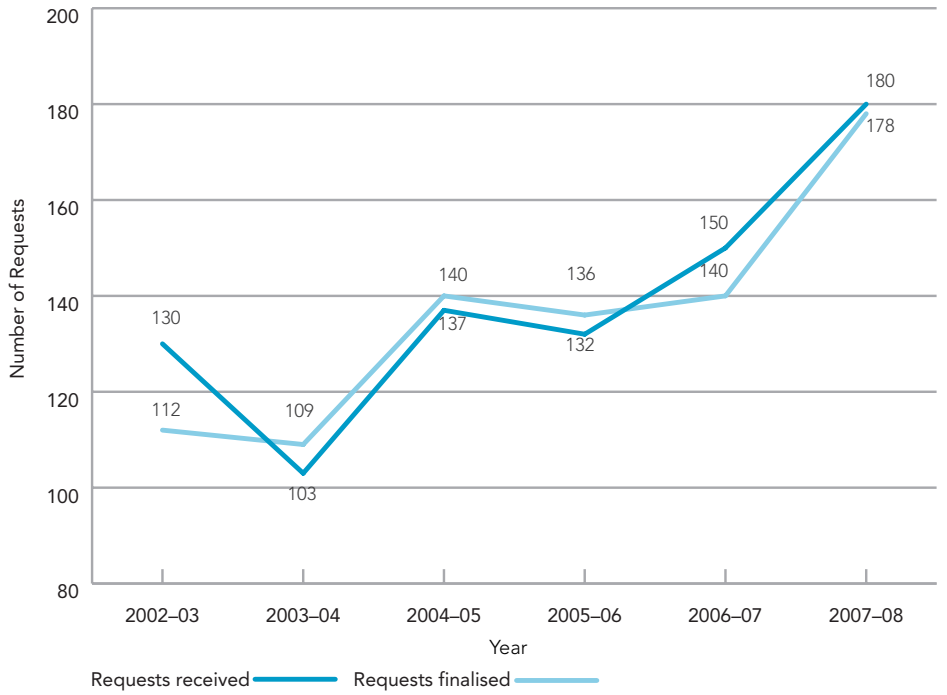
Table 4.6.2: Freedom of Information Internal Review Matters

Matters On-hand (Start 2007–08)	Requests Received (2007–08)	Requests Finalised (2007–08)	Decision	Reviews Outstanding (End 2007–08)
0	13	12	5 affirmed. 6 greater access given. 1 charges not imposed.	1

Table 4.6.3: Freedom of Information Administrative Appeals Tribunal Matters

Matters On-hand (Start 2007–08)	Requests Received (2007–08)	Requests Finalised (2007–08)	Decision	Appeals Outstanding (End 2007–08)
0	1	0	N/A	1

Figure 4.6.1: Requests for Access to Departmental Documents: Received and Finalised



Source: Department of Health and Ageing Annual Reports 2002–03 to 2007–08.

4.7 Occupational Health and Safety

We respect each other and strive for a happy, safe and productive work environment.

The Department is committed to ensuring a safe and healthy work environment, and to providing return to work opportunities for staff who are ill or injured, consistent with legislative obligations. This commitment is underpinned by the Department's Corporate Plan and Collective Agreement which reflect the importance of the need for healthy staff, both mentally and physically, and an appropriate work and personal life balance.

In 2007–08, the Department continued to work towards achieving *National Occupational Health and Safety Strategy 2002–2012* targets and actively promoted the organisation's Health and Life Strategy. Following is a discussion of activities undertaken by the Department, reporting against section 74 of the *Occupational Health and Safety (Commonwealth Employment Act) 1991*.

Health and Safety Management Arrangements

Occupational Health and Safety Policy and Agreement

The Department's Occupational Health and Safety Policy and Agreement articulates the governance arrangements for the Department's occupational health and safety framework. It has a particular focus on the roles and responsibilities of the employer, employees, Health and Safety Representatives and all stakeholders.

As indicated in the Department's 2006–07 Annual Report, the Department would review the agreement to reflect changes to the *Occupational Health and Safety Act 1991*. Accordingly, the Department started to develop new Health and Safety Management Arrangements in 2007–08. A working party under the auspices of the Department's peak consultative body of staff, staff representatives and management, the National Staff Participation Forum, oversaw the project and ensured completion by September 2008. The Occupational Health and Safety Policy and Agreement remained in place until the new arrangements were finalised.

Occupational Health and Safety Committees

Occupational Health and Safety Committees in Central Office, each State and Territory Office and the Therapeutic Goods Administration met regularly during the year to discuss and address safety issues. Other committees with key roles in addressing safety included staff consultative forums at the divisional level and emergency planning committees. These actions were consistent with the requirements of the *Occupational Health and Safety Act 1991*. The Act requires that the number of management representatives on Health and Safety Committees must not exceed the number of staff representatives. The membership structure of the Department's Health and Safety Committees complied in this respect.

Health and Safety Representatives

Each division in the Department had designated work groups, health and safety representatives and deputies in place to identify and risk manage issues in consultation with local managers. During 2007–08, the Department undertook nomination and appointment processes in accordance with the *Occupational Health and Safety Act 1991* to fill any vacancies resulting from staff movements and designated work group changes. Designated work groups were structured according to the Department's divisional structure. Currently divisions are spread across various buildings and as such a review has commenced according to Part 3, Division 1, Section 24 of the *Occupational Health and Safety Act 1991*.

Initiatives Undertaken During 2007–08 to Ensure the Health, Safety and Welfare of Employees and Contractors of the Department Whilst at Work

The Department undertook a range of initiatives in 2007–08 under its Health and Life Strategy to facilitate and increase the health and wellbeing of its staff, encourage a work/life balance and reduce the rate of illness and injury. Team leaders and senior managers actively supported and promoted healthy and active lifestyle choices. These values can increase employee productivity and a positive work culture, as well as decrease stress and minimise the impact of illness and injury. Activities ranged from encouraging physical activity and good nutrition, to empowering staff to self-manage their own health.

Control Self Assessment Reporting

Managers completed a Control Self Assessment report on a quarterly basis to facilitate occupational health and safety compliance on the management of staff absences, workplace injuries, harassment, and the appointment of health and safety representatives. These representatives included first aid officers, fire wardens and workplace harassment contact officers.

Assistance for Staff and Contractors

The Department provided workstation setup assistance by occupational therapists for staff as required. Special needs equipment through the Department's reasonable adjustment program was also provided, as was training and occupational health and safety guidance material on safety related topics. The Department's Therapeutic Goods Administration introduced safe work method statements (risk assessments) for all contractors to complete prior to commencing work, to ensure their adherence to safe work practices.

Staff Vaccinations

The Department funded vaccinations for staff, who through the course of their work, were in regular contact with members of the community classified as at increased risk with regard to influenza or hepatitis B. All staff could also access a voluntary 'user pays' on-site influenza vaccination program.

Health and Safety Outcomes (Including the Impact on Injury Rates of Employees and Contractors of the Department) Achieved as a Result of Initiatives Mentioned Under the Above Paragraph or Previous Initiatives

The Department's commitment to continuous improvement in occupational health and safety and injury management performance, through the application of leadership and best practice in the workplace, was recognised when it was awarded the 2007 Safety, Rehabilitation and Compensation Commission, Public Sector Leadership Award for Injury Prevention and Management.

The Department was also nominated by Comcare as a finalist in the 2007 Safe Work Australia Awards, in the category of Public Sector Leadership for Injury Prevention and Management. Commitment to early intervention and rehabilitation of injured or ill employees, in combination with the Health and Life Strategy, has lead to a reduction to the Department's premium. Accepted claims were also reduced during 2007–08.

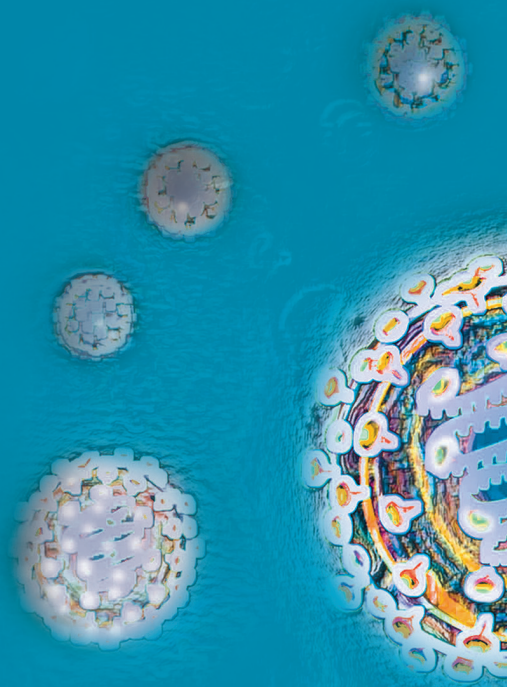
Statistics of Any Accidents or Dangerous Occurrences During the Year that Arose Out of the Conduct of Undertakings by the Department and that Required the Giving of Notice Under Section 68

In 2007–08, the Department reported three dangerous occurrences and three serious personal injury incidents to Comcare under Section 68 of the *Occupational Health and Safety Act 1991*. The Department investigated all reports and implemented all necessary action.

Any Investigations Conducted During the Year that Relate to Undertakings Carried on by the Employer, Including Notices Given to the Employer Under Sections 29, 46 and 47 During 2007–08

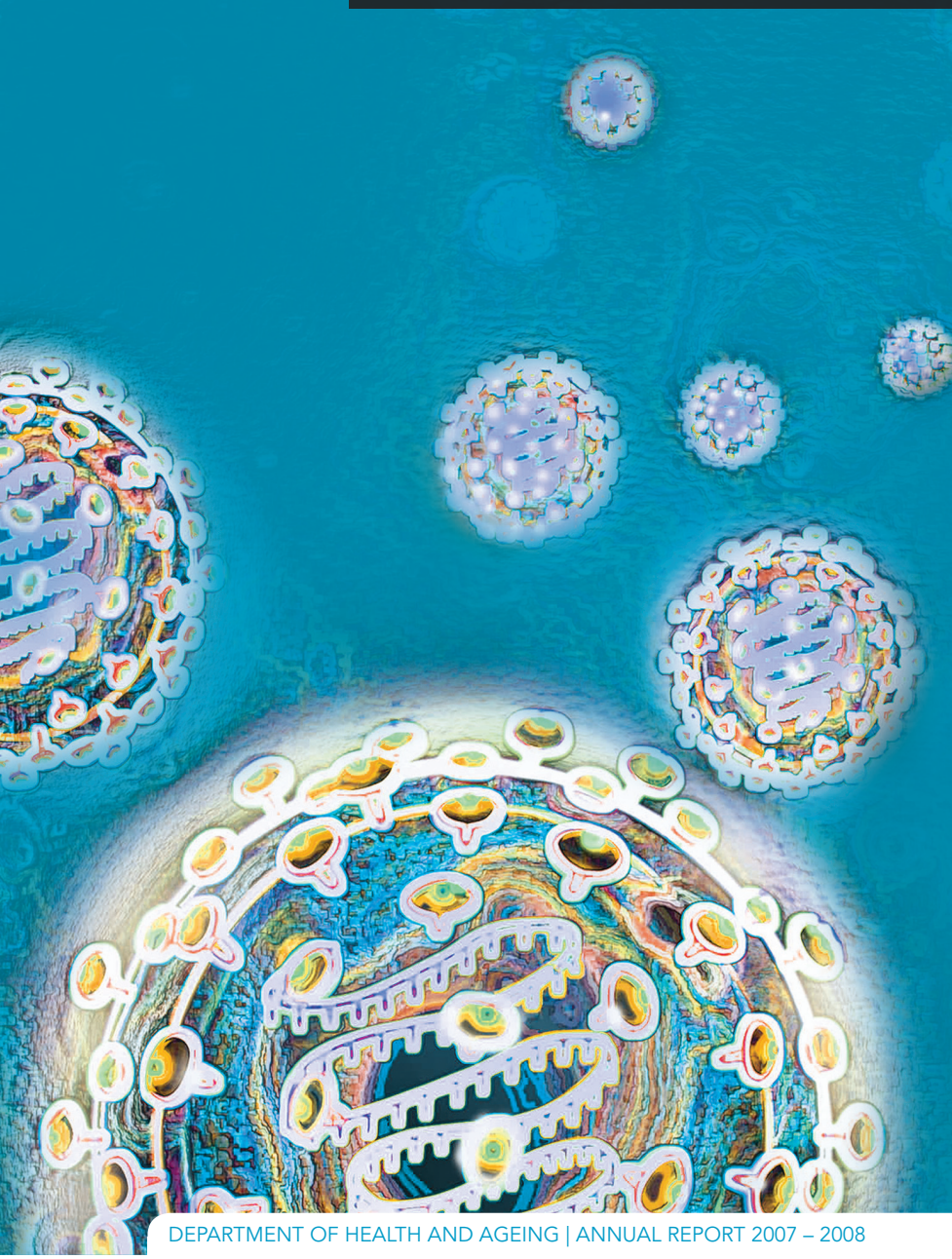
During 2007–08, the Department conducted testing of air quality and cooling tower functions. Electrical testing and tagging was also undertaken. In addition, the Department provided staff with access to eyesight testing and arranged medical examinations to determine fitness for duty where applicable.

The Department was not served with any directions or notices under the *Occupational Health and Safety Act 1991* during the year by Health and Safety Representatives or Comcare.



PART 05

Financial Statements



PART 05
Financial Statements

We value using resources efficiently.

Part Five contains the complete set of financial statements for the Department of Health and Ageing and the Therapeutic Goods Administration Trust Account.

5.1 Department of Health and Ageing

Financial Performance – Departmental

The Department recorded a consolidated operating surplus for 2007–08.	**Operating Result – Departmental** The Department of Health and Ageing achieved a consolidated 2007–08 operating surplus of $0.1 million. The operating result was primarily driven by: • a $10.9 million operating deficit for the core Department; • a $10.9 million operating surplus for the Therapeutic Goods Administration; • a $0.4 million operating deficit for the Office of the Gene Technology Regulator; and • a $0.5 million operating surplus for the National Industrial Chemicals Notification and Assessment Scheme. The 2007–08 core Department's operating deficit was primarily a result of the financial impact of expenditure on measures carried over from 2006–07; asset write downs and staff voluntary redundancy severance expenses. The Therapeutic Goods Administration's operating surplus was a result of higher than expected application submission rates and the accompanying revenue for medical devices and prescription medicines industry sectors which was partly offset by additional expenditure for the impairment and write down of assets.
Machinery of Government changes during 2007–08.	**Machinery of Government Changes – Departmental** As a result of machinery of Government changes on 3 December 2007, the Department acquired the sports function from the former Department of Communications, Information Technology and the Arts. The Department of Communications, Information Technology and the Arts transferred the unspent appropriation related to the sports function and its assets and liabilities to the Department as at this date.
Total departmental revenue increased by 12% for 2007–08.	**Revenue – Departmental** During 2007–08, total revenue for the consolidated departmental entity increased by 12% ($74.6 million) from $629.9 million in 2006–07 to $704.5 million. The increase was largely attributable to: • the Department receiving an additional $60 million in revenues from Government. The additional revenue was primarily due to funding provided to the core Department to perform a range of new policy measures including: Securing the future of Aged Care for Australia ($23.2 million); the Northern Territory Emergency Response ($10.2 million); the Fourth Community Pharmacy Agreement ($3.7 million); the Mersey Community Hospital ($3.5 million); and Indigenous Health ($3.3 million). In addition, the core Department received full year funding for the Aged Care and Complaints Resolution measure of $12.7 million; and • the Department reporting a $16.7 million increase in sales of goods and services, which related to the Therapeutic Goods Administration reporting an additional $12.4 million for fees and charges.

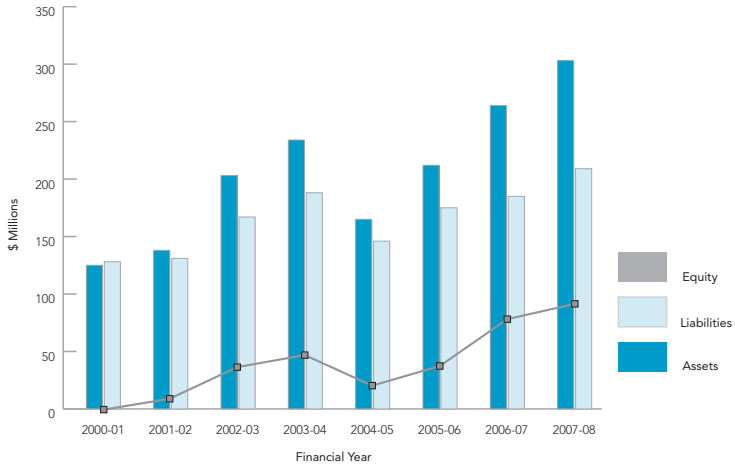
Total departmental expenses increased by 14% for 2007–08.	Operating expenses increased by 14% ($94.5 million) during 2007–08 to $704.4 million (2006–07: $609.9 million). The change is largely attributable to: • additional core Department employee expenses of $59.9 million as a result of an overall increase in the average staff level to support new policy measures and the financial impact of the Collective Agreement salary increase; and • a $24.4 million increase in core Department suppliers expenses as a result of the additional activity associated with new policy measures and general cost increases.
Departmental net assets increased by 18%.	**Assets and Liabilities – Departmental** The Department experienced growth in its net asset base with net assets increasing by $14.2 million to $94.0 million. Total assets have increased by $38.3 million to $302.6 million (2006–07: $264.3 million). The major contributors were: • a $34.6 million appropriation receivable (operational) increase to $163.8 million; and • a $6.5 million appropriation receivable (equity injection) increase to $40.7 million which was primarily due to undrawn capital appropriation for major internally developed software, such as the Aged Care New Payment System and Improved Listing Processes on Pharmaceutical Benefits Scheme, and funds reserved for office accommodation projects. Total liabilities have increased by $23.9 million to $208.5 million (2006–07: $184.6 million). The major contributors were: • employee provisions increasing by $10.7 million to $111.9 million, which primarily related to the flow on impacts of an increase in staffing, the Collective Agreement and Senior Executive Service salary increases and voluntary redundancy severance liabilities; and • suppliers liabilities increasing by $11.3 million to $66.4 million, this change mainly related to $5.8 million of undrawn appropriations related to funding provided on a no win/no loss basis for the Northern Territory Emergency Response ($2.5 million) and Independent Review (PBS) ($3.3 million), which will be returned to the Official Public Account.

The Department's net asset position has improved over the last eight years.

Sustainability

An eight year summary of the Department's assets, liabilities and equity position is provided in the graph below.

Assets, Liabilities and Equity Trend 2000–01 to 2007–08



The Department's equity has increased by $14.2 million to $94.0 million ($79.8 million 2006–07). This change is primarily a result of $12.8 million for contributed equity which is associated with Government measures relating to the development of software applications to support outcomes.

Financial Performance – Administered

Income administered on behalf of Government.

Administered Income

Total 2007–08 administered income was $397.7 million and major items include:

- Taxation revenue of $24.0 million, comprising the levy imposed on eligible doctors to raise revenue towards the Incurred But Not Reported (IBNR) liability for the UMP Support Payment ($0.1 million) and the Run Off Cover Scheme Support payment arrangements ($23.9 million);
- Sales of goods and rendering of services of $7.1 million;
- Recoveries of $54.6 million, which primarily relates to the collection of monies by Medicare Australia which is recoverable from individuals after the settlement of personal injury claims;
- Other revenue of $285.2 million, which mainly relates to revenues collected from the Private Health Insurance Administration Council for private health insurance administration levies; and
- Other gains of $26.8 million, which relates to the Department acquiring the Mersey Community Hospital on 1 November 2007.

Total administered expenses increased by $4.6 billion.	**Administered Expenses** For the 2007–08 reporting period: • Personal benefits expense increased by 10% to $23.9 billion, ($21.7 billion in 2006–07) mainly relating to the Medicare Benefits Scheme. The scheme funds access to medical services, including diagnostic services and reported expenses of $12.8 billion compared to $11.7 billion in 2006–07; • Grants expense increased by 13% to $15.2 billion ($13.4 billion in 2006–07); • Subsidy expense increased to $5.9 billion, ($5.5 billion in 2006–07); • Supplier expenses increased to $275.4 million ($179.6 million in 2006–07); • Employee benefits expense of $22.2 million and depreciation of $1.5 million, these expenses relate to the acquisition of the Mersey Community Hospital; and • Write down of assets of $14.6 million, which mainly relates to the $13.7 million impairment of the drug stockpile inventory during 2007–08.
Total administered assets increased by $338.9 million.	**Assets and Liabilities – Administered** Total administered assets increased by $338.9 million to $734.9 million ($395.7 million in 2006–07). This is mainly a result of the $240.3 million administered investment in the Australian Sports Commission. The investment is a consequence of machinery of Government changes on 3 December 2007 whereby the Department acquired the sports function from the previous Department of Communications, Information Technology and the Arts.
Total administered liabilities increased by $260.9 million.	Total administered liabilities increased by $260.9 million to $2.638 billion ($2.378 billion in 2006–07), which is primarily due to an increase in grants payable of $256.6 million. The reported liability increase recognises a $63.4 million additional expense for the essential vaccine special purpose payment as a result of an adjusted population projection and $45.0 million relates to the sports and recreation outcome (Outcome 15: Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians).

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Ageing

Scope

I have audited the accompanying financial statements of the Therapeutic Goods Administration Special Account for the year ended 30 June 2008, which comprise: a Statement by the Departmental Secretary, National Manager and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments and Contingencies; and Notes to and Forming Part of the financial Statements, including the Summary of Significant Accounting Policies.

The Responsibility of the Secretary for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

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

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

Independence

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

Auditor's Opinion

In my opinion, the financial statements of the Department of Health and Ageing:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* and the Australian Accounting Standards (including the Australian Accounting Interpretations); and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Department of Health and Ageing's financial position as at 30 June 2008 and its financial performance and its cash flows for the year then ended.

Ian McPhee

Auditor-General
Canberra

18 August 2008

DEPARTMENT OF HEALTH AND AGEING
STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the financial statements for the year ended 30 June 2008 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Jane Halton
Secretary
Department of Health and Ageing

18 August 2008

Stephen Sheehan
Chief Financial Officer
Department of Health and Ageing

18th August 2008

DEPARTMENT OF HEALTH AND AGEING
INCOME STATEMENT
for the period ended 30 June 2008

	Notes	2008 $'000	2007 $'000
INCOME			
Revenue			
Revenue from Government	3A	**583,186**	523,153
Sale of goods and rendering of services	3B	**118,604**	101,909
Other revenue		**4**	3,884
Total revenue		**701,794**	628,946
Gains			
Sale of assets	3C	**-**	6
Other gains	3D	**2,687**	903
Total gains		**2,687**	909
Total income		**704,481**	629,855
EXPENSES			
Employee benefits	4A	**450,781**	385,785
Suppliers	4B	**231,184**	208,050
Depreciation and amortisation	4C	**17,660**	15,379
Write-down and impairment of assets	4D	**4,679**	650
Other expenses	4E	**55**	-
Total expenses		**704,359**	609,864
Surplus/(Deficit)		**122**	19,991

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

DEPARTMENT OF HEALTH AND AGEING
BALANCE SHEET
as at 30 June 2008

	Notes	2008 $'000	2007 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**3,932**	7,955
Trade and other receivables	6B	**223,116**	182,025
Total financial assets		**227,048**	189,980
Non-financial assets			
Land and buildings	7A, C	**33,642**	35,107
Infrastructure, plant and equipment	7B, C	**4,730**	6,381
Intangibles	7D, E	**32,607**	29,561
Inventories	7F	**278**	337
Other non-financial assets	7G	**4,248**	2,973
Total non-financial assets		**75,505**	74,359
Total assets		**302,553**	264,339
LIABILITIES			
Payables			
Suppliers	8A	**66,405**	55,122
Other payables	8B	**19,819**	18,652
Total payables		**86,224**	73,774
Provisions			
Employee provisions	9A	**111,882**	101,175
Other provisions	9B	**10,415**	9,639
Total provisions		**122,297**	110,814
Total liabilities		**208,521**	184,588
NET ASSETS		**94,032**	79,751
EQUITY			
Parent entity interest			
Contributed equity		**60,324**	47,217
Reserves		**11,535**	10,483
Retained surpluses		**22,173**	22,051
Total parent entity interest		**94,032**	79,751
Total Equity		**94,032**	79,751
Current assets		**231,574**	193,290
Non-current assets		**70,979**	71,049
Current liabilities		**167,334**	141,676
Non-current liabilities		**41,187**	42,912

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

DEPARTMENT OF HEALTH AND AGEING
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2008

	Retained surpluses		Asset revaluation reserve		Contributed equity		Total equity	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous year	**22,051**	1,921	**10,483**	10,848	**47,217**	24,405	**79,751**	37,174
Adjustment for errors (Note 1.3)	**-**	139	**-**	-	**-**	-	**-**	139
Adjustment for changes in accounting policy	**-**	-	**-**	-	**-**	-	**-**	-
Adjusted opening balance	**22,051**	2,060	**10,483**	10,848	**47,217**	24,405	**79,751**	37,313
Income and expense								
Non-financial asset revaluation adjustment	**-**	-	**1,259**	-	**-**	-	**1,259**	-
Revaluation of restoration obligation	**-**	-	**(207)**	(365)	**-**	-	**(207)**	(365)
Subtotal income and expenses recognised directly in equity	**-**	-	**1,052**	(365)	**-**	-	**1,052**	(365)
Surplus for the year	**122**	19,991	**-**	-	**-**	-	**122**	19,991
Total income and expenses	**122**	19,991	**1,052**	(365)	**-**	-	**1,174**	19,626
Of which:								
Attributable to the Australian Government	**122**	19,991	**1,052**	(365)	**-**	-	**1,174**	19,626
Transactions with owners								
Distributions to owners								
Returns of capital:	**-**	-	**-**	-	**-**	-	**-**	-
Restructuring	**-**	-	**-**	-	**-**	-	**-**	-
Contributions by owners								
Appropriation (equity injection)	**-**	-	**-**	-	**12,686**	25,245	**12,686**	25,245
Restructuring (Note 10)	**-**	-	**-**	-	**421**	(2,433)	**421**	(2,433)
Other	**-**	-	**-**	-	**-**	-	**-**	-
Subtotal transactions with owners	**-**	-	**-**	-	**13,107**	22,812	**13,107**	22,812
Transfers between equity components	**-**	-	**-**	-	**-**	-	**-**	-
Closing balance as at 30 June 2008	**22,173**	22,051	**11,535**	10,483	**60,324**	47,217	**94,032**	79,751

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

DEPARTMENT OF HEALTH AND AGEING
CASH FLOW STATEMENT
for the period ended 30 June 2008

	Notes	**2008 $'000**	2007 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**121,711**	115,668
Appropriations		**562,330**	502,298
Net GST received		**22,269**	23,587
Other cash received		**17,315**	8,784
Total cash received		**723,625**	650,337
Cash used			
Employees		**444,132**	379,325
Suppliers		**256,075**	241,020
Cash transferred to the OPA		**12,800**	10,400
Total cash used		**713,007**	630,745
Net cash from or (used by) operating activities	11	**10,618**	19,592
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**-**	13
Total cash received		**-**	13
Cash used			
Purchase of property, plant and equipment and intangibles		**20,895**	23,332
Total cash used		**20,895**	23,332
Net cash from or (used by) investing activities		**(20,895)**	(23,319)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		**6,254**	6,987
Total cash received		**6,254**	6,987
Net cash from or (used by) financing activities		**6,254**	6,987
Net increase or (decrease) in cash held		**(4,023)**	3,260
Cash and cash equivalents at the beginning of the reporting period		**7,955**	4,695
Cash and cash equivalents at the end of the reporting period	6A	**3,932**	7,955

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF COMMITMENTS
as at 30 June 2008

	2008 $'000	2007 $'000
BY TYPE		
Commitments receivable		
Lease incentive receivable	**(16,478)**	-
GST recoverable on commitments	**(70,768)**	(30,752)
Total commitments receivable	**(87,246)**	(30,752)
Capital commitments		
Land and buildings	**70,766**	-
Infrastructure, plant and equipment	**97**	255
Intangibles	**833**	1,062
Total capital commitments	**71,696**	1,317
Other commitments		
Operating leases [1]	**656,300**	270,121
Research and development	**6,358**	-
Other commitments	**46,725**	76,720
Total other commitments	**709,383**	346,841
Net commitments by type	**693,833**	317,406
BY MATURITY		
Commitments receivable		
One year or less	**(18,655)**	(10,999)
From one to five years	**(32,791)**	(12,962)
Over five years	**(35,800)**	(6,791)
Total commitments receivable	**(87,246)**	(30,752)
Capital commitments		
One year or less	**10,793**	1,053
From one to five years	**60,903**	264
Over five years	**-**	-
Total capital commitments	**71,696**	1,317
Operating lease commitments[1]		
One year or less	**84,504**	72,916
From one to five years	**177,997**	122,495
Over five years	**393,799**	74,710
Total operating lease commitments	**656,300**	270,121
Other commitments		
One year or less	**38,778**	56,675
From one to five years	**14,305**	20,045
Over five years	**-**	-
Total other commitments	**53,083**	76,720
Net commitments by maturity	**693,833**	317,406

Commitments are GST inclusive where relevant.

[1] Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to reviews in accordance with the lease agreement. The reviews range from annually to bi-annually over the lease term and are either a predetermined increase or reviewed against market rentals at the time. Where offered, lease renewal options range from one to five years. A number of the Department's office accommodation leases contain lease payments that are subject to increases in accordance with movements in market rents. These contingent rent payments are not included in the commitment schedule as their value cannot be reliably estimated.
Computer equipment	The Department has entered into a contractual arrangement to outsource the provision of IT infrastructure from 1 July 2004 to 30 June 2009.

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF CONTINGENCIES
as at 30 June 2008

	Guarantees		Indemnities		Claims for damages / costs		Total	
	$'000		$'000		$'000		$'000	
Contingent Assets	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Balance from previous year	**-**	-	**-**	-	**-**	-	**-**	-
New	**11,879**	-	**302**	-	**-**	-	**12,181**	-
Re-measurement	**-**	-	**-**	-	**-**	-	**-**	-
Assets crystallised	**-**	-	**-**	-	**-**	-	**-**	-
Expired	**-**	-	**-**	-	**-**	-	**-**	-
Total Contingent Assets	**11,879**	-	**302**	-	**-**	-	**12,181**	-

	Guarantees		Indemnities		Claims for damages / costs		Total	
	$'000		$'000		$'000		$'000	
Contingent Liabilities	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
Balance from previous year	**-**	-	**-**	-	**800**	-	**800**	-
New	**-**	-	**-**	-	**923**	800	**923**	800
Re-measurement	**-**	-	**-**	-	**-**	-	**-**	-
Liabilities crystallised	**-**	-	**-**	-	**-**	-	**-**	-
Obligations expired	**-**	-	**-**	-	**(800)**	-	**(800)**	-
Total Contingent Liabilities	**-**	-	**-**	-	**923**	800	**923**	800
Net Contingent Assets (Liabilities)	**11,879**	-	**302**	-	**(923)**	(800)	**11,258**	(800)

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

Quantifiable contingencies

Guarantees
The Schedule of Contingencies reports contingent assets of $11,879,000 (2007: $0) in respect of guarantees provided to the Department in relation to building works and lease agreements.

Indemnities
The Schedule of Contingencies reports a contingent asset of $302,000 (2007: $0) in respect of an indemnity provided to the Department in relation to building works.

Claims for damages/costs
The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of $923,000 (2007: $800,000). The amount represents an estimate of the Department's liability based on precedent cases. The Department is defending the claims.

Unquantifiable contingency

The Department has provided an indemnity to its transactional banker in relation to any claims made against the bank resulting from errors in the Department's payment files.

The Department has provided an indemnity to an employee of the Department in respect of any claims for damages or costs arising from legal proceedings in relation to breaches of the *Therapeutic Goods Act 1989*.

The Department provides an indemnity to the lessors of all the Department's buildings in relation to all actions, claims, demands, losses, damages, costs and expenses for which the lessor shall, may or does become liable. These can arise from the negligent use by the lessee of water, gas, electricity, lighting, overflow or leakage of water and other services and facilities. The indemnity releases the lessor from all claims and demands of any kind and from all liability which may arise in respect of any death of, or injury to, any person, and any accident or damage to property of whatever kind except to the extent that the lessor's negligence contributed to the death, injury, loss or damage.

At 30 June 2008, the Department was involved in a number of litigation cases before the courts. The Department has been advised by its solicitors that it is not possible to estimate the amounts of any eventful payment or receipt relating to these cases. Therefore, in accordance with Accounting Standard AASB 1044 Provisions, Contingent Liabilities and Contingent Assets, the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcomes of these cases.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $'000	2007 $'000
Income administered on behalf of Government			
for the period ended 30 June 2008			
Revenue			
Taxation revenue			
Other taxes	15A	**24,048**	40,628
Total taxation revenue		**24,048**	40,628
Non-taxation revenue			
Sales of goods and rendering of services	15B	**7,102**	125
Recoveries		**54,587**	29,541
Other revenue	15C	**285,189**	243,191
Total non-taxation revenue		**346,878**	272,857
Total revenues administered on behalf of Government		**370,926**	313,485
Gains			
Other gains	15D	**26,820**	-
Total gains administered on behalf of Government		**26,820**	-
Total income administered on behalf of Government		**397,746**	313,485
Expenses administered on behalf of Government			
for the period ended 30 June 2008			
Employee benefits	16A	**22,203**	-
Suppliers	16B	**275,368**	179,341
Subsidies	16C	**5,873,872**	5,462,253
Personal benefits	16D	**23,872,280**	21,708,814
Grants	16E	**15,223,111**	13,362,945
Depreciation and amortisation	16F	**1,506**	-
Write-down and impairment of assets	16G	**14,575**	4,207
Total expenses administered on behalf of Government		**45,282,915**	40,717,560

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $'000	2007 $'000
Assets administered on behalf of Government			
as at 30 June 2008			
Financial assets			
Cash and cash equivalents	17A	**70,401**	56,205
Receivables	17B	**118,664**	90,529
Other investments	17C	**257,475**	17,123
Total financial assets		**446,540**	163,857
Non-financial assets			
Land and buildings	17D	**27,869**	-
Infrastructure, plant and equipment	17E	**4,467**	-
Inventories	17F	**255,666**	231,804
Total non-financial assets		**288,002**	231,804
Total assets administered on behalf of Government		**734,542**	395,661
Liabilities administered on behalf of Government			
as at 30 June 2008			
Payables			
Suppliers	18A	**201**	446
Subsidies	18B	**42,607**	95,822
Personal benefits	18C	**1,754,641**	1,702,733
Grants	18D	**834,885**	578,263
Other payables	18E	**1,980**	261
Total payables		**2,634,314**	2,377,525
Provisions			
Employee provisions	18F	**4,153**	-
Total provisions		**4,153**	-
Total liabilities administered on behalf of Government		**2,638,467**	2,377,525

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2008 $'000	2007 $'000
Administered Cash Flows			
for the period ended 30 June 2008			
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		**7,102**	125
Other taxes		**27,926**	40,343
Recoveries		**54,587**	29,416
Private Health Insurance Administration Council (PHIAC) receipts		**239,602**	207,390
GST received		**242,397**	247,162
Other		**42,051**	26,729
Total cash received		**613,665**	551,165
Cash used			
Grant payments		**15,234,965**	13,591,292
Subsidies paid		**5,905,053**	5,450,194
Personal benefits		**23,837,319**	21,718,957
Suppliers		**314,243**	265,985
Employees		**22,502**	-
Total cash used		**45,314,082**	41,026,428
Net cash from or (used by) operating activities		**(44,700,417)**	(40,475,263)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment and intangibles		**1,684**	-
Total cash used		**1,684**	-
Net cash from or (used by) investing activities		**(1,684)**	-
FINANCING ACTIVITIES			
Cash received			
GST appropriations		**241,164**	231,082
Medicare Australia cash on hand		**22,373**	-
Total cash received		**263,537**	231,082
Cash used			
Return of GST appropriations to the Official Public Account		**246,675**	246,689
Total cash used		**246,675**	246,689
Net cash from or (used by) Financing activities		**16,862**	(15,607)
Net increase/(decrease) in cash held		**(44,685,239)**	(40,490,870)
Cash and cash equivalents at the beginning of the reporting period		**56,205**	65,658
Cash from Official Public Account for:			
- Appropriations		**45,472,126**	41,110,830
- Special accounts		**27,041**	10,004
- Capital appropriation		**29,037**	85,883
		45,528,204	41,206,717
Cash to the Official Public Account for:			
- Special accounts		**27,041**	10,004
- Transfers to other entities		**443,364**	407,520
- Other		**358,364**	307,776
		828,769	725,300
Cash and cash equivalents at end of reporting period	17A	**70,401**	56,205

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

	2008 $'000	2007 $'000
Administered commitments		
as at 30 June 2008		
BY TYPE		
Commitments receivable		
GST recoverable on commitments	**(218,594)**	(332,311)
Total commitments receivable	**(218,594)**	(332,311)
Capital commitments		
Other capital commitments	**6,012**	-
Total capital commitments	**6,012**	-
Commitments payable		
Research and development	**4,442**	-
Other commitments	**13,296,120**	15,008,171
Total other commitments	**13,300,562**	15,008,171
Net commitments by type	**13,087,980**	14,675,860
BY MATURITY		
Commitments receivable		
One year or less	**(122,086)**	(222,705)
From one to five years	**(96,455)**	(109,606)
Over five years	**(53)**	-
Total commitments receivable	**(218,594)**	(332,311)
Capital commitments		
One year or less	**6,012**	-
From one to five years	**-**	-
Over five years	**-**	-
Total capital commitments	**6,012**	-
Other commitments		
One year or less	**11,621,737**	13,320,071
From one to five years	**1,450,465**	1,663,800
Over five years	**228,360**	24,300
Total other commitments	**13,300,562**	15,008,171
Net commitments by maturity	**13,087,980**	14,675,860

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

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

Administered contingencies
as at 30 June 2008

Administered contingent assets	Guarantees		Indemnities		Claims for damages/costs		Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance from previous period	-	-	-	-	**-**	-	**-**	-
New	**-**	-	**-**	-	**-**	-	**-**	-
Re-measurement	**-**	-	**-**	-	**-**	-	**-**	-
Assets crystallised	**-**	-	**-**	-	**-**	-	**-**	-
Expired	**-**	-	**-**	-	**-**	-	**-**	-
Total Administered contingent assets	**-**	-	**-**	-	**-**	-	**-**	-

Administered contingent liabilities	Guarantees		Indemnities		Claims for damages/costs		Act of Grace Payments		Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance from previous period	**-**	**5,000**	-	1,000	**1,040**	170	**-**	-	**1,040**	6,170
New	**-**	**-**	**-**	-	**-**	1,040	**38**	-	**38**	1,040
Re-measurement	**-**	**-**	**-**	-	**-**	-	**-**	-	**-**	-
Liabilities crystallised	**-**	**(5,000)**	**-**	-	**(1,040)**	-	**-**	-	**(1,040)**	(5,000)
Expired	**-**	**-**	**-**	(1,000)	**-**	(170)	**-**	-	**-**	(1,170)
Total Administered contingent liabilities	**-**	**-**	-	**-**	**-**	1,040	**38**	-	**38**	1,040
Net contingent Assets (Liabilities)	**-**	**-**	**-**	**-**	**-**	**(1,040)**	**(38)**	-	**(38)**	(1,040)

Quantifiable administered contingencies

Act of Grace Payments
The Schedule of Contingencies reports a contingent liability in respect of Act of Grace Payments subject to the provisions of section 19AB of the *Health Insurance Act 1973* of $38,397 (2007: $0).

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

Unquantifiable administered contingent liabilities

As at 30 June 2008, the Department had a number of legal claims against it and was seeking recovery for the overpayment of benefits paid under Medicare and the Pharmaceutical Benefits Scheme. It is not possible to estimate the amounts of any eventual payments or receipts in relation to these claims. The Department has procedures in place to identify and recover benefit overpayments.

Aged Care Accommodation Bond Guarantee Scheme

The Accommodation Bond Guarantee Scheme was established by the Government and became operational on 31 May 2006. The Scheme refunds bonds to residents in the event of an Approved Provider's insolvency or bankruptcy. The Government will pursue the defaulting provider(s) and levy industry for any shortfall.

Diagnostic Products Agreement

The Australian Government has provided an indemnity to a review of certain matters in relation to the Diagnostics Products Agreement. The indemnity provides certain specified members of the review the same level of indemnity as Australian Government officers for the purpose of the review.

Medical Indemnity

Medicare Australia administers the Incurred But Not Reported (IBNR) Scheme on behalf of the Australian Government. Eligibility for claim payments under this scheme is dependent on whether the Medical Indemnity Insurer (MII) is deemed to be a participating Medical Defence Organisation under the *Medical Indemnity Act 2002* . At this stage there are two MIIs for which a determination has not yet been made by the Minister for Health and Ageing. The determinations will depend on whether the MIIs have a level of unfunded IBNR liabilities that necessitate financial assistance from the Australian Government. In the future if the Minister determines that these MIIs should be eligible for claim payments under the IBNR Scheme, the Department will have a liability to make administered payments.

Medicare Australia also administers the Exceptional Claims Scheme (ECS) on behalf of the Australian Government. Under this scheme, the Australian Government will be liable for the cost of medical indemnity claims that exceed certain thresholds. The Consolidated Revenue Fund is appropriated to make payments under this scheme. To be covered by the ECS, practitioners must have medical indemnity insurance cover to at least a threshold of $15m for claims arising from incidents notified between 1 January to 30 June 2003 and $20m for claims notified from 1 July 2003. At 30 June 2008, the Department had received no notification of any incidents that would give rise to claims under this scheme. However, the nature of these claims is such that there is usually an extended period between the date of the medical incident and notification to the insurer.

30% rebate scheme

Under legislation each financial year private health funds are required to provide an audit certification confirming the balances of claims made by the fund to Medicare Australia. In 2007-08 certificates have been returned with audit qualifications. This may give rise to an unquanitifiable contingency in relation to future claims.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS

CSL Bioplasma Ltd (formerly CSL Ltd)
Under existing agreements, the Australian Government has indemnified CSL Bioplasma Ltd for certain existing and potential claims made for personal injury, loss or damage suffered through therapeutic and diagnostic use of certain products manufactured by CSL Bioplasma Ltd.

The Australian Government has indemnified CSL Bioplasma Ltd for a specific range of events that occurred during the Plasma Fractionation Agreement from 1 January 1994 to 31 December 2004, where alternative cover was not arranged by CSL Bioplasma Ltd.

Australian Red Cross Blood Service
The existing Deed of Agreement between the Commonwealth and the Australian Red Cross Society (ARCS), in relation to the operations of the Australian Red Cross Blood Service (ARCBS), includes certain indemnities and limited liability in favour of ARCS. These cover a defined set of potential business, product and employee risks and liabilities arising from the operation of the ARCBS. The indemnities and limitation of liability only operate in the event of the expiry and non-renewal, or the early termination of the Deed, and only within a certain scope. The ARCS is subject to appropriate limitations and conditions including in relation to mitigation, contributory fault, and the process of handling relevant claims.

Under certain conditions the Australian Government, States and Territories jointly provide indemnity for the ARCBS through a cost-sharing arrangement in relation to the National Managed Fund claims, both current and potential, regarding personal injury and loss or damages suffered by a recipient of certain blood and blood products where other available mitigation or cover is not available. Under a Memorandum of Understanding between governments and the ARCBS, the blood and blood products liability cover for the ARCBS remains in force until all parties agree to terminate the arrangements from an agreed date.

Vaccines
Under certain conditions the Australian Government has provided an indemnity for the supply of certain vaccines to the suppliers of the vaccines.

Human Pituitary Hormone Program
The Australian Government has provided an indemnity to a review of certain matters in relation to the Australian Human Pituitary Hormone Program. The indemnity provides certain specified members of the review the same level of indemnity as Australian Government officers for the purpose of the review.

Overseas Trained Doctors
Overseas trained doctors may apply for an Act of Grace payment in relation to exemptions granted under provisions of Section 19AB of the *Health Insurance Act 1973*.

Quantifiable Administered Contingencies
Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Health and Ageing

The objective of the Department of Health and Ageing (the Department) is to lead the development of Australia's health and ageing programs to achieve a world class health and ageing system for all Australians.

The Department is structured to meet fifteen outcomes:

Outcome 1:	Population Health	-	The incidence of preventable mortality, illness and injury in Australia is minimised.
Outcome 2:	Access to Pharmaceutical Services	-	Australians have access to cost-effective medicines.
Outcome 3:	Access to Medical Services	-	Australians have access to cost-effective medical services.
Outcome 4:	Aged Care and Population Ageing	-	Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported.
Outcome 5:	Primary Care	-	Australians have access to high quality, well-integrated and cost-effective primary care.
Outcome 6:	Rural Health	-	Improved health outcomes for Australians living in regional, rural and remote locations.
Outcome 7:	Hearing Services	-	Australians have access through the Hearing Services Program to hearing services and devices.
Outcome 8:	Indigenous Health	-	Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care, substance use services and population health programs.
Outcome 9:	Private Health	-	A viable private health insurance industry to improve the choice of health services for Australians.
Outcome 10:	Health System Capacity and Quality	-	The capacity and quality of the health care system to meet the needs of Australians.
Outcome 11:	Mental Health	-	Improved mental health care for all Australians.
Outcome 12:	Health Workforce Capacity	-	Australians have access to an enhanced health workforce.
Outcome 13:	Acute Care	-	Australians have access to public hospitals and related hospital care underpinned by appropriate medical indemnity arrangements.
Outcome 14:	Biosecurity and Emergency Response	-	Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters.
Outcome 15:	Sports and Recreation Facilities		Development of a Stronger and Internationally Competitive Australian Sports Sector and Encouragement of Greater Participation in Sport by All Australians. (Full title.)

Objectives of the Department of Health and Ageing (continued)

Agency activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Agency, on behalf of the Government, of items controlled or incurred by the Government.

Departmental activities

Departmental activities are identified under two Outputs:

1. Policy advice; and
2. Program management

Economic Dependency

The continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Basis of preparation of the financial statements

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

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) for periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Department was granted an exemption from section 104.15 of the FMOs in relation to the disclosure of funding received from the Northern Territory Flexible Funding Pool Special Account in its appropriation note. The Department did not exercise this exemption.

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

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Department and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrealised or unquantifiable are reported in the Schedule of Commitments and the Schedule of Contingencies.

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

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted on the same basis and using the same policies as Departmental items, except where otherwise stated at Note 1.25.

Principles of Consolidation

The Department's consolidated financial statements include the financial statements of the Therapeutic Goods Administration (TGA) and the two departmental special accounts of the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). Where accounting policies differ between the Department and TGA, OGTR or NICNAS, adjustments are made on consolidation to bring any dissimilar accounting policies into alignment with the Department's accounting policies.

All transactions between these organisations have been eliminated from the consolidated financial statements. Where necessary, account balances of the individual reporting entities have been aligned in the consolidation to ensure consistency in the consolidated financial statements.

Administered investments in controlled entities are not consolidated on a line-by-line basis because their consolidation is only relevant at the Whole of Government level (see Note 1.25).

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

1.3 Significant accounting judgements, estimates and prior period errors

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

There has been a misstatement of net GST receivables in prior periods of $138,949. It is impractical to determine the period-specific effects of the error. The error has been corrected retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the comparative amounts for the prior period. Specifically, the opening balance as at 1 July 2007 was adjusted to increase net GST receivables and retained surpluses by $138,949.

1.4 Statement of compliance

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial report complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The Department is a not-for-profit entity and has applied these requirements, so while this financial report complies with the Australian Accounting Standards including the Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the effective date in the current period. The following new standards are applicable to the current reporting period:

Financial instrument disclosure

AASB 7 *Financial Instruments: Disclosures* is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general AASB 7 requires greater disclosure than that previously required. Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on the Department.

- 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation*
- 2007-7 *Amendments to Australian Accounting Standards*
- UIG Interpretation 11 AASB 2 – *Group and Treasury Share Transactions* and 2007-1 *Amendments to Australian Accounting Standards arising from AASB Interpretation 11*

Future Australian Accounting Standards requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

- AASB Interpretation 12 *Service Concession Arrangements* and 2007-2 *Amendments to Australian Accounting Standards arising from AASB Interpretation 12*
- AASB 8 *Operating Segments* and 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*
- 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*
- AASB Interpretation 13 *Customer Loyalty Programmes*
- AASB Interpretation 14 AASB 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Other

The following standards and interpretations have been issued but are not applicable to the operations of the Department.

- AASB 1049 *Financial Reporting of General Government Sectors by Governments*
  AASB 1049 specifies the reporting requirements for the General Government Sector and therefore has no effect on the Department's financial statements.

1.5 Revenue

Revenue from Government

Amounts appropriated for Departmental outputs for the financial year (adjusted for any formal additions and reductions) are recognised as revenue, 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.

Other Revenue

Revenue from the sale of goods or services is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred for the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transactions costs incurred can be reliably measured; and
- the probable economic benefits with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day settlement terms, are recognised at the nominal amounts due less any allowance for impairment. Collectability of debts is reviewed at balance date. Provisions are made when the collectability of a debt is no longer probable.

1.6 Gains

Resources Received Free of Charge

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

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

Resources received free of charge are recorded as either revenue or gains depending on their nature, i.e. whether they have been generated in the course of ordinary activities of the Department.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the purchaser.

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from, or relinquished to, another Australian Government Agency or Authority under a restructuring of administrative arrangements are adjusted at their book value directly against Contributed Equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to Contributed Equity unless it is in the nature of a dividend.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for short-term employee benefits (as defined in AASB119 *Employee Benefits*) and termination benefits due within twelve months of the balance date 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.

All other employee benefit liabilities are measured at the present values of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department'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 long service leave has been determined by reference to the work of an actuary as at 30 June 2008. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and is based on actuarial work performed during 2007-08.

Separation and redundancy

Provision is made for separation and redundancy payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the termination.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 and Deregulation as an administered item.

The Department makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government of the superannuation entitlements of the Department's employees. The Department accounts for the contributions as if they were contributions to a defined contribution plan.

The liability for superannuation recognised as at 30 June 2008 represents outstanding contributions for the final three days of the period.

1.9 Leases

Operating Leases

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

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

Surplus Lease Space

The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space is identified as becoming surplus.

Lease Incentives

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced on a straight-line basis by allocating lease payments between rental expense and reduction of the lease incentive liability.

Provision for restoration obligation

Where the Department has a contractual obligation to undertake remedial work upon vacating leased properties, the estimated cost of that work is recognised as a liability. An equal value asset is created at the same time and amortised over the life of the lease of the underlying leasehold property.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial Risk Management

The Department's activities expose it to normal commercial financial risk. Because of the nature of the Department's business and internal and Australian Government policies dealing with the management of financial risk, the Department's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered low.

1.13 Financial Assets

The Department classifies its financial assets in the following categories:

- financial assets at fair value through profit and loss;
- held to maturity investments;
- available for sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Department only holds available for sale financial assets and loans and receivables.

Financial assets are recognised and derecognised at trade date.

Effective interest method

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

Income is recognised on an effective interest rate basis.

Available for sale financial assets

'Available for sale' financial assets are non-derivatives that are either designated in this category or are not classified into any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

'Available for sale' financial assets are recorded at fair value. Gains and losses arising from changes in the fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of, or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus/deficit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, cost is used. The Department has no such instruments.

Loans and receivables

Goods and services receivables, loans or other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, other than maturities greater than 12 months after the balance date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

- *Financial Assets held at Amortised Cost* - If there is objective evidence that an impairment loss has been incurred for any loan, receivable or held to maturity investment valued at amortised cost the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

- Available for Sale Financial Assets - If there is objective evidence that an impairment loss on an 'available for sale' financial assets has been incurred the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Income Statement.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit and loss' or liabilities at amortised cost. The Department does not hold any financial liabilities at 'fair value through profit and loss'.

Financial liabilities are recognised and derecognised at 'trade date'.

Suppliers and other payables

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which an amount cannot be reliably measured. Contingent assets are disclosed where settlement is probable but not virtually certain, and contingent liabilities are recognised when settlement is greater than remote.

1.16 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 revenues 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 agency's accounts immediately prior to the restructuring.

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment by the Department, OGTR and NICNAS are recognised initially at cost in the Balance Sheet, except for information technology equipment purchases less than $500, leasehold improvements less than $50,000, and all other purchases less than $2,000. Purchases below these thresholds are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

TGA recognises purchases of property, plant and equipment initially at cost in the Balance Sheet, except for leasehold improvements to properties less than $10,000, internally developed software and purchased software less than $100,000, and all other purchases less than $2,000. Purchases below these thresholds are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

The initial cost of the asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to restoration obligation provisions in property leases taken up by the Department where there exists an obligation to restore the property to prescribed conditions. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the restoration obligation taken up.

Revaluations

Land, buildings, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value. An independent valuation of all property, plant and equipment was carried out by Aon Valuation Services Ltd on 31 March 2008.

Fair values for each class of asset are determined as shown below:

Asset Class	*Fair value measured at:*
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Depreciated replacement cost

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets, but will occur at least every five years.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease, including any applicable lease options available.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2008	*2007*
Buildings on freehold land	**20 to 25 years**	25 years
Leasehold improvements	**Lease term**	Lease term
Plant and equipment	**3 to 20 years**	3 to 20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

Impairment

All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

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1.18 Intangible Assets

Intangible assets comprise internally developed software for internal use and purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives:

	2008	*2007*
Internally developed software	**2 to 10 years**	2 to 10 years
Purchased software	**2 to 7 years**	2 to 7 years

All software assets were assessed for indications of impairment as at 30 June 2008.

1.19 Inventories

Inventories held for sale are valued at the lower of cost or net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores – purchase cost on a first-in-first-out basis; and
- finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

1.20 Taxation

Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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

1.21 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Associated currency gains and losses are not material.

1.22 Comparative Figures

Comparative figures have been adjusted where required to conform to changes in presentation of the financial statements.

1.23 Rounding

Amounts are reported to the nearest $1,000 except in relation to:

- Executive Remuneration;
- Remuneration of Auditors;
- Act of Grace payments and Waivers;

1.24 Prepayments Received

Revenue is only recognised when the service is provided. Where services have not been rendered, deposits are recorded as liabilities and transferred to the Income Statement at the time the service is provided.

1.25 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Accounting Standards.

Accounting policies that are only relevant to administered activities of the Department are disclosed below.

Change in accounting policy

The Department adopted a change in accounting policy in relation to the recognition of Medicare Benefits Schedule cash on hand balances held at Medicare Australia offices. This cash balance has been accounted for in 2007-08 for the first time (opening balance adjustment $22,372,667).

An adjustment has also been taken up to recognise recoveries receivable in relation to the Medicare Benefits Schedule (opening balance adjustment $2,976,737).

The Department has adjusted the recording of the administered payments made to the National Blood Authority to reclassify from an administered expense to "transfers to other entities" in accordance with the Finance Ministers Orders Division 86 (opening balance adjustment $348,257,928).

In relation to the calculation of subsidies payable and receivable the Department has adopted a change in an accounting estimate. The Department had previously calculated the liability based on two months data lag, it has now been verified that the majority of claims from Resicare providers are settled in the following month. As a result only one month has been accrued in 2007-08. (2006-07 impact $51,599,578).

The Department has reclassified the liability for the Premium Support Scheme from grants payable to subsidies payable.

Comparative Figures

Comparative figures have been adjusted where required to conform to changes in presentation of the financial statements.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Deregulation. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 21. The Schedule of Administered Items largely reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the ordinary activities performed by the Department on behalf of the Australian Government.

Loans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment derecognition and amortisation are recognised in the Income Statement.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is only relevant at the Whole of Government level.

Administered investments other than those held for sale are classified as 'available for sale' and are measured at their fair value as at 30 June 2008. Fair value has been taken to be the net assets of the entities as at 30 June 2007 adjusted for any equity movements. Administered investments were assessed for impairment at 30 June 2008. No indicators of impairment were noted.

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Guarantees to Controlled Entities

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items - Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Medical Indemnity

Medicare Australia administers part of the Australian Government's medical indemnity legislation. Medicare Australia has responsibility for administering the following medical indemnity schemes:

- Incurred But Not Reported (IBNR) Scheme;
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS);
- Premium Support Scheme (PSS);
- Run-Off Cover Scheme (ROCS);
- United Medical Protection Support Payments Scheme (UMPSP); and
- Run-Off Cover Support Payment Scheme (ROCSP).

The Consolidated Revenue Fund is appropriated for the purposes of making payments under the IBNR, HCCS, ECS, ROCS and PSS Schemes.

The IBNR, HCCS, ECS and ROCS schemes are based upon an actuarial assessment to arrive at a reasonable estimate of the liability under each of the schemes.

The Australian Government Actuary (AGA) has noted that the IBNR, HCCS and ROCS estimates are subject to significant inherent uncertainty due to the long period over which claim payments will be made, and the difficulty in estimating the amount that will eventually be paid for individual claims.

All amounts invoiced under the UMPSP and ROCSP have been recognised as Administered taxation revenue by the Department.

A contingent liability is disclosed in the Schedule of Administered Items in relation to the ECS and IBNR schemes.

Further detail on each of these schemes is provided at Note 18G (i).

Note 2: Events occurring after reporting date

2.1 Asset Purchase

In July 2008 the Department agreed to purchase computer equipment. This will have a material impact on the reported 2008-09 asset value of property plant and equipment.

2.2 Mersey Community Hospital

An in-principle agreement has been reached whereby the operation of the Mersey Community Hospital in Tasmania will be transferred from the Commonwealth to the Tasmanian State Government.

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Note 3: Income

	2008	2007
	$'000	$'000
REVENUE		
Note 3A: Revenue from Government		
Appropriations:		
Departmental outputs	**583,186**	523,153
Total revenue from Government	**583,186**	523,153
Note 3B: Sale of goods and rendering of services		
Provision of goods - related entities	**103**	-
Provision of goods - external entities	**1,154**	279
Rendering of services - related parties	**11,289**	9,898
Rendering of services - external parties	**106,058**	91,732
Total sale of goods and rendering of services	**118,604**	101,909
GAINS		
Note 3C: Sale of assets		
Land and buildings		
Proceeds from sale	**-**	9
Infrastructure, plant and equipment		
Proceeds from sale	**-**	4
Carrying value of assets sold	**-**	(7)
Net gain from sale of assets	**-**	6
Note 3D: Other gains		
Remuneration of auditors (resources received free of charge)	**977**	855
Other	**1,710**	48
Total other gains	**2,687**	903

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Note 4: Expenses

	2008 $'000	2007 $'000
Note 4A: Employee benefits		
Wages and salaries	**330,408**	286,470
Superannuation		
Defined contribution plans	**11,910**	10,193
Defined benefit plans	**45,476**	38,123
Leave and other entitlements	**58,362**	48,359
Separation and redundancies	**2,748**	565
Other employee expenses	**1,877**	2,075
Total employee expenses	**450,781**	385,785
Note 4B: Suppliers		
Provision of goods - external entities	**12,798**	15,650
Rendering of services - related entities	**39,103**	30,479
Rendering of services - external entities	**97,820**	84,592
Operating lease rentals		
Minimum lease payments	**75,416**	71,144
Contingent rentals	**1,256**	1,618
Workers compensation premiums	**4,791**	4,567
Total supplier expenses	**231,184**	208,050
Note 4C: Depreciation and amortisation		
Depreciation		
Infrastructure, plant and equipment	**1,595**	1,234
Buildings	**8,151**	7,209
Total depreciation	**9,746**	8,443
Amortisation		
Computer software	**7,914**	6,936
Total amortisation	**7,914**	6,936
Total depreciation and amortisation	**17,660**	15,379
Note 4D: Write-down and impairment of assets		
Write-down of financial assets		
Bad and doubtful debts expense	**116**	157
Write-down of non-financial assets		
Infrastructure, plant & equipment	**107**	180
Buildings	**867**	-
Internally developed software	**-**	98
Impairment of non-financial assets		
Infrastructure, plant & equipment	**290**	24
Buildings	**-**	191
Internally developed software	**3,299**	-
Total write-down and impairment of assets	**4,679**	650

The Department conducts an annual review of assets for impairment in accordance with the principles of Australian Accounting Standards (AASB 136 Impairment of Assets and AASB 139 Financial Intruments: Recognition and Measurement) to ensure the Department does not carry assets at a value above their recoverable amount. Disclosure in Note 7 represents adjustments to asset carrying ammounts where indications of impairment were identified.

Note 4E: Other expenses		
Compensation and debt relief payments	**55**	-
Total other expenses	**55**	-

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Note 5: Business operations

There is a business operation within the Department - the Therapeutic Goods Administration (TGA)
TGA operates via a special account. The balance of the special account represents a standing appropriation from which payments are made for the purposes of the business operation.

TGA prepares a set of annual financial statements, which are audited, as required by the Finance Minister's Orders. The TGA's 2007-08 financial statements are included in the Department's 2007-08 Annual Report.

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Note 6: Financial assets

	2008 $'000	2007 $'000
Note 6A: Cash and cash equivalents		
Cash at bank and on hand	**3,932**	7,955
Total cash and cash equivalents	**3,932**	7,955
Note 6B: Trade and other receivables		
Goods and services	**15,181**	17,031
Appropriations receivable		
for existing outputs	**163,839**	129,285
undrawn equity injection	**40,680**	34,248
Total appropriations receivable	**204,519**	163,533
GST receivable from the Australian Taxation Office	**3,575**	1,676
Total trade and other receivables (gross)	**223,275**	182,240
Less impairment allowance:		
Goods and services	**(159)**	(215)
Total trade and other receivables (net)	**223,116**	182,025
Receivables are represented by:		
Current	**223,116**	182,025
Non-current	**-**	-
Total trade and other receivables (net)	**223,116**	182,025
Receivables (gross) are aged as follows:		
Not overdue	**218,074**	176,965
Overdue by:		
Less than 30 days	**1,646**	1,378
30 - 60 days	**2,017**	2,263
61 - 90 days	**445**	1,225
More than 90 days	**1,093**	409
Total receivables (gross)	**223,275**	182,240
The allowance for impairment is aged as follows:		
Not overdue	**-**	-
Overdue by:		
Less than 30 days	**-**	-
30 - 60 days	**-**	-
61 - 90 days	**(1)**	-
More than 90 days	**(158)**	(215)
Total allowance for impairment	**(159)**	(215)

Credit terms are net 30 days (2007: 30 days)

Appropriations receivable undrawn are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements.

Reconciliation of the impairment allowance account

	Goods and Services Receivable	Goods and Services Receivable
Opening balance	(215)	(188)
Amounts written off	53	66
Amounts recovered and reversed	119	64
Increase/decrease recognised in net surplus	(116)	(157)
Closing balance	**(159)**	(215)

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Note 7: Non-financial assets

	2008 $'000	2007 $'000
Note 7A: Land and buildings		
Freehold land		
- at fair value	**240**	150
Total freehold land	**240**	150
Buildings on freehold land		
- at fair value	**200**	230
- accumulated depreciation	**(1)**	(26)
Total buildings on freehold land	**199**	204
Leasehold improvements		
- work in progress	**2,534**	440
- at fair value	**32,340**	49,937
- accumulated depreciation	**(1,671)**	(15,624)
Total leasehold improvements	**33,203**	34,753
Total land and buildings (non-current)	**33,642**	35,107

No indicators of impairment were found for land, buildings or leasehold improvements.

Note 7B: Infrastructure, plant and equipment		
Infrastructure, plant and equipment		
- at fair value	**5,325**	9,370
- accumulated depreciation	**(595)**	(2,989)
Total infrastructure, plant and equipment	**4,730**	6,381

All revaluations are conducted in accordance with the revaluation policy stated at Note 1. In 2007-08, an independent valuer Aon Risk Services Australia, conducted the revaluations.

Revaluation increment of $90,000 for land (2007: no change) and increment of $3,481 for buildings on freehold land (2007: no change), an increment of $1,843,769 for leasehold improvements (2007: no change) and a decrement of $678,586 for plant and equipment (2007: no change) were recorded in the asset revaluation reserve by asset class and included in the equity section of the balance sheet; no decrements were expensed (2007: nil expensed).

No indicators of impairment were found for infrastructure, plant and equipment.

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Note 7: Non-financial assets

Note 7C: Analysis of property, plant and equipment

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2007-08)

	Land $'000	Buildings $'000	Land & buildings total $'000	Infrastructure plant and equipment $'000	Total $'000
As at 1 July 2007					
Gross book value	150	50,607	50,757	9,370	60,127
Accumulated depreciation/amortisation and impairment	-	(15,650)	(15,650)	(2,989)	(18,639)
Net book value as at 1 July 2007	150	34,957	35,107	6,381	41,488
Additions:					
by purchase	-	5,551	5,551	1,247	6,798
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	9	9
Revaluations and impairments through equity	90	1,847	1,937	(678)	1,259
Reclassification	-	65	65	(236)	(171)
Depreciation/amortisation expense	-	(8,151)	(8,151)	(1,595)	(9,746)
Impairments recognised in the operating result	-	-	-	(290)	(290)
Disposals:	-	-	-	-	-
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	(867)	(867)	(107)	(974)
Net book value as at 30 June 2008	240	33,402	33,642	4,730	38,373
Net book value as at 30 June 2008 represented by:					
Gross book value	240	35,074	35,314	5,325	40,639
Accumulated depreciation/amortisation and impairment	-	(1,672)	(1,672)	(595)	(2,267)
	240	**33,402**	**33,642**	**4,730**	**38,372**

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment (2006-07)

	Land $'000	Buildings $'000	Land & buildings total $'000	Infrastructure plant and equipment $'000	Total $'000
As at 1 July 2006					
Gross book value	150	42,010	42,160	8,146	50,306
Accumulated depreciation	-	(10,123)	(10,123)	(2,062)	(12,185)
Net book value as at 1 July 2006	150	31,887	32,037	6,084	38,121
Additions:					
by purchase	-	10,470	10,470	1,765	12,235
by finance lease	-	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-	-
Revaluations and impairments through equity	-	-	-	-	-
Reclassification	-	-	-	-	-
Depreciation/amortisation expense	-	(7,209)	(7,209)	(1,234)	(8,443)
Impairments recognised in the operating result	-	(191)	(191)	(24)	(215)
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	(23)	(23)
other disposals	-	-	-	(187)	(187)
Net book value as at 30 June 2007	150	34,957	35,107	6,381	41,488
Net book value as at 30 June 2007 represented by:					
Gross book value	150	50,607	50,757	9,370	60,127
Accumulated depreciation/amortisation and impairment	-	(15,650)	(15,650)	(2,989)	(18,639)
	150	**34,957**	**35,107**	**6,381**	**41,488**

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Note 7: Non-financial assets

	2008	2007
	$'000	$'000
Note 7D: Intangibles		
Computer software:		
- purchased	**4,822**	2,412
- accumulated amortisation	**(2,729)**	(1,616)
	2,093	796
Internally developed - in progress (non-current)	**12,925**	8,592
Internally developed - in use (non-current)	**57,464**	53,698
	70,389	62,290
Accumulated amortisation	**(39,412)**	(33,525)
Accumulated impairment write-down	**(463)**	-
	(39,875)	(33,525)
Total intangibles	**32,607**	29,561

$3,298,786 of computer software was impaired and expensed in the current period.

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Note 7: Non-financial assets

Note 7E: Intangibles

TABLE B - Reconciliation of the opening and closing balances of intangibles (2007-08)

	Computer software internally developed $'000	Computer software internally developed - in progress $'000	Computer software purchased $'000	Total $'000
As at 1 July 2007				
Gross book value	53,698	8,592	2,412	64,702
Accumulated depreciation/amortisation and impairment	(33,525)	-	(1,616)	(35,141)
Net book value as at 1 July 2007	20,173	8,592	796	29,561
Additions:				
by purchase or internally developed	131	12,086	1,871	14,088
by finance lease	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-
Reclassifications	7,753	(7,753)	171	171
Depreciation/amortisation expense	(7,169)	-	(745)	(7,914)
Impairments recognised in the operating result	(2,836)	(463)	-	(3,299)
Other movements (give details below)	-	-	-	-
Disposals:	-	-	-	-
from disposal of entities or operations (including restructuring)	-	-	-	-
other disposals	-	-	-	-
Net book value as at 30 June 2008	18,052	12,462	2,093	32,607
Net book value as at 30 June 2008 represented by:				
Gross book value	57,464	12,925	4,822	75,211
Accumulated depreciation/amortisation and impairment	(39,412)	(463)	(2,729)	(42,604)
	18,052	**12,462**	**2,093**	**32,607**

TABLE B - Reconciliation of the opening and closing balances of intangibles (2006-07)

	Computer software internally developed $'000	Computer software internally developed - in progress $'000	Computer software purchased $'000	Total $'000
As at 1 July 2006				
Gross book value	47,211	7,182	2,192	56,585
Accumulated depreciation/amortisation and impairment	(28,468)	-	(1,349)	(29,817)
Net book value as at 1 July 2006	18,743	7,182	843	26,768
Additions:				
by purchase or internally developed	7,910	1,691	233	9,834
by finance lease	-	-	-	-
from acquisition of entities or operations (including restructuring)	-	-	-	-
Reclassifications	281	(281)	-	-
Amortisation	(6,660)	-	(276)	(6,936)
Impairments recognised in the operating result	(98)	-	-	(98)
Other movements (give details below)	-	-	-	-
Disposals:	-	-	-	-
from disposal of entities or operations (including restructuring)	-	-	(4)	(4)
other disposals	(3)	-	-	(3)
Net book value as at 30 June 2007	20,173	8,592	796	29,561
Net book value as at 30 June 2007 represented by:				
Gross book value	53,698	8,592	2,412	64,702
Accumulated depreciation/amortisation and impairment	(33,525)	-	(1,616)	(35,141)
	20,173	**8,592**	**796**	**29,561**

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 7: Non-financial assets

	2008 $'000	2007 $'000
Note 7F: Inventories		
Inventories held for sale		
Finished goods	**115**	195
Inventories held for distribution	**163**	142
Total inventories	**278**	337

All departmental inventories are current assets.

During 2007-08 $223,722 of inventory held for distribution was recognised as an expense. (2007: $131,709)

During 2007-08 $79,626 of inventory held for sale was recognised as an expense. (2007: $157,890)
Inventory held for sale of $115,375 are valued at fair value less cost to sell (2007: $195,001)

Note 7G: Other non-financial assets		
Accrued revenue	**48**	-
Prepayments	**4,200**	2,973
Total other non-financial assets	**4,248**	2,973

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

DEPARTMENT OF HEALTH AND AGEING
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as at 30 June 2008

Note 8: Payables

	2008 $'000	2007 $'000
Note 8A: Suppliers		
Trade creditors	**57,520**	44,723
Operating lease rentals	**8,885**	10,399
Total supplier payables	**66,405**	55,122
Supplier payables are represented by:		
Current	**66,405**	47,339
Non-current	**-**	7,783
Total supplier payables	**66,405**	55,122
Settlement is usually made net 30 days		
Note 8B: Other payables		
Prepayments received/unearned income	**10,151**	11,529
Lease incentives	**9,448**	5,463
Other	**220**	1,660
Total other payables	**19,819**	18,652
Other payables are represented by:		
Current	**11,377**	14,195
Non-current	**8,442**	4,457
Total other payables	**19,819**	18,652

DEPARTMENT OF HEALTH AND AGEING
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as at 30 June 2008

Note 9: Provisions

	2008 $'000	2007 $'000
Note 9A: Employee provisions		
Salaries and wages	**7,341**	5,946
Leave	**100,797**	94,346
Superannuation	**1,483**	706
Separations and redundancies	**2,161**	120
Other	**100**	57
Total employee provisions	**111,882**	101,175
Employee provisions are represented by:		
Current	**89,373**	80,114
Non-current	**22,509**	21,061
Total employee provisions	**111,882**	101,175

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. The employee provision expected to be settled in twelve months from the reporting date is $50,542,098 (2007: $44,590,550), in excess of one year $61,339,902 (2007: $56,584,450).

Note 9B: Other provisions		
Restoration obligations	**7,281**	7,772
Provision for lease increases	**3,134**	1,867
Total other provisions	**10,415**	9,639
Other provisions are represented by:		
Current	**179**	28
Non-current	**10,236**	9,611
Total other provisions	**10,415**	9,639

	Restoration obligations $'000	Provision for lease increases $'000	Total $'000
Carrying amount 1 July 2007	**7,772**	**1,867**	**9,639**
Additional provisions made	1,013	1,267	**2,280**
Amounts used	-	-	**-**
Amounts reversed	(1,711)	-	**(1,711)**
Unwinding of discount or change in discount rate	-	-	**-**
Amount revalued taken directly to equity	207	-	**207**
Closing balance 30 June 2008	**7,281**	**3,134**	**10,415**

The Department currently has 30 agreements for the leasing of premises which have provisions requiring restoration of premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of these obligations.

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 10: Departmental Restructuring

	2008 $'000	2007 $'000

2008
As a result of the machinery of government changes made on 3 December, 2007, the Department acquired the Sports and Recreation function from the Department of Communications, Information Technology and the Arts (DCITA).

Included in the restructure was the Sport and Recreation Special Account. DCITA recognised this special account as Departmental. The Department considers the special account to be Administered. Refer to Note 24 for details.

The Department assumed responsibility for a 2007-08 budget measure in relation to the implementation of programs under the Community Pharmacy Agreement from Medicare Australia Appropriations transferred; Appropriation Act (No. 1) 2007-08 $1,607,000 and Appropriation Act (No.2) '2007-08 $1,473,000.

2007 (for comparative)
The NHMRC was created as a separate agency on 1 July 2006. Appropriations received by the Department in the 2006-07 budget, along with any other assets and liabilities due to NHMRC were transferred out of the Department as of this date.

In respect of functions assumed, the net book values of assets and liabilities transferred to the Department for no consideration and recognised as at the date of the transfer were:

Total assets recognised	**879**	-
Total liabilities recognised	**(458)**	-
Net assets assumed	**421**	-

In respect of functions relinquished, the net book values of assets and liabilities transferred from the Department for no consideration and recognised as at the date of the transfer were:

Total assets relinquished	**-**	(4,774)
Total liabilities relinquished	**-**	2,341
Net assets relinquished	**-**	(2,433)
Net increase/(decrease) in net assets during the year	**421**	(2,433)

Sports and Recreation

Revenues

Recognised by the Department of Health and Ageing	**2,356**	-
Recognised by the Department of Communications, Information Technology and the Arts (DCITA)	**1,398**	-
	3,754	-

Expenses

Recognised by the Department of Health and Ageing	**2,394**	-
Recognised by the Department of Communications, Information Technology and the Arts (DCITA)	**1,056**	-
	3,450	-

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 11: Cash flow reconciliation

	2008 $'000	2007 $'000
Reconciliation of cash and cash equivalents per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	**3,932**	7,955
Balance Sheet	**3,932**	7,955
Reconciliation of operating result to net cash from operating activities:		
Operating result	**122**	19,991
Depreciation/amortisation	**17,660**	15,379
Net write-down of non-financial assets	**4,679**	650
Net loss (gain) on disposal of assets	**-**	(6)
Increase/(decrease) in net assets from accounting policy change	**-**	-
Increase/(decrease) in net assets from restructure	**421**	(2,433)
Change in assets and liabilities:		
(Increase)/decrease in net receivables	**(34,659)**	(25,070)
(Increase)/decrease in inventories	**59**	57
(Increase)/decrease in prepayments	**(1,275)**	(72)
Increase/(decrease) in prepayments received	**1,821**	2,165
Increase/(decrease) in other non-financial assets	**70**	-
Increase/(decrease) in employee provisions	**10,249**	8,629
Increase/(decrease) in suppliers payables	**11,143**	(7,035)
Increase/(decrease) in other liabilities	**328**	7,337
Net cash from/(used by) operating activities	**10,618**	19,592

As a result of a number of restructures the Department has assumed and relinquished certain assets and liabilities. Refer to Note 10.

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 12: Senior executive remuneration

	2008	2007
The number of executive officers who received or who were due to receive remuneration of $130,000 or more:		
$130,000 to $144,999	**4**	7
$145,000 to $159,999	**8**	8
$160,000 to $174,999	**12**	14
$175,000 to $189,999	**15**	21
$190,000 to $204,999	**20**	15
$205,000 to $219,999	**19**	13
$220,000 to $234,999	**12**	10
$235,000 to $249,999	**14**	6
$250,000 to $264,999	**7**	3
$265,000 to $279,999	**3**	2
$280,000 to $294,999	**2**	2
$295,000 to $309,999	**2**	2
$310,000 to $324,999	**3**	1
$415,000 to $429,999	**2**	2
$490,000 to $504,999	**1**	-
	124	106
The aggregate amount of total executive remuneration shown above.	**$ 26,809,765**	$ 21,504,318
The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	**$ -**	$ -

Note 13: Remuneration of Auditors

	2008 $'000	2007 $'000
Financial statement audit services are provided free of charge to the Department. The fair value of services were:	**977**	855

No other services were provided by the Auditor-General.

DEPARTMENT OF HEALTH AND AGEING
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as at 30 June 2008

Note 14: Financial instruments

	2008	2007
	$'000	$'000
Note 14A: Categories of financial instruments		
Departmental		
Loans and receivables		
Loans and receivables		
Cash and cash equivalents	**3,932**	7,955
Goods and services receivables	**15,181**	17,031
Carrying amount of financial assets	**19,113**	24,986
Financial liabilities		
Other liabilities		
Payables - suppliers	**57,520**	44,723
Lease incentives	**9,448**	5,463
Other payables	**220**	1,660
Carrying amount of financial liabilities	**67,188**	51,846

Note 14B: Fair value of financial instruments

	Carrying amount 2008 $'000	**Fair value 2008 $'000**	Carrying amount 2007 $'000	Fair value 2007 $'000
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	**3,932**	**3,932**	7,955	7,955
Goods and services receivable	**15,181**	**15,181**	17,031	17,031
Total	**19,113**	**19,113**	24,986	24,986
FINANCIAL LIABILITIES				
Other Liabilities				
Trade creditors	**57,520**	**57,520**	44,723	44,723
Lease incentives	**9,448**	**9,448**	5,463	5,463
Other payables	**220**	**220**	1,660	1,660
Total	**67,188**	**67,188**	51,846	51,846

Note 14C: Credit risk

The Department of Health and Ageing is exposed to minimal credit risk as loans and receivables are cash and goods and services receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of goods and services receivables 2008: $15,181,024 and (2007: $17.031,000). The Department has assessed the risk of the default on payment and has allocated $158,586 in 2008 (2007: $214,691) to an allowance for doubtful debts account.

The Department of Health and Ageing holds no collateral to mitigate against risk.

Credit quality of financial instruments not past due or individually determined as impaired.

	Not past due nor impaired 2008 $'000	Not past due nor impaired 2007 $'000	**Past due or impaired 2008 $'000**	Past due or impaired 2007 $'000
Loans and receivables				
Goods and services receivables	**9,980**	11,756	**5,201**	5,275
Total	**9,980**	11,756	**5,201**	5,275

Note 14: Financial instruments

Note 14C: Credit risk (continued)
Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	91+ days $'000	Total $'000
Loans and receivables					
Goods and services receivables	1,646	2,017	444	935	**5,042**
Total	**1,646**	**2,017**	**444**	**935**	**5,042**

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	91+ days $'000	Total $'000
Loans and receivables					
Goods and services receivables	1,378	2,263	1,225	194	5,060
Total	1,378	2,263	1,225	194	5,060

Note 14D: Liquidity risk
The Department's financial liabilities are trade creditors and other payables. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations. The Department has no past experience of default.

The following table illustrates the maturities for financial liabilities

	On demand 2008 $'000	Within 1 year 2008 $'000	1 to 5 years 2008 $'000	> 5 years 2008 $'000	Total 2008 $'000
Other Liabilities					
Trade creditors	**-**	**57,520**	**-**	**-**	**57,520**
Lease incentives	**-**	**1,006**	**8,442**	**-**	**9,448**
Other payables	**-**	**220**	**-**	**-**	**220**
Total	**-**	**58,746**	**8,442**	**-**	**67,188**

	On demand 2007 $'000	Within 1 year 2007 $'000	1 to 5 years 2007 $'000	> 5 years 2007 $'000	Total 2007 $'000
Other Liabilities					
Trade creditors	-	36,940	7,783	-	44,723
Lease incentives	-	1,006	4,457	-	5,463
Other payables	-	1,660	-	-	1,660
Total	-	39,606	12,240	-	51,846

Note 14E: Market risk
The Department holds basic financial instruments that do not expose the Department to certain market risks.
The Department is not exposed to 'Currency risk' or 'Other price risk'.

The Department has no interest bearing items on the balance sheet.

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
for the period ended 30 June 2008

Note 15: Income administered on behalf of Government

	2008 $'000	2007 $'000
REVENUE		
Taxation revenue		
Note 15A: Other taxes		
Medical indemnity levy	**24,048**	40,628
Total other taxes	**24,048**	40,628
Non-taxation revenue		
Note 15B: Sales of goods and rendering of services		
Provision of goods - external parties	**7,102**	125
Total sale of goods and rendering of services	**7,102**	125
Note 15C: Other revenue		
Reassessment of UMP/AMIL liability	**-**	6,736
Private Health Insurance Administration Council levy	**239,602**	207,390
Other	**45,587**	29,065
Total other revenue	**285,189**	243,191
GAINS		
Note 15D: Other gains		
Gain on acquisition of Mersey Community Hospital	**26,820**	-
Total other gains	**26,820**	-

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
for the period ended 30 June 2008

Note 16: Expenses administered on behalf of Government

	2008 $'000	2007 $'000
EXPENSES		
Note 16A: Employee benefits		
Wages and salaries	**18,206**	-
Superannuation	**1,480**	-
Leave and other entitlements	**1,495**	-
Other employee expenses	**1,022**	-
Total employee benefits	**22,203**	-
Note 16B: Suppliers		
Rendering of services - external parties	**275,368**	179,341
Total suppliers	**275,368**	179,341
Note 16C: Subsidies		
Payable to external parties	**5,873,872**	5,462,253
Total subsidies	**5,873,872**	5,462,253
Note 16D: Personal benefits		
Indirect	**23,872,280**	21,708,814
Total personal benefits	**23,872,280**	21,708,814
Note 16E: Grants		
Public sector		
Australian government entities (related entities)	**135,098**	87,109
State and Territory governments	**12,685,212**	10,976,114
Local governments	**25,785**	7,340
Private sector:		
Non-profit organisations	**2,363,805**	2,281,559
Overseas	**13,211**	10,823
Total grants	**15,223,111**	13,362,945
Note 16F: Depreciation and amortisation		
Depreciation		
Buildings	**921**	-
Infrastructure, plant and equipment	**585**	-
Total depreciation and amortisation	**1,506**	-
Note 16G: Write-down and impairment of assets		
Asset write-downs from		
Receivables	**814**	730
Impairment of inventory	**13,678**	3,477
Infrastructure, plant and equipment	**83**	-
Total write-down of assets	**14,575**	4,207

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 17: Assets administered on behalf of Government

	2008 $'000	2007 $'000
Financial Assets		
Note 17A: Cash and cash equivalents		
Cash on hand or on deposit	**70,401**	56,205
Total cash and cash equivalents	**70,401**	56,205
Note 17B: Receivables		
Goods and services receivable	**77,177**	48,914
GST receivable from ATO	**42,652**	44,178
Total receivables	**119,829**	93,092
Less: Allowance for impairment		
Goods and services	**(1,165)**	(2,563)
Total receivables (net)	**118,664**	90,529
Receivables are aged as follows:		
Not overdue	**98,726**	89,831
Overdue by		
Less than 30 days	**2,962**	1,107
30 - 60 days	**5,053**	73
61 - 90 days	**1,690**	-
More than 90 days	**11,398**	2,081
Total receivables	**119,829**	93,092
The allowance for impairment is aged as follows:		
Not overdue	**-**	-
Overdue by		
Less than 30 days	**-**	(543)
30 - 60 days	**-**	-
61 - 90 days	**-**	-
More than 90 days	**(1,165)**	(2,020)
Total allowance for impairment	**(1,165)**	(2,563)

Goods and services receivables are with entities external to the Australian Government.
Credit terms are net 30 days (2007: 30 days).

Reconciliation of the impairment allowance account

	Goods and Services Receivable	Goods and Services Receivable
Opening balance	**(2,563)**	(1,862)
Amounts written off	**2,190**	29
Amounts recovered and reversed	**22**	-
Increase/(decrease) recognised in expense	**(814)**	(730)
Closing balance	**(1,165)**	(2,563)

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 17: Assets administered on behalf of Government

		2008 $'000	2007 $'000
Note 17C: Other investments			
Shares (or equity interest in)			
Aged Care Standards and Accreditation Ltd	(i)	**8,881**	7,867
Australian Institute of Health and Welfare	(ii)	**2,178**	2,170
Australian Sports Commission	(iii)	**240,301**	-
Food Standards Australia and New Zealand	(iv)	**2,084**	2,927
Private Health Insurance Administration Council	(v)	**4,031**	3,561
Private Health Insurance Ombudsman	(vi)	**-**	598
Total other investments		**257,475**	17,123
Other financial assets are expected to be recovered in			
less than 12 months		**-**	-
more than 12 months		**257,475**	17,123
Total investments		**257,475**	17,123

(i). The Aged Care Standards and Accreditation Agency Ltd accredits, monitors and promotes high quality care through information, education and training for Australian Government-funded aged care homes. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007.

(ii). The Australian Institute of Health and Welfare informs community discussion and decision-making through national leadership and collaboration in developing and providing health and welfare statistics and information. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007.

(iii). The Australian Sports Commission manages, develops and invests in sport at all levels. It works closely with a range of national sporting organisations, state and local governments, schools and community organisations to ensure sport is well run and accessible. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007 plus an equity injection made during 2007-08.

(iv). Food Standards Australia and New Zealand protects and informs consumers through the development of effective food standards, in a way that helps stimulate and support growth and innovation in the food industry. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007 plus an equity injection made during 2007-08.

(v). The Private Health Insurance Administration Council regulates the financial performance of the private health industry, calculates the reinsurance pool, reviews pricing applications, registers health insurance organisations, and provides information relating to membership in private health insurance and the benefits paid by the industry. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007.

(vi). The Private Health Insurance Ombudsman provides an independent service for dealing with complaints about private health insurance, and through this activity, identifies underlying problems in the practices of private health funds or health providers relevant to the administration of private health insurance. The Department of Health and Ageing classifies this investment as 'available for sale' as required by division 8.1 of the 2007-08 FMO's and it was measured at fair value as at 30 June 2008. Fair value has been taken to be the audited net assets of the entity as at 30 June 2007.

DEPARTMENT OF HEALTH AND AGEING
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as at 30 June 2008

Note 17: Assets administered on behalf of Government

	2008 $'000	2007 $'000
Non-financial assets		
Note 17D: Land and buildings		
Freehold land		
at fair value	**1,020**	-
Total freehold land	**1,020**	-
Buildings on freehold land		
at fair value	**27,770**	-
accumulated depreciation	**(921)**	-
Total buildings on freehold land	**26,849**	-
Total land and buildings (non-current)	**27,869**	-
Note 17E: Infrastructure, plant and equipment		
Infrastructure, plant and equipment		
at fair value	**4,887**	-
accumulated depreciation	**(420)**	-
Total infrastructure, plant and equipment	**4,467**	-

TABLE A - Reconciliation of opening and closing balances of property, plant and equipment (2007-08)

Item	Land $'000	Buildings $'000	Land and buildings total $'000	Infrastructure plant and equipment $'000	Total $'000
As at 1 July 2007					
Gross book value	-	-	-	-	-
Accumulated depreciation / amortisation and impairment	-	-	-	-	-
Net book value as at 1 July 2007	-	-	-	-	-
Additions:					
by purchase	-	-	-	1,685	1,685
from acquisition of entities or operations (including restructuring)	1,020	27,770	28,790	3,450	32,240
Depreciation / amortisation expense	-	(921)	(921)	(585)	(1,506)
Disposals					
other disposals	-	-	-	(83)	(83)
Net book value as at 30 June 2008	1,020	26,849	27,869	4,467	32,336
Net book value as at 30 June 2008 represented by:					
Gross book value	1,020	27,770	28,790	4,887	33,677
Accumulated depreciation / amortisation and impairment	-	(921)	(921)	(420)	(1,341)
	1,020	26,849	27,869	4,467	32,336

	2008 $'000	2007 $'000
Note 17F: Inventories		
Inventories held for distribution	**254,632**	230,957
Inventories held for sale	**1,034**	847
Total inventories	**255,666**	231,804

During 2007-08 $379,625 of inventory held for sale was recognised as an expense (2006-07: $152,550)

During 2007-08 $13,888,717 of inventory held for distribution was recognised as an expense (2006-07: $4,723,209)

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
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Note 18: Liabilities administered on behalf of Government

	2008 $'000	2007 $'000
PAYABLES		
Note 18A: Suppliers		
Trade creditors	**201**	446
Total suppliers	**201**	446
All creditors are entities that are not part of the Australian Government. Settlement is usually made net 30 days.		
Note 18B: Subsidies		
Payable to external entities	**42,607**	95,822
Total subsidies	**42,607**	95,822
Note 18C: Personal benefits		
Indirect	**1,754,641**	1,702,733
Total personal benefits	**1,754,641**	1,702,733
Note 18D: Grants		
Public sector:		
Australian government entities (related entities)	**615**	3,038
State and Territory governments	**95,196**	8,993
Local government	**3,589**	-
Private sector:		
Medical indemnity provision 18G(i)	**405,000**	389,000
Non-profit organisations	**330,485**	177,232
Total grants	**834,885**	578,263
Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		
Note 18E: Other payables		
Department of Veterans' Affairs	**1,980**	261
Total other payables	**1,980**	261
PROVISIONS		
Note 18F: Employee provisions		
Salaries and wages	**1,174**	-
Leave	**2,769**	-
Superannuation	**210**	-
Total employee provisions	**4,153**	-

DEPARTMENT OF HEALTH AND AGEING
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as at 30 June 2008

Note 18: Liabilities administered on behalf of Government (continued)

Note 18G(i): Grants - Medical Indemnity Provision

The Department has responsibility for policy and legislative control of medical indemnity, while Medicare Australia has responsibility for administering the following elements of the Government's medical indemnity package:

- Incurred But Not Reported (IBNR) Scheme;
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS); and
- Run-Off Cover Scheme (ROCS).

A summary of each of the schemes is provided below.

The Australian Government Actuary (AGA) has provided advice on each of the schemes, and financial estimates of the liabilities of the IBNR Scheme, HCCS, ECS and ROCS. The AGA notes that estimates of this type are by their nature subject to inherent and unavoidable uncertainty.

Incurred But Not Reported (IBNR) Scheme

The IBNR Scheme provides for Medicare Australia to make payments to United Medical Protection Limited (UMP) and Australasian Medical Insurance Limited (AMIL) for claims made in relation to their IBNR liability at 30 June 2002. An actuarial assessment is performed to arrive at a reasonable estimate of the liability based on assumptions that are valid at the time of the assessment. Some claims that will be payable under the IBNR Scheme may also be eligible for payment under the High Cost Claims Scheme.

A revised liability of $109,000,000 (2007: $140,000,000) was included in the Schedule of Administered Items for the year ended 30 June 2008 for the IBNR Scheme based on advice from the AGA.

High Cost Claims Scheme (HCCS)

Under HCCS, the Government pays 50% of the cost of claims made to all Medical Indemnity Insurers (MIIs) that exceed a specified threshold, up to the limit of the practitioner's insurance. The threshold to be applied depends on the date of notification of the claim, as follows:

- from 1 January 2003 to 21 October 2003 - $2,000,000
- 22 October 2003 to 31 December 2003 - $500,000;
- on or after 1 January 2004 - $300,000.

As noted above, some claims payable under the IBNR Scheme will also be eligible for payment under the High Cost Claims Scheme. An administered liability of $227,000,000 (2007: $188,000,000) for the High Cost Claims Scheme has been recorded in the Schedule of Administered Items based on advice from the AGA and from MIIs regarding notified claims that are eligible under the HCCS.

Note 18: Liabilities administered on behalf of Government (continued)

Note 18G(i): Grants - Medical Indemnity Provision

Exceptional Claims Scheme (ECS)

The ECS provides coverage for practitioners for the cost of medical indemnity claims that exceed the limit of their contract of insurance. To be covered by the ECS, the practitioner must have medical indemnity insurance cover to at least $15,000,000 for the period 1 January to 30 June 2003 and $20,000,000 from 1 July 2003.

There have been no payments under the ECS during 2007-08 (2007: $nil). Current actuarial data indicates no payments are expected to be made in the 2008-09 financial year. Given the nature of the scheme, a contingent liability is included in the Administered Contingencies.

Run-Off Cover Scheme

The Run-Off Cover Scheme (ROCS) provides free run-off cover for specific groups of medical practitioners including those retired and over 65, on maternity leave, retired for more than three years, retired due to permanent disability or the estates of those that have died. This scheme is funded through the collection of support payments imposed as a tax on MIIs.

ROCS commenced on 1 July 2004. A liability of $69,000,000 (2007: $61,000,000) has been included in the Schedule of Administered Items at 30 June 2008. This amount is based on advice from the Australian Government Actuary, and represents the present value of any future claims that may be made by practitioners who were eligible for ROCS at the commencement of the scheme. Prior to ROCS, a portion of the ROCS liability was included as part of the IBNR liability. The AGA advises that the estimate of the liability is subject to inherent uncertainty, and the true value of this amount will not be known for some time.

The table below provides a summary of the movement of medical indemnity liabilities in the Department's Schedule of Administered Items for the financial year ended 30 June 2008. This value is included in the Grants Private Sector liability in the Schedule of Administered items.

	Balance as at 30 June 2007 $'000	Claims paid $'000	Schedule of Administered Items Impact $'000	Balance as at 30 June 2008 $'000
Medical Indemnity Liabilities				
Incurred But Not Reported Scheme	140,000	(6,239)	(24,761)	109,000
High Cost Claims Scheme	188,000	(3,190)	42,190	227,000
Run Off Cover Scheme	61,000	(1,768)	9,768	69,000
	389,000	**(11,197)**	**27,197**	**405,000**

Note: No liability has been recorded in either 2008 or 2007 for the Exceptional Claims Scheme.

DEPARTMENT OF HEALTH AND AGEING
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Note 19: Administered restructure

2008

As a result of the machinery of government changes made on 3 December 2007, the Department acquired the Sports and Recreation function from the Department of Communications, Information Technology and the Arts.

On March 19 2008, a decision was made to transfer the Rural Medical Infrastructure Fund from the Department of Infrastructure, Transport, Regional Development and Local Government to the Department. Appropriations transferred: Appropriation Act (No. 1) 2007-08 $1,988,000.

2007 (for comparative)

The NHMRC was created as a separate agency on 1 July 2006. Appropriations received by the Department in the 2006-07 budget, along with any other assets and liabilities due to NHMRC were transferred out of the Department as of this date.

	2008	2007
	$'000	$'000
In respect of functions acquired, the net book values of assets and liabilities transferred to the Department for no consideration and recognised as at the date of the transfer were:		
Total assets acquired	**240,614**	-
Total liabilities	**(318)**	-
Net assets acquired	**240,296**	-
Net increase/(decrease) in net assets during the year	**240,296**	-
In respect of functions relinquished, the net book values of assets and liabilities transferred from the Department for no consideration and recognised as at the date of the transfer were:		
Total assets relinquished	**-**	(248,469)
Total liabilities relinquished	**-**	-
Net assets relinquished	**-**	(248,469)
Net increase/(decrease) in net assets during the year	**240,296**	(248,469)
Sports and Recreation		
Revenues		
Recognised by the Department of Health and Ageing	**7**	-
Recognised by the Department of Communications, Information Technology and the Arts (DCITA)	**179**	-
	186	-
Expenses		
Recognised by the Department of Health and Ageing	**109,098**	-
Recognised by the Department of Communications, Information Technology and the Arts (DCITA)	**56,977**	-
	166,075	-

Note 20: Acquisition of Mersey Community Hospital

The Department acquired Mersey Community Hospital from the Tasmanian State Government Department of Health and Human Services on 1 November 2007.

The Department acquired the following assets and liabilities of the hospital for a cost of $1. The excess of assets acquired above the purchase price were recognised as a gain on acquisition of $26,820,375.

	2008	2007
	$'000	$'000
Land and Buildings	**28,790**	-
Infrastructure, plant and equipment	**3,450**	-
Receivables	**124**	-
Employee provisions	**(4,461)**	-
Suppliers liability	**(1,083)**	-
Net assets acquired	**26,820**	-

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 21: Administered Reconciliation

	2008 $'000	2007 $'000
Opening administered assets less administered liabilities as at 1 July 2007	**(1,981,864)**	(1,993,199)
Adjustment for change in accounting policies:		
Reclassification of National Blood Authority transactions	**-**	348,258
Recognition of MBS cash on hand	**22,373**	-
Recognition of MBS recoveries	**2,976**	-
Adjusted opening administered assets less administered liabilities	**(1,956,515)**	(1,644,941)
Plus: Administered income	**397,746**	313,485
Less: Administered expenses	**(45,282,915)**	(41,117,418)
Administered transfers to/from Australian		
Government:		
Appropriation transfers from OPA:		
Annual appropriations for administered expenses	**5,067,567**	4,557,449
Administered assets and liabilities appropriations	**23,696**	319,945
Special appropriations (limited)	**9,785,141**	8,802,312
Special appropriations (unlimited)	**30,619,419**	27,751,069
Northern Territory flexible funding pool	**3,369**	-
Transfers to OPA	**(358,364)**	(307,776)
Transfers to other entities	**(443,364)**	(407,520)
Restructuring	**240,296**	(248,469)
Closing administered assets less administered liabilities as at 30 June 2008	**(1,903,925)**	(1,981,864)

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 22: Administered financial instruments

	2008 $'000	2007 $'000
Note 22A Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**70,401**	56,205
Goods and services receivables	**77,177**	48,914
	147,578	105,119
Available for sale financial assets		
Shares in - Aged Care Standards and Accreditation Ltd	**8,881**	7,867
Shares in - Australian Institute of Health and Welfare	**2,178**	2,170
Shares in - Australian Sports Commission	**240,301**	-
Shares in - Food Standards Australia and New Zealand	**2,084**	2,927
Shares in - Private Health Insurance Administration Council	**4,031**	3,561
Shares in - Private Health Insurance Ombudsman	**-**	598
	257,475	17,123
Carrying amount of financial assets	**405,053**	122,242
Financial Liabilities		
At amortised cost		
Trade creditors	**201**	446
Subsidies payable	**42,607**	95,822
Grants payable	**834,885**	578,263
Other payables	**1,980**	261
	879,673	674,792
Carrying amount of financial liabilities	**879,673**	674,792

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 22: Administered financial instruments

Note 22B Fair value of financial instruments

Valuation Method used for determining the fair value of financial instruments
The following table identifies for those assets and liabilities (those at fair value through profit and loss or available for sale) carried at fair value (above) whether fair value was obtained by reference to market prices or by a valuation technique that employs observable market transactions, or one that uses non-observable market inputs to determine a fair value.

	Valuation technique utilising			
	Market values $'000	Market inputs $'000	Non-market inputs $'000	Total $'000
Financial assets at fair value				
Available for sale financial assets				
Shares in - Aged Care Standards and Accreditation Ltd	-	-	8,881	8,881
Shares in - Australian Institute of Health and Welfare	-	-	2,178	2,178
Shares in - Australian Sports Commission	-	-	240,301	240,301
Shares in - Food Standards Australia and New Zealand	-	-	2,084	2,084
Shares in - Private Health Insurance Administration Council	-	-	4,031	4,031
Shares in - Private Health Insurance Ombudsman			-	-
Financial assets at fair value	**-**	**-**	**257,475**	**257,475**

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 22: Administered financial instruments

Note 22C Credit Risk

The administered activities of the Department are not exposed to a high level of credit risk as the majority of financial assets are goods and services receivables and shares in government controlled and funded entities. The Department has policies and procedures that outline the debt debt recovery techniques to be applied.

The maximum exposure to credit risk is outlined in the table below.

	2008	2007
	$'000	$'000
Financial assets		
Loans and receivables		
Goods and services receivables	**77,177**	48,914
Available for sale financial assets		
Shares in - Aged Care Standards and Accreditation Ltd	**8,881**	7,867
Shares in - Australian Institute of Health and Welfare	**2,178**	2,170
Shares in - Australian Sports Commission	**240,301**	-
Shares in - Food Standards Australia and New Zealand	**2,084**	2,927
Shares in - Private Health Insurance Administration Council	**4,031**	3,561
Shares in - Private Health Insurance Ombudsman	**-**	598
Total	**334,652**	66,037

The Department has assessed the risk of the default on payment and has allocated the following amounts to an allowance for impairment account:
Goods and services receivables $1,165,000 in 2008 (2007: $2,563,000)

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due or impaired	**Past due or impaired**	Past due or impaired
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Loans and receivables				
Goods and services receivables	**56,074**	45,653	**21,103**	3,261
Available for sale financial assets				
Shares in - Aged Care Standards and Accreditation Ltd	**8,881**	7,867	**-**	-
Shares in - Australian Institute of Health and Welfare	**2,178**	2,170	**-**	-
Shares in - Australian Sports Commission	**240,301**	-	**-**	-
Shares in - Food Standards Australia and New Zealand	**2,084**	2,927	**-**	-
Shares in - Private Health Insurance Administration Council	**4,031**	3,561	**-**	-
Shares in - Private Health Insurance Ombudsman	**-**	598	**-**	-
Total	**313,549**	**62,776**	**21,103**	**3,261**

Ageing of financial assets that are past due but not impaired for 2008

	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loans and receivables					
Goods and services receivables	**2,962**	**5,053**	**1,690**	**10,233**	**19,938**
Total	**2,962**	**5,053**	**1,690**	**10,233**	**19,938**

Ageing of financial assets that are past due but not impaired for 2007

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
Goods and services receivables	564	73	-	61	698
Total	564	73	-	61	698

DEPARTMENT OF HEALTH AND AGEING
Notes to the Schedule of Administered Items
as at 30 June 2008

Note 22: Administered financial instruments

Note 22D Liquidity Risk

The Department's administered financial liabilities are suppliers, subsidies payable, grants payable and other payables. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrate the maturities for financial liabilities:

	On demand 2008 $'000	within 1 year 2008 $'000	1 to 5 years 2008 $'000	> 5 years 2008 $'000	Total 2008 $'000
Financial liabilities					
Suppliers	-	201	-	-	201
Subsidies	-	42,607	-	-	42,607
Personal benefits	-		-	-	-
Grants	-	834,885	-	-	834,885
Other	-	1,980	-	-	1,980
Total	-	879,673	-	-	879,673

	On demand 2007 $'000	within 1 year 2007 $'000	1 to 5 years 2007 $'000	> 5 years 2007 $'000	Total 2007 $'000
Financial liabilities					
Suppliers	-	446	-	-	446
Subsidies	-	95,822	-	-	95,822
Personal benefits	-		-	-	-
Grants	-	578,263	-	-	578,263
Other	-	261	-	-	261
Total	-	674,792	-	-	674,792

The Department's administered activities are appropriated from the Australian Government. The Department manages its budgeted administered funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Department has policies in place to ensure timely payment is made when due and has no past experience of default.

Note 22E Market Risk

The Department holds basic financial instruments that do not expose the Department to certain market risks. The Department is not exposed to 'Currency risk'.

Interest rate risk
The Department has no interest bearing items on the balance sheet

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. Its administered investments are not traded on the Australian Stock Exchange. It does not hold any other financial instruments that would be exposed to price risk.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 23: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	Administered Expenses									
	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Outcome 5	
Particulars	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance carried from previous year	65,974	30,630	102,953	52,851	61,896	26,945	69,479	111,092	174,640	57,129
Appropriation Act:										
Appropriation Act (No. 1) 2007-08	274,645	173,876	455,347	409,668	103,822	105,991	509,435	460,676	952,547	876,451
Appropriation Act (No. 3) 2007-08	40,810	9,003	65,697	-	15,480	8,045	12,779	7,368	23,371	6,231
Appropriation Act (No. 5) 2007-08	-	11,044	-	-	-	-	-	-	-	-
Other annual appropriation acts:										
Appropriation (Northern Territory National Emergency Response) Bill 1	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 8)	(45,428)	(16,187)	(68,482)	(35,099)	(51,551)	(16,450)	(56,051)	(91,238)	(106,238)	(62)
Reduction of appropriations (Appropriation Act section 9)	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-
Comcover receipts (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-
Correction to prior year appropriation receivable	-	-	-	-	-	-	-	-	-	-
FMA Act:										
Refunds credited (FMA section 30)	431	1,094	2	10	314	2,818	380	1,083	146	489
Appropriations to take account of recoverable GST (FMA section 30A)	18,453	11,594	25,863	21,114	5,307	5,231	30,760	31,399	58,924	54,340
Annotations to 'net appropriations' (FMA section 31)	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA section 32)	-	-	-	-	-	-	-	-	-	-
Total appropriation available for payments	**354,885**	**221,054**	**581,380**	**448,544**	**135,268**	**132,580**	**566,782**	**520,380**	**1,103,390**	**994,578**
Cash payments made during the year (GST inclusive)	**197,370**	**149,277**	**439,301**	**345,591**	**88,716**	**70,684**	**478,715**	**446,700**	**893,819**	**819,938**
Appropriations credited to Special Accounts (excluding GST)	**20,923**	**5,803**	**-**	**-**	**-**	**-**	**4,776**	**4,201**	**-**	**-**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	136,592	65,974	142,079	102,953	46,552	61,896	83,291	69,479	209,571	174,640
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-
Departmental appropriations receivable	-	-	-	-	-	-	-	-	-	-
Departmental S32 restructure not yet booked	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	136,592	65,974	142,079	102,953	46,552	61,896	83,291	69,479	209,571	174,640
Total	**136,592**	**65,974**	**142,079**	**102,953**	**46,552**	**61,896**	**83,291**	**69,479**	**209,571**	**174,640**

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 23: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	Administered Expenses									
	Outcome 6		Outcome 7		Outcome 8		Outcome 9		Outcome 10	
Particulars	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance carried from previous year	4,562	24,664	50,211	49,630	27,809	9,623	4,636	11,414	79,324	76,861
Appropriation Act:										
Appropriation Act (No. 1) 2007-08	151,082	104,802	296,148	290,607	447,232	377,971	11,840	8,065	132,705	138,495
Appropriation Act (No. 3) 2007-08	-	5,050	-	-	6,257	6,952	-	-	25,750	27,642
Appropriation Act (No. 5) 2007-08	-	-	-	-	-	-	-	-	-	435,300
Other annual appropriation acts:										
Appropriation (Northern Territory National Emergency Response) Bill 1	-	-	-	-	72,735	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 8)	(58)	(22,174)	(40,722)	(41,934)	(13,547)	-	(180)	(11,414)	(49,449)	(39,336)
Reduction of appropriations (Appropriation Act section 9)	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-
Comcover receipts (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-
Correction to prior year appropriation receivable	-	-	-	-	-	-	-	-	-	-
FMA Act:										
Refunds credited (FMA section 30)	79	241	6,041	6,225	2,453	620	-	-	84	1,585
Appropriations to take account of recoverable GST (FMA section 30A)	9,716	8,920	20,018	21,086	30,414	30,327	970	270	9,488	25,206
Annotations to 'net appropriations' (FMA section 31)	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA section 32)	1,988	-	-	-	-	-	-	-	-	-
Total appropriation available for payments	**167,369**	**121,503**	**331,696**	**325,614**	**573,353**	**425,493**	**17,266**	**8,335**	**197,902**	**665,753**
Cash payments made during the year (GST inclusive)	**150,403**	**116,941**	**311,492**	**275,403**	**476,968**	**397,684**	**15,273**	**3,699**	**148,176**	**586,429**
Appropriations credited to Special Accounts (excluding GST)	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**-**	**-**	**-**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	16,966	4,562	20,204	50,211	96,375	27,809	1,993	4,636	49,726	79,324
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-
Departmental appropriations receivable	-	-	-	-	-	-	-	-	-	-
Departmental S32 restructure not yet booked	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	16,966	4,562	20,204	50,211	96,375	27,809	1,993	4,636	49,726	79,324
Total	**16,966**	**4,562**	**20,204**	**50,211**	**96,375**	**27,809**	**1,993**	**4,636**	**49,726**	**79,324**

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 23: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	Administered Expenses									
	Outcome 11		Outcome 12		Outcome 13		Outcome 14		Outcome 15	
Particulars	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance carried from previous year	28,100	24,769	10,934	28,923	5,684	2,769	30,072	5,220	-	-
Appropriation Act:										
Appropriation Act (No. 1) 2007-08	115,731	92,667	210,110	130,617	13,992	15,491	36,646	21,526	-	-
Appropriation Act (No. 3) 2007-08	14,772	-	28,800	5,450	61,243	-	-	22,397	109,203	-
Appropriation Act (No. 5) 2007-08	-	-	-	-	-	-	-	-	-	-
Other annual appropriation acts:										
Appropriation (Northern Territory National Emergency Response) Bill 1	-	-	-	-	-	-	-	-	-	-
Administered appropriation lapsed (Appropriation Act section 8)	(17,553)	(265)	(2,734)	(15,683)	(2,722)	-	(17,149)	-	-	-
Reduction of appropriations (Appropriation Act section 9)	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-
Comcover receipts (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-
Correction to prior year appropriation receivable	-	-	-	-	-	-	-	-	-	-
FMA Act:										
Refunds credited (FMA section 30)	31	75	131	99	1,305	36	270	124	-	-
Appropriations to take account of recoverable GST (FMA section 30A)	8,281	7,361	15,558	11,434	3,628	1,051	2,398	1,466	1,386	-
Annotations to 'net appropriations' (FMA section 31)	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA section 32)	-	-	-	-	-	-	-	-	20,455	-
Total appropriation available for payments	**149,362**	**124,607**	**262,799**	**160,840**	**83,130**	**19,347**	**52,237**	**50,733**	**131,044**	**-**
Cash payments made during the year (GST inclusive)	**128,241**	**96,507**	**240,764**	**149,906**	**55,727**	**13,663**	**43,408**	**20,661**	**24,660**	**-**
Appropriations credited to Special Accounts (excluding GST)	**-**	**-**	**-**	**-**	**1,279**	**-**	**53**	**-**	**-**	**-**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	21,121	28,100	22,035	10,934	26,124	5,684	8,776	30,072	106,384	-
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-
Departmental appropriations receivable	-	-	-	-	-	-	-	-	-	-
Departmental S32 restructure not yet booked	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	21,121	28,100	22,035	10,934	26,124	5,684	8,776	30,072	106,384	-
Total	**21,121**	**28,100**	**22,035**	**10,934**	**26,124**	**5,684**	**8,776**	**30,072**	**106,384**	**-**

To enable meaningful comparisons to be made, the values disclosed as Outcome 15 in 2006-07 have been moved to Outcome 14 in 2007-08 to match the current year outcome disclosure.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 23: Appropriations

Table A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	NHMRC Transfer		Departmental Outputs		Total	
Particulars	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance carried from previous year	5,000	6,505	99,881	87,510	821,155	606,535
Appropriation Act:						
Appropriation Act (No. 1) 2007-08	-	643,476	554,234	511,900	4,265,516	4,362,279
Appropriation Act (No. 3) 2007-08		-	12,095	26,872	416,257	125,010
Appropriation Act (No. 5) 2007-08		-	2,837	3,681	2,837	450,025
Other annual appropriation acts:		-				
Appropriation (Northern Territory National Emergency Response) Bill 1	-	-	10,194	-	82,929	-
Administered appropriation lapsed (Appropriation Act section 8)	(5,000)	-	-	-	(476,864)	(289,842)
Reduction of appropriations (Appropriation Act section 9)	-	-	-	(844)	-	(844)
Advance to the Finance Minister (Appropriation Act section 11)	-	-	-	-	-	-
Comcover receipts (Appropriation Act section 12)	-	-	41	26	41	26
Correction to prior year appropriation receivable	-	-	53	-	53	-
FMA Act:						
Refunds credited (FMA section 30)	-	284	10,942	4,302	22,609	19,085
Appropriations to take account of recoverable GST (FMA section 30A)	-	283	18,903	19,715	260,067	250,797
Annotations to 'net appropriations' (FMA section 31)	-	-	31,354	32,418	31,354	32,418
Adjustment of appropriations on change of entity function (FMA section 32)	-	(638,476)	4,671	(24,047)	27,114	(662,523)
Total appropriation available for payments	**-**	**12,072**	**745,205**	**661,533**	**5,453,068**	**4,892,966**
Cash payments made during the year (GST inclusive)	**-**	**7,072**	**610,612**	**549,760**	**4,303,645**	**4,049,915**
Appropriations credited to Special Accounts (excluding GST)	**-**	**-**	**13,921**	**11,892**	**40,962**	**21,896**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	-	5,000	120,672	99,881	1,108,461	821,155
Cash at bank and on hand	-	-	433	1,396	433	1,396
Departmental appropriations receivable	-	-	120,239	98,485	120,239	98,485
Departmental S32 restructure not yet booked	-	-		-	-	-
Undrawn, unlapsed administered appropriations	-	5,000	-	-	987,789	721,274
Total	**-**	**5,000**	**120,672**	**99,881**	**1,108,461**	**821,155**

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 23: Appropriations

Table B - Acquittal of authority to draw cash from the Consolidated Revenue Fund for other than ordinary annual services appropriations

Particulars	Operating													
	Outcome 1		Outcome 3		Outcome 4		Outcome 5		Outcome 10		Outcome 12		Outcome 13	
	SPPs		SPPs		SPPs		SPPs		SPPs		SPPs		SPPs	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Balance carried from previous year (Appropriation Acts)	408	4,133	325	3	7,843	-	-	-	-	3,191	-	1	10,331	7,576
Appropriation Act:														
Appropriation Act (No. 2) 2007-08	253,930	236,139	2,385	2,260	1,106,888	993,236	-	-	-	-	-	-	48,113	44,484
Appropriation Act (No. 4) 2007-08	-	-	12,800	-	-	-	15,000	-	-	-	400	-	30,500	-
Appropriation Act (No. 6) 2007-08	-	12,026	-	-	-	-	-	-	-	-	100,000	-	82,445	-
Other annual appropriation acts:														
Administered appropriation lapsed (Appropriation Act section 7 & 8)	(336)	(657)	(327)	-	(3)	-	-	-	-	(3,191)	-	(1)	(3,913)	-
Reduction of appropriations (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:														
Refunds credited (FMA s30)	10	-	-	-	568	-	-	-	-	-	-	-	196	-
Appropriations to take account of recoverable GST (FMA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriation available for payments	**254,012**	**251,641**	**15,183**	**2,263**	**1,115,296**	**993,236**	**15,000**	**-**	**-**	**-**	**100,400**	**-**	**167,672**	**52,060**
Cash payments made during the year (GST inclusive)	**248,725**	**251,233**	**1,202**	**1,938**	**1,087,751**	**985,393**	**-**	**-**	**-**	**-**	**100,000**	**-**	**132,697**	**41,729**
Appropriations credited to Special Accounts (excluding GST)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	5,287	408	13,981	325	27,545	7,843	15,000	-	-	-	400	-	34,975	10,331
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	5,287	408	13,981	325	27,545	7,843	15,000	-	-	-	400	-	34,975	10,331
Total	**5,287**	**408**	**13,981**	**325**	**27,545**	**7,843**	**15,000**	**-**	**-**	**-**	**400**	**-**	**34,975**	**10,331**

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
for the period ended 30 June 2008

Note 23: Appropriations

Table B - Acquittal of authority to draw cash from the Consolidated Revenue Fund for other than ordinary annual services appropriations

Particulars	Operating				Non-operating								Total	
	Outcome 14		Outcome 15											
	SPPs		SPPs		Equity		Loans		Previous years' outputs		Administered assets and liabilities			
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance carried from previous year (Appropriation Acts)	519	2,305	-	-	34,248	15,990	-	-	-	-	335,664	371,945	389,338	405,144
Appropriation Act:														
Appropriation Act (No. 2) 2007-08	15,295	14,002	-	-	10,974	12,741	-	-	-	-	-	48,009	1,437,585	1,350,871
Appropriation Act (No. 4) 2007-08	-	-	5,000	-	239	11,879	-	-	-	-	2,100	1,594	66,039	13,473
Appropriation Act (No. 6) 2007-08	-	959	-	-	-	625	-	-	-	-	-	-	182,445	13,610
Other annual appropriation acts:														
Administered appropriation lapsed (Appropriation Act section 7 & 8)	-	-	-	-	-	-	-	-	-	-	-	-	(4,579)	(3,849)
Reduction of appropriations (Appropriation Act section 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister (Appropriation Act section 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FMA Act:														
Refunds credited (FMA s30)	-	-	-	-	-	-	-	-	-	-	-	-	774	-
Appropriations to take account of recoverable GST (FMA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMA s32)	-	-	18,500	-	1,473	-	-	-	-	-	-	-	19,973	-
Total appropriation available for payments	**15,814**	**17,266**	**23,500**	**-**	**46,934**	**41,235**	**-**	**-**	**-**	**-**	**337,764**	**421,548**	**2,091,575**	**1,779,249**
Cash payments made during the year (GST inclusive)	**15,723**	**16,747**	**15,000**	**-**	**6,254**	**6,987**	**-**	**-**	**-**	**-**	**29,037**	**85,884**	**1,636,389**	**1,389,911**
Appropriations credited to Special Accounts (excluding GST)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations and as represented by:	91	519	8,500	-	40,680	34,248	-	-	-	-	308,727	335,664	455,186	389,338
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	40,680	34,248	-	-	-	-	-	-	40,680	34,248
Undrawn, unlapsed administered appropriations	91	519	8,500	-	-	-	-	-	-	-	308,727	335,664	414,506	355,090
Total	**91**	**519**	**8,500**	**-**	**40,680**	**34,248**	**-**	**-**	**-**	**-**	**308,727**	**335,664**	**455,186**	**389,338**

To enable meaningful comparisons to be made, the values disclosed as Outcome 15 in 2006-07 have been moved to Outcome 14 in 2007-08 to match the current year outcome disclosure.

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 23: Appropriations

Table C - Acquittal of authority to draw cash from the Consolidated Revenue Fund - Special Appropriations (unlimited amount)

Particulars of legislation providing appropriation (including purpose)	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Outcome 9		Outcome 13		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Aged Care Act 1997														
Purpose: to provide for the Commonwealth to give financial support for the provision of aged care.														
Cash payments made during the year	-	-	-	-	-	-	**5,909,154**	5,416,678	-	-	-	-	**5,909,154**	5,416,678
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	-	-	-	-	**183**	-	-	-	-	-	**183**	-
Total charged to appropriations	-	-	-	-	-	-	**5,908,971**	5,416,678	-	-	-	-	**5,908,971**	5,416,678
Estimated actual	-	-	-	-	-	-	**5,951,333**	5,431,923	-	-	-	-	**5,951,333**	5,431,923
Aged Care Bond Security Act 2006														
Purpose: to provide for the Commonwealth to give financial support for the provision of aged care.														
Cash payments made during the year	-	-	-	-	-	-	**556**	-	-	-	-	-	**556**	-
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total charged to appropriations	-	-	-	-	-	-	**556**	-	-	-	-	-	**556**	-
Estimated actual	-	-	-	-	-	-	**560**	-	-	-	-	-	**560**	-
Health Insurance Act 1973														
Purpose: an Act providing for payments by way of Medical Benefits and payments for Hospital Services and for other purposes.														
Cash payments made during the year	-	-	-	-	**12,931,213**	11,604,772	-	-	-	-	-	-	**12,931,213**	11,604,772
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	-	-	**2**	-	-	-	-	-	-	-	**2**	-
Total charged to appropriations	-	-	-	-	**12,931,211**	11,604,772	-	-	-	-	-	-	**12,931,211**	11,604,772
Estimated actual	-	-	-	-	**12,818,269**	11,633,471	-	-	-	-	-	-	**12,818,269**	11,633,471
National Health Act 1953														
Purpose: an Act relating to the provision of pharmaceutical, sickness and hospital benefits, and of medical and dental services.														
Cash payments made during the year	**472,375**	284,644	**7,246,351**	6,689,802	-	-	-	-	-	-	**443,364**	407,520	**8,162,090**	7,381,966
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	**8,122**	-	-	-	-	-	-	-	-	-	**8,122**	-
Total charged to appropriations	**472,375**	284,644	**7,238,229**	6,689,802	-	-	-	-	-	-	**443,364**	407,520	**8,153,968**	7,381,966
Estimated actual	**521,719**	283,021	**7,233,763**	6,608,052	-	-	-	-	-	-	**443,364**	407,520	**8,198,846**	7,298,593
Medical Indemnity Agreement (Financial Assistance - Binding Commonwealth Obligations) Act 2002														
Purpose: to provide Commonwealth funding to assist medical practitioners in obtaining affordable and secure medical indemnity cover.														
Cash payments made during the year	-	-	-	-	-	-	-	-	-	-	**37,059**	44,326	**37,059**	44,326
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total charged to appropriations	-	-	-	-	-	-	-	-	-	-	**37,059**	44,326	**37,059**	44,326
Estimated actual	-	-	-	-	-	-	-	-	-	-	**118,106**	53,300	**118,106**	53,300
Private Health Insurance Incentives Act 1998														
Purpose: to enable payments of Government funds to be made to people who claim the Government 30% Rebate on private health insurance.														
Cash payments made during the year	-	-	-	-	-	-	-	-	**3,602,773**	3,305,593	-	-	**3,602,773**	3,305,593
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total charged to appropriations	-	-	-	-	-	-	-	-	**3,602,773**	3,305,593	-	-	**3,602,773**	3,305,593
Estimated actual	-	-	-	-	-	-	-	-	**3,541,073**	3,328,826	-	-	**3,541,073**	3,328,826
Total for unlimited special appropriations														
Cash payments made during the year	**472,375**	284,644	**7,246,351**	6,689,802	**12,931,213**	11,604,772	**5,909,710**	5,416,678	**3,602,773**	3,305,593	**480,423**	451,846	**30,642,845**	27,753,335
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (net) (FMA Act s 30)	-	-	**8,122**	-	**2**	-	**183**	-	-	-	-	-	**8,307**	-
Total charged to appropriations	**472,375**	284,644	**7,238,229**	6,689,802	**12,931,211**	11,604,772	**5,909,527**	5,416,678	**3,602,773**	3,305,593	**480,423**	451,846	**30,634,538**	27,753,335
Estimated actual	**521,719**	283,021	**7,233,763**	6,608,052	**12,818,269**	11,633,471	**5,951,893**	5,431,923	**3,541,073**	3,328,826	**561,470**	460,820	**30,628,187**	27,746,113

All Special Appropriations are Administered

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 23: Appropriations

Table D - Acquittal of authority to draw cash from the Consolidated Revenue Fund special appropriations (refund provisions)

Administered		
Financial Management and Accountability Act 1997 - Section 28.	**2008 $'000**	2007 $'000
Purpose: permits the repayment of an amount received by the Commonwealth.		
Cash payments made during the year	**1,073,627**	-
Appropriations credited to Special Accounts	**-**	-
Refunds credited (net) (FMA Act s 30)	**-**	-
Total charged to appropriations	**1,073,627**	-
Budget Estimate (FMA Act section 28)	**1,073,627**	-

For the periods 2006-07 and 2007-08 the Department of Health and Ageing has not used section 39 of the Financial *Management and Accountability Act 1997.*

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 23: Appropriations

Table E - Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Particulars of legislation providing appropriation (including purpose)	Outcome 10		Outcome 11		Outcome 13		Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Health Care (Appropriation) Act 1998								
Purpose: to provide financial assistance in respect of health care services								
All transactions under this Act are recognised as administered items.								
Amount brought forward from previous period	32	740	347	106	102,690	101,525	103,069	102,371
Appropriations for reporting period	2,931	3,014	31,487	11,239	9,752,830	8,788,757	9,787,248	8,803,010
Appropriations to take account of recoverable (FMA s30)	-	-	3	-	1	-	4	-
Available for payment	**2,963**	**3,754**	**31,837**	**11,345**	**9,855,521**	**8,890,282**	**9,890,321**	**8,905,381**
Cash payments made during the year	2,331	3,722	28,412	10,998	9,754,401	8,787,592	9,785,144	8,802,312
Appropriations credited to Special Accounts	-	-	-	-	-	-	-	-
Appropriations lapsed	-	-	-	-	-	-	-	-
Amounts available carried to the next period and as represented by:	632	32	3,425	347	101,120	102,690	105,177	103,069
Cash								
Undrawn, unlapsed administered appropriations	632	32	3,425	347	101,120	102,690	105,177	103,069
Total	**632**	**32**	**3,425**	**347**	**101,120**	**102,690**	**105,177**	**103,069**

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 23: Appropriations

Table F - Non-utilised special appropriations

Legislative authority	Outcome
Administered	
Aged or Disabled Persons Care Act 1954	4
Aged Care (Consequential Provisions) Act 1997	4
Delivered Meals Subsidy Act 1970	4
Health and Other Services (Compensation) Act 1995	3
Medical Indemnity Act 2002	13
Nursing Homes Assistance Act 1974	4

All special appropriations in this table are unlimited and were unutilised during 2007-08 and 2006-07

Medicare Australia relationship

Medicare Australia operates a number of official bank accounts through which transactions or payments are processed on behalf of the Department. Under section 26 of the FMA Act an official must not make a payment of public money or debit an amount against an appropriation without a valid drawing right.

The Department has delegated Medicare Australia the authority to issue drawing rights to her agency officials allowing the Departments' Administered and Special Account appropriations to be drawn upon and payments made on our behalf.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 24: Special Accounts

Other Trust Monies (Trust)	**2008 $'000**	2007 $'000

Legal Authority: *Financial Management and Accountability Act 1997*; section 20
Appropriation: *Financial Management and Accountability Act 1997*; section 20
Purpose - for the receipt and expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

Balance carried from previous period	**440**	273
Other receipts	**1,090**	1,105
Total credits	**1,530**	1,378
Payments made	**(1,414)**	(938)
Total debits	**(1,414)**	(938)
Balance carried to next period and represented by:	**116**	440
Cash - transferred to the Official Public Account	**-**	440
Cash - held by the Department	**116**	-
Total balance carried to next period	**116**	440

Services for Other Governments and Non-Departmental Bodies (Special Public Money)	**2008 $'000**	2007 $'000

Legal Authority: *Financial Management and Accountability Act 1997*; section 20
Appropriation: *Financial Management and Accountability Act 1997*; section 20
Purpose - for expenditure in connection with services performed on behalf of other governments and bodies that are not Agencies under the FMA Act.

Balance carried from previous period	**16,029**	9,236
Appropriation for reporting period - Department of Health and Ageing	**25,141**	4,574
Appropriation for reporting period - Other Commonwealth Departments	**-**	161
Receipts from State Governments	**8,138**	9,755
Industry contributions	**1,225**	679
Other receipts	**-**	1,338
GST credits (FMA Act section 30A)	**1,271**	936
Total credits	**51,804**	26,680
Blood Cord program payments	**(4,166)**	(2,601)
Home and Community Care program payments	**(4,125)**	(1,212)
OATSIH program payments	**(1,099)**	(193)
Ministerial Council on Drug Strategy payments	**(523)**	(488)
Other program payments	**(7,605)**	(6,156)
Total debits	**(17,519)**	(10,650)
Balance carried to next period and represented by:	**34,285**	16,029
Cash - transferred to the Official Public Account	**-**	15,941
Cash - held by the Department	**34,108**	-
Add: receivables, net GST receivable from the ATO	**128**	(1)
Add: receivables, net GST receivable from contributors	**-**	103
Less: payables, net GST to program recipients	**49**	(13)
Less: payables, GST payable to the Official Public Account	**-**	-
Total balance carried to next period	**34,285**	16,029

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 24: Special Accounts

Australian Childhood Immunisation Register Account (Administered)	**2008 $'000**	2007 $'000

Legal Authority: *Financial Management and Accountability Act 1997;* section 20
Appropriation: *Financial Management and Accountability Act 1997;* section 20
Purpose - for expenditure relating to the operations of the Australian Childhood Immunisation Register, including payments to providers for the provision of information.

Balance carried from previous period	**1,863**	-
Appropriation for reporting period	**4,900**	4,430
Receipts from State Governments	**2,959**	2,290
Receipts on establishment of account	**-**	2,164
Total credits	**9,722**	8,885
Payments made	**(8,629)**	(7,022)
Total debits	**(8,629)**	(7,022)
Balance carried to next period and represented by:	**1,093**	1,863
Cash - transferred to the Official Public Account	**-**	1,863
Cash - held by the Department	**1,093**	-
Total balance carried to next period	**1,093**	1,863

Sports and Recreation Account (Administered) *	**2008 $'000**	2007 $'000

Legal Authority: *Financial Management and Accountability Act 1997;* section 20
Appropriation: *Financial Management and Accountability Act 1997*; section 20
Purpose - to undertake sport and recreation related projects of common interest to the Sport and Recreation Ministers' Council, its successor or subordinate bodies, and that benefit all or a majority of members

Balance carried from previous period	**-**	-
Transfer of balance subject to AAO changes	**652**	-
Appropriation for reporting period	**-**	-
Receipts from State Governments	**217**	-
Receipts on establishment of account	**-**	-
Total credits	**869**	-
Payments made	**(432)**	-
Total debits	**(432)**	-
Balance carried to next period and represented by:	**437**	-
Cash - transferred to the Official Public Account	**-**	-
Cash - held by the Department	**437**	-
Total balance carried to next period	**437**	-

* The Sports and Recreation Account was transferred from the Department of Broadband, Communications and the Digital Economy to the Department of Health and Ageing during 2007-08.

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 24: Special Accounts

Medical Research Endowment Account (Administered)	**2008 $'000**	2007 $'000
Legal Authority: *National Health and Medical Research Council Act 1992*		
Appropriation: *Financial Management and Accountability Act 1997*; section 21		
Purpose - to provide assistance (subject to the Act):		
- to Departments of the Commonwealth, or of a State, engaged in medical research;		
- to universities for the purpose of medical research;		
- to institutions and persons engaged in medical research; and		
- in the training of persons in medical research.		
Balance carried from previous period	-	255,700
Appropriation for reporting period	-	-
Other receipts	-	-
GST credits (FMA Act section 30A)	-	-
Total credits	-	255,700
Payments made	-	-
Transfer to NHMRC	-	(255,700)
Total debits	-	(255,700)
Balance carried to next period and represented by:	-	-
Cash - transferred to the Official Public Account	-	-
Cash - held by the Department	-	-
Total balance carried to next period	-	-

The MREA special account was transferred to NHMRC when NHMRC became an FMA agency on 1 July 2006.

Human Pituitary Hormones Account (Administered)	**2008 $'000**	2007 $'000
Legal Authority: *Financial Management and Accountability Act 1997;* section 20		
Appropriation: *Financial Management and Accountability Act 1997*; section 20		
Purpose - for expenditure through grants and other payments for		
- counselling and support services to recipients of pituitary-derived hormones and their families; and		
- medical and other care to people treated with pituitary-derived hormones should they contract Creutzfeldt-Jakob disease as a result of the treatment; and		
- one-off payments for recipients of pituitary-serviced hormones who can demonstrate that they have suffered a psychiatric illness prior to 1 January 1998 due to their having been informed that they are at a greater risk of contracting Creutzfeldt-Jakob disease; and		
- one-off payments for the children of recipients of pituitary-derived hormones who can demonstrate that they have suffered a psychiatric illness as a consequence of the death of their parent from Creutzfeldt-Jakob disease.		
Balance carried from previous period	**3,858**	3,935
Appropriation for reporting period	**-**	-
Other receipts	**-**	-
GST credits (FMA Act section 30A)	**-**	-
Total credits	**3,858**	3,935
Payments made	**(88)**	(77)
Total debits	**(88)**	(77)
Balance carried to next period and represented by:	**3,770**	3,858
Cash - transferred to the Official Public Account	**-**	3,858
Cash - held by the Department	**3,770**	-
Total balance carried to next period	**3,770**	3,858

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 24: Special Accounts

Safety and Quality in Health Care (Administered)	**2008 $'000**	2007 $'000
Legal Authority: *Financial Management and Accountability Act 1997;* section 20		
Appropriation: *Financial Management and Accountability Act 1997;* section 20		
Purpose - to receive payments from the States, Territories and the Commonwealth and to pay out monies for expenditure *relating to the administration of the Australian Council for Safety and Quality in Health Care and national* programs to improve quality and safety in health care.		
Balance carried from previous period	**17,871**	-
Appropriation for reporting period	**5,000**	4,500
Receipts from State Governments	**5,000**	4,500
GST credits (FMA Act section 30A)	**509**	356
Receipts on establishment of account	**-**	17,298
Total credits	**28,380**	26,654
Program payments made	**(3,108)**	(6,020)
Administration costs	**(6,211)**	(2,763)
Total debits	**(9,319)**	(8,783)
Balance carried to next period and represented by:	**19,061**	17,871
Cash - transferred to the Official Public Account	**18,319**	17,457
Cash - held by the Department	**407**	441
Add: receivables, net GST receivable from the ATO	**230**	-
Less: net GST to program recipients	**105**	(28)
Total balance carried to next period	**19,061**	17,871

Therapeutic Goods Administration Account (Departmental)	**2008 $'000**	2007 $'000
Legal Authority: *Therapeutic Goods Act 1989*		
Appropriation: *Financial Management and Accountability Act 1997;* section 21		
Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the Therapeutic Goods Administration.		
Balance carried from previous period	**26,854**	15,448
Appropriation for reporting period	**2,439**	3,451
Other receipts	**92,217**	86,192
GST credits (FMA Act section 30A)	**2,773**	3,106
Total credits	**124,283**	108,197
Payments made	**(88,795)**	(81,343)
Total debits	**(88,795)**	(81,343)
Balance carried to next period and represented by:	**35,488**	26,854
Cash - transferred to the Official Public Account	**-**	-
Cash - held by the Department	**3,139**	5,331
Add: receivables - appropriations for outputs	**31,800**	21,300
Add: receivables - net GST receivable from ATO	**504**	67
Add: receivables - Goods and services, GST receivable from customers	**551**	680
Less: Payables - suppliers, GST portion	**(506)**	(524)
Total balance carried to next period	**35,488**	26,854

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 24: Special Accounts

Office of the Gene Technology Regulator (Departmental)	**2008 $'000**	2007 $'000
Legal Authority: *Gene Technology Act 2000*		
Appropriation: *Financial Management and Accountability Act 1997*; section 21		
Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the Gene Technology Regulator.		
Balance carried from previous period	**5,128**	5,103
Appropriation for reporting period	**7,961**	7,920
Other receipts	**1,313**	-
GST credits (FMA Act section 30A)	**(250)**	317
Total credits	**14,152**	13,340
Payments made	**(7,894)**	(8,212)
Total debits	**(7,894)**	(8,212)
Balance carried to next period and represented by:	**6,258**	5,128
Cash - transferred to the Official Public Account	**1,000**	-
Cash - held by the Department	**140**	904
Add: receivables - appropriations for outputs	**5,200**	4,200
Add: receivables - net GST receivable from ATO	**26**	28
Add: receivables - Goods and services, GST receivable from customers	**-**	3
Less: Payables - suppliers, GST portion	**(108)**	(7)
Total balance carried to next period	**6,258**	5,128

National Industrial Chemicals Notification and Assessment Scheme Account (Departmental)	**2008 $'000**	2007 $'000
Legal Authority: *Industrial Chemicals (Notification and Assessment) Act 1989*		
Appropriation: *Financial Management and Accountability Act 1997*; section 21		
Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the National Industrial Chemicals Notification and Assessment Scheme		
Balance carried from previous period	**5,625**	5,193
Appropriation for reporting period	**521**	521
Other receipts	**9,496**	8,156
GST credits (FMA Act section 30A)	**(274)**	449
Total credits	**15,368**	14,319
Payments made	**(7,264)**	(8,694)
Total debits	**(7,264)**	(8,694)
Balance carried to next period and represented by:	**8,104**	5,625
Cash - transferred to the Official Public Account	**1,300**	-
Cash - held by the Department	**220**	324
Add: receivables - appropriations for outputs	**6,600**	5,300
Add: receivables - net GST receivable from ATO	**22**	35
Add: receivables - Goods and services, GST receivable from customers	**32**	18
Less: Payables - suppliers, GST portion	**(70)**	(51)
Total balance carried to next period	**8,104**	5,625

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 24: Special Accounts

Intergovernmental Nutrition Account (Administered)

The Department of Health and Ageing has an Intergovernmental Nutrition Account. This account was established under section 20 of the Financial Management and Accountability Act 1997 (FMA Act). For the year ending on 30 June 2008 the account had nil balances and there were no transactions debited or credited to it. The purpose of the Intergovernmental Account is for expenditure relating to the operations of the Secretariat to the Strategic Intergovernmental Nutrition Alliance.

Alcohol Education and Rehabilitation Account (Administered)

The Department of Health and Ageing has an Alcohol Education and Rehabilitation Account. This account was established by the Alcohol Education and Rehabilitation Account Act 2001. For the year ending on 30 June 2008 the account had nil balances and there were no transactions debited or credited to it.
The purpose of the Alcohol Education and Rehabilitation Account is to make payments in accordance with section 3 of the Act, specifically:

- to prevent alcohol and other illicit substance abuse, including petrol sniffing, particularly among vulnerable population groups such as indigenous Australians and youth
- to support evidence-based alcohol and other licit substance abuse treatment, rehabilitation, research and prevention programs;
- to promote community education encouraging responsible consumption of alcohol and highlighting the dangers of licit substance abuse;
- to promote public awareness of the work of the Foundation or body and raise funds from the private sector for the ongoing work of the Foundation or body
- to provide funding grants to organisations with appropriate community linkages to deliver the services referred to in the above paragraphs.

Northern Territory Flexible Funding Pool Special Account	**2008 $'000**	2007 $'000
Departmental:	**807**	-
Administered:	**3,369**	-

The Department of Families, Housing, Community Services and Indigenous Affairs made the following payments out of the Northern Territory Flexible Funding Pool Special Account, directly to third parties, on behalf of the Department of Health and Ageing:

These amounts have been recognised in the primary financial statements and the schedule of items administered on behalf of Government as appropriate

DEPARTMENT OF HEALTH AND AGEING
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Note 25: Assets held in trust

Comcare Trust Account	**2008 $'000**	2007 $'000

Legal Authority - *Safety Rehabilitation and Compensation Act 1998*

Purpose - monies held in trust and advanced to the Department of Health and Ageing by COMCARE for the purpose of distributing compensation payments in accordance with the *Safety Rehabilitation and Compensation Act 1998.*

Balance carried forward from previous year	**154**	265
Receipts during the year	**1,090**	1,105
Available for payments	**1,244**	1,370
Payments made	**1,098**	1,216
Balance carried forward to next year held by the entity	**146**	154

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 26: Compensation and debt relief

	2008 $	2007 $
Administered		
Sixteen 'Act of Grace' expenses were incurred during the reporting period (2007: eight expenses).	**504,417**	623,122
Four of the expenses amounting to $12,000 were a paid on a periodic basis (2007: four expenses amounting to $12,000). All four expenses are expected to continue in future years. The estimated amount outstanding in relation to payments being made on a periodic basis as at 30 June 2008 was $66,000 ($76,000 at 30 June 2007).		
One waiver of amounts owing to the Commonwealth was made pursuant to subsection 34 (1) of the Financial Management and Accountability Act 1997 (2007: No waivers).	**1,573,423**	-
One ex-gratia payments were provided for during the reporting period. (2007: No payments).	**75,596**	-
Departmental		
Six expenses were incurred during the reporting period under the Scheme for Compensation for Detriment caused by Defective Administration (2007: No expenses).	**55,118**	-
No waivers of amounts owing to the Commonwealth were made pursuant to Section 95-96 of the *Aged Care Act 1997* (2007: Seven waivers)	**-**	26,779
29 waivers of amounts owing to the Commonwealth were made pursuant to Section 110 of the Industrial Chemicals (Notification and Assesment) Act 1989 (2007: 0 waivers)	**5,905**	-
No waivers of amounts owing to the Commonwealth were made pursuant to Section 33(1) of the *Financial Management and Accountability Act 1997* (2007: No waivers)	**-**	-
No payments were made under s73 of the *Public Service Act 1999* during the reporting period. (2007: No payments made)	**-**	-

DEPARTMENT OF HEALTH AND AGEING
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for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table A - Net cost of outcome delivery

The Department of Health and Ageing allocates shared items to outcomes and outputs in proportion to the employee costs directly assigned to outcomes and outputs in the 2007-08 financial year.

	Outcome 1		Outcome 2		Outcome 3		Outcome 4	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered expenses	995,248	676,637	7,615,353	6,937,957	13,052,026	11,737,511	7,418,221	6,834,293
Departmental expenses	156,464	154,468	57,354	53,932	30,282	25,968	193,537	152,715
Total expenses	**1,151,712**	831,105	**7,672,707**	6,991,889	**13,082,308**	11,763,479	**7,611,758**	6,987,008
Cost recovered from provision of goods and services to the non-government sector								
Administered	7,102	-	-	-	-	-	-	-
Departmental	98,194	91,089	333	438	563	448	1,528	1,019
Total costs recovered	**105,296**	91,089	**333**	438	**563**	448	**1,528**	1,019
Other external recoveries								
Administered	22,204	8,024	29,019	5,224	40,799	37,385	2,143	2,400
Departmental	4,731	4,011	626	644	362	772	2,358	2,026
Total other external revenues	**26,935**	12,035	**29,645**	5,868	**41,161**	38,157	**4,501**	4,426
Net cost/(contribution) of outcome	**1,019,481**	727,981	**7,642,729**	6,985,583	**13,040,583**	11,724,874	**7,605,729**	6,981,563

	Outcome 5		Outcome 6		Outcome 7		Outcome 8	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered expenses	862,955	758,072	142,761	109,793	286,227	249,635	471,963	371,498
Departmental expenses	44,813	41,313	12,041	9,715	10,625	8,561	68,105	53,970
Total expenses	**907,768**	799,385	**154,802**	119,508	**296,852**	258,196	**540,068**	425,468
Cost recovered from provision of goods and services to the non-government sector								
Administered	-	-	-	-	-	-	-	-
Departmental	279	354	65	97	54	65	329	429
Total costs recovered	**279**	354	**65**	97	**54**	65	**329**	429
Other external recoveries								
Administered	575	28	-	47	38	-	659	513
Departmental	625	639	183	148	141	125	1,003	819
Total other external revenues	**1,200**	667	**183**	195	**179**	125	**1,662**	1,332
Net cost/(contribution) of outcome	**906,289**	798,364	**154,554**	119,216	**296,618**	258,006	**538,077**	423,707

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for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table A - Net cost of outcome delivery

The Department of Health and Ageing allocates shared items to outcomes and outputs in proportion to the employee costs directly assigned to outcomes and outputs in the 2007-08 financial year.

	Outcome 9		Outcome 10		Outcome 11		Outcome 12	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered expenses	3,643,184	3,329,685	130,743	554,479	158,485	86,353	331,705	133,333
Departmental expenses	13,516	11,437	24,582	17,398	15,233	16,165	18,640	16,245
Total expenses	**3,656,700**	3,341,122	**155,325**	571,877	**173,718**	102,518	**350,345**	149,578
Cost recovered from provision of goods and services to the non-government sector								
Administered	-	-	-	-	-	-	-	-
Departmental	2,485	746	270	138	110	37	95	137
Total costs recovered	**2,485**	746	**270**	138	**110**	37	**95**	137
Other external recoveries								
Administered	241,514	215,476	474	-	-	16	-	-
Departmental	143	141	401	281	210	360	291	305
Total other external revenues	**241,657**	215,617	**875**	281	**210**	376	**291**	305
Net cost/(contribution) of outcome	**3,412,557**	3,124,759	**154,180**	571,458	**173,399**	102,105	**349,959**	149,136

	Outcome 13		Outcome 14		Outcome 15		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered expenses	9,997,284	8,893,950	67,662	44,364	109,098	-	**45,282,915**	40,717,560
Departmental expenses	26,415	24,446	30,355	23,531	2,394	-	**704,358**	609,864
Total expenses	**10,023,699**	8,918,396	**98,017**	67,895	**111,492**	-	**45,987,272**	41,327,424
Cost recovered from provision of goods and services to the non-government sector								
Administered	24,048	40,628	-	-	-	-	**31,150**	40,628
Departmental	786	570	3,793	177	444	-	**109,329**	95,743
Total costs recovered	**24,834**	41,198	**3,793**	177	**444**	-	**140,479**	136,371
Other external recoveries								
Administered	29,164	222	-	3,522	7	-	**366,596**	272,857
Departmental	385	359	751	328	(243)	-	**11,966**	10,959
Total other external revenues	**29,549**	581	**751**	3,850	**(236)**	-	**378,562**	283,816
Net cost/(contribution) of outcome	**9,969,316**	8,876,617	**93,474**	63,868	**111,284**	-	**45,468,231**	40,907,237

To enable meaningful comparisons to be made, the values disclosed as Outcome 15 in 2006-07 have been moved to Outcome 14 in 2007-08 to match the current year outcome disclosure

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Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 1	Output Group 1		Output Group 2		Outcome 1 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**16,792**	14,581	**81,543**	79,879	**98,335**	94,460
Suppliers	**7,487**	6,896	**44,498**	48,082	**51,985**	54,978
Depreciation and amortisation	**470**	402	**4,361**	4,415	**4,831**	4,817
Other	**161**	29	**1,152**	184	**1,313**	213
Total departmental expenses	**24,910**	21,908	**131,554**	132,560	**156,464**	154,468
Funded by:						
Revenue from government	**23,326**	20,769	**40,131**	46,176	**63,456**	66,945
Sale of goods and services	**1,184**	1,682	**101,396**	89,361	**102,580**	91,043
Other non-taxation revenues	**0**	-	**0**	3,882	**0**	3,882
Gains	**113**	36	**232**	139	**345**	175
Total departmental revenues	**24,623**	22,487	**141,759**	139,558	**166,381**	162,045

Outcome 2	Output Group 1		Output Group 2		Outcome 2 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**22,301**	20,937	**8,889**	8,142	**31,190**	29,079
Suppliers	**17,669**	17,296	**7,043**	6,751	**24,712**	24,047
Depreciation and amortisation	**823**	550	**329**	214	**1,151**	764
Other	**214**	30	**86**	12	**301**	42
Total departmental expenses	**41,007**	38,813	**16,347**	15,119	**57,354**	53,932
Funded by:						
Revenue from government	**39,701**	38,856	**15,826**	15,126	**55,527**	53,982
Sale of goods and services	**538**	720	**214**	289	**752**	1,009
Other non-taxation revenues	**0**	1	**0**	1	**0**	2
Gains	**148**	51	**59**	20	**207**	71
Total departmental revenues	**40,387**	39,628	**16,099**	15,436	**56,486**	55,064

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for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 3	Output Group 1		Output Group 2		Outcome 3 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**14,911**	13,142	**3,946**	4,150	**18,858**	17,292
Suppliers	**8,489**	6,230	**2,224**	1,944	**10,713**	8,174
Depreciation and amortisation	**421**	356	**113**	112	**534**	468
Other	**140**	26	**38**	8	**178**	34
Total departmental expenses	**23,961**	19,754	**6,321**	6,214	**30,283**	25,968
Funded by:						
Revenue from government	**22,806**	19,849	**6,026**	6,253	**28,832**	26,102
Sale of goods and services	**634**	903	**166**	277	**800**	1,180
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**99**	30	**26**	10	**125**	40
Total departmental revenues	**23,539**	20,782	**6,218**	6,540	**29,757**	27,322

Outcome 4	Output Group 1		Output Group 2		Outcome 4 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**20,680**	16,803	**91,828**	77,127	**112,508**	93,930
Suppliers	**13,676**	9,617	**60,661**	44,154	**74,337**	53,771
Depreciation and amortisation	**1,031**	872	**4,571**	4,008	**5,602**	4,880
Other	**201**	24	**890**	110	**1,091**	134
Total departmental expenses	**35,588**	27,316	**157,950**	125,399	**193,538**	152,715
Funded by:						
Revenue from government	**34,321**	27,371	**152,204**	125,947	**186,525**	153,318
Sale of goods and services	**578**	503	**2,559**	2,314	**3,136**	2,817
Other non-taxation revenues	**0**	-	**1**	-	**1**	-
Gains	**138**	41	**610**	187	**748**	228
Total departmental revenues	**35,037**	27,915	**155,374**	128,448	**190,410**	156,363

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 5	Output Group 1		Output Group 2		Outcome 5 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**7,952**	5,602	**24,762**	25,014	**32,714**	30,616
Suppliers	**2,623**	1,800	**8,234**	8,039	**10,857**	9,839
Depreciation and amortisation	**231**	149	**695**	665	**926**	814
Other	**79**	8	**237**	36	**317**	44
Total departmental expenses	**10,885**	7,559	**33,928**	33,754	**44,814**	41,313
Funded by:						
Revenue from government	**10,664**	7,594	**32,335**	33,917	**42,998**	41,511
Sale of goods and services	**170**	168	**515**	750	**685**	918
Other non-taxation revenues	**0**	-	**1**	-	**1**	-
Gains	**54**	14	**164**	61	**218**	75
Total departmental revenues	**10,888**	7,776	**33,015**	34,728	**43,902**	42,504

Outcome 6	Output Group 1		Output Group 2		Outcome 6 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**1,409**	797	**7,510**	6,515	**8,919**	7,312
Suppliers	**439**	239	**2,339**	1,954	**2,778**	2,193
Depreciation and amortisation	**41**	22	**218**	177	**259**	199
Other	**13**	1	**72**	10	**85**	11
Total departmental expenses	**1,902**	1,059	**10,139**	8,656	**12,041**	9,715
Funded by:						
Revenue from government	**1,824**	1,064	**9,720**	8,692	**11,543**	9,756
Sale of goods and services	**30**	25	**159**	202	**189**	227
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**9**	2	**50**	16	**59**	18
Total departmental revenues	**1,863**	1,091	**9,929**	8,910	**11,791**	10,001

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 7	Output Group 1		Output Group 2		Outcome 7 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**1,609**	1,486	**5,478**	4,631	**7,087**	6,117
Suppliers	**743**	552	**2,530**	1,725	**3,273**	2,277
Depreciation and amortisation	**45**	39	**152**	120	**197**	159
Other	**15**	2	**52**	6	**67**	8
Total departmental expenses	**2,412**	2,079	**8,212**	6,482	**10,624**	8,561
Funded by:						
Revenue from government	**2,323**	2,090	**7,910**	6,521	**10,233**	8,611
Sale of goods and services	**34**	42	**114**	132	**148**	174
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**11**	4	**36**	12	**47**	16
Total departmental revenues	**2,368**	2,136	**8,060**	6,665	**10,428**	8,801

Outcome 8	Output Group 1		Output Group 2		Outcome 8 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**17,211**	14,242	**30,744**	25,100	**47,954**	39,342
Suppliers	**6,596**	4,881	**11,751**	8,603	**18,347**	13,484
Depreciation and amortisation	**482**	395	**856**	696	**1,338**	1,091
Other	**167**	19	**298**	34	**466**	53
Total departmental expenses	**24,456**	19,537	**43,649**	34,433	**68,105**	53,970
Funded by:						
Revenue from government	**23,558**	19,640	**41,881**	34,614	**65,440**	54,254
Sale of goods and services	**365**	417	**648**	735	**1,013**	1,152
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**115**	35	**204**	61	**319**	96
Total departmental revenues	**24,038**	20,092	**42,733**	35,410	**66,772**	55,502

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 9	Output Group 1		Output Group 2		Outcome 9 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**6,307**	4,674	**1,422**	1,855	**7,729**	6,529
Suppliers	**4,457**	3,344	**1,005**	1,327	**5,462**	4,671
Depreciation and amortisation	**210**	164	**47**	65	**257**	229
Other	**55**	6	**12**	2	**67**	8
Total departmental expenses	**11,029**	8,188	**2,486**	3,249	**13,515**	11,437
Funded by:						
Revenue from government	**8,724**	7,733	**1,967**	3,073	**10,690**	10,806
Sale of goods and services	**2,105**	624	**475**	247	**2,580**	871
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**39**	11	**9**	5	**48**	16
Total departmental revenues	**10,868**	8,368	**2,451**	3,325	**13,318**	11,693

Outcome 10	Output Group 1		Output Group 2		Outcome 10 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**6,865**	3,544	**10,797**	9,530	**17,662**	13,074
Suppliers	**2,550**	1,065	**3,692**	2,861	**6,242**	3,926
Depreciation and amortisation	**200**	102	**310**	273	**510**	375
Other	**66**	6	**102**	17	**168**	23
Total departmental expenses	**9,681**	4,717	**14,901**	12,681	**24,582**	17,398
Funded by:						
Revenue from government	**9,158**	4,746	**14,264**	12,743	**23,422**	17,489
Sale of goods and services	**222**	105	**331**	282	**553**	387
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**46**	9	**71**	23	**118**	32
Total departmental revenues	**9,426**	4,860	**14,666**	13,048	**24,093**	17,908

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 11	Output Group 1		Output Group 2		Outcome 11 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**3,686**	4,855	**7,902**	7,251	**11,588**	12,106
Suppliers	**1,079**	1,495	**2,134**	2,233	**3,213**	3,728
Depreciation and amortisation	**115**	126	**207**	189	**322**	315
Other	**39**	6	**71**	10	**110**	16
Total departmental expenses	**4,919**	6,482	**10,314**	9,683	**15,233**	16,165
Funded by:						
Revenue from government	**5,224**	6,512	**9,368**	9,727	**14,592**	16,239
Sale of goods and services	**87**	147	**156**	220	**243**	367
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**28**	12	**49**	18	**77**	30
Total departmental revenues	**5,339**	6,671	**9,573**	9,965	**14,912**	16,636

Outcome 12	Output Group 1		Output Group 2		Outcome 12 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**6,834**	4,479	**7,191**	7,529	**14,025**	12,008
Suppliers	**1,966**	1,477	**2,005**	2,376	**3,971**	3,853
Depreciation and amortisation	**252**	137	**226**	230	**478**	367
Other	**88**	6	**78**	11	**166**	17
Total departmental expenses	**9,140**	6,099	**9,500**	10,146	**18,640**	16,245
Funded by:						
Revenue from government	**9,254**	6,069	**8,611**	10,201	**17,865**	16,270
Sale of goods and services	**152**	154	**141**	259	**293**	413
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**48**	11	**45**	18	**93**	29
Total departmental revenues	**9,454**	6,234	**8,797**	10,478	**18,251**	16,712

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 13	Output Group 1		Output Group 2		Outcome 13 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**12,778**	11,616	**6,293**	5,874	**19,070**	17,490
Suppliers	**4,421**	4,301	**2,177**	2,174	**6,597**	6,475
Depreciation and amortisation	**375**	304	**185**	154	**560**	458
Other	**125**	15	**62**	8	**187**	23
Total departmental expenses	**17,699**	16,236	**8,717**	8,210	**26,414**	24,446
Funded by:						
Revenue from government	**16,548**	16,077	**8,150**	8,118	**24,699**	24,195
Sale of goods and services	**697**	590	**343**	298	**1,040**	888
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**88**	28	**43**	14	**131**	42
Total departmental revenues	**17,333**	16,695	**8,536**	8,430	**25,870**	25,125

Outcome 14	Output Group 1		Output Group 2		Outcome 14 Total	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Departmental Expenses						
Employees	**5,872**	7,732	**15,854**	8,898	**21,726**	16,630
Suppliers	**2,115**	2,991	**5,652**	3,443	**7,767**	6,434
Depreciation and amortisation	**174**	206	**482**	237	**656**	443
Other	**55**	11	**151**	13	**206**	24
Total departmental expenses	**8,216**	10,940	**22,139**	12,591	**30,355**	23,531
Funded by:						
Revenue from government	**6,781**	11,005	**18,428**	12,670	**25,210**	23,675
Sale of goods and services	**946**	215	**3,453**	248	**4,399**	463
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**39**	19	**106**	22	**145**	41
Total departmental revenues	**7,766**	11,239	**21,987**	12,940	**29,754**	24,179

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table B - Major classes of departmental revenues and expenses by output group

Outcome 15	Output Group 1		Output Group 2		Outcome 15 Total	
	2008	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Departmental Expenses						
Employees	**354**	-	**1,061**	-	**1,415**	-
Suppliers	**232**	-	**696**	-	**928**	-
Depreciation and amortisation	**10**	-	**29**	-	**39**	-
Other	**3**	-	**10**	-	**13**	-
Total departmental expenses	**599**	-	**1,796**	-	**2,395**	-
Funded by:						
Revenues from government	**538**	-	**1,614**	-	**2,152**	-
Sale of goods and services	**49**	-	**145**	-	**194**	-
Other non-taxation revenues	**0**	-	**0**	-	**0**	-
Gains	**2**	-	**7**	-	**9**	-
Total departmental income	**589**	-	**1,766**	-	**2,355**	-

The Output structure was redefined in 2007-08 removing Output 3 and combining it with Output 2. The 2006-07 comparatives have been amended to reflect the change.

To enable meaningful comparisons to be made, the values disclosed as Outcome 15 in 2006-07 have been moved to Outcome 14 in 2007-08 to match the current year outcome disclosure.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table C - Major classes of administered revenues and expenses by outcomes

	Outcome 1		Outcome 2		Outcome 3		Outcome 4	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Administered revenues								
Taxation revenue	**-**	-	**-**	-	**-**	-	**-**	-
Goods & Services	**7,102**	-	**-**	-	**-**	27,945	**-**	1,595
Other	**22,204**	8,024	**29,019**	5,224	**40,799**	9,440	**2,143**	805
Total administered revenues	**29,306**	8,024	**29,019**	5,224	**40,799**	37,385	**2,143**	2,400
Administered expenses								
Personal Benefits	**(1)**	-	**6,616,780**	6,092,658	**13,009,931**	11,722,814	**199**	18
Employees	**-**		**-**		**-**		**-**	
Grants	**900,975**	618,896	**996,457**	845,263	**39,605**	13,968	**1,496,019**	1,381,300
Subsidies	**-**	-	**-**	-	**-**	-	**5,865,566**	5,409,986
Suppliers	**94,282**	57,741	**2,116**	36	**1,932**	729	**56,144**	42,874
Other	**(8)**	-	**-**	-	**558**	-	**293**	115
Total administered expenses	**995,248**	676,637	**7,615,353**	6,937,957	**13,052,026**	11,737,511	**7,418,221**	6,834,293

	Outcome 5		Outcome 6		Outcome 7		Outcome 8	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Administered revenues								
Taxation revenue	**-**	-	**-**	-	**-**	-	**-**	-
Goods & Services	**-**	-	**-**	-	**-**	-	**-**	-
Other	**575**	28	**-**	47	**38**	-	**659**	513
Total administered revenues	**575**	28	**-**	47	**38**	**-**	**659**	513
Administered expenses								
Personal Benefits	**324,027**	318,156	**-**	-	**285,755**	249,635	**-**	-
Employees	**-**		**-**		**-**		**-**	
Grants	**532,701**	437,126	**142,330**	108,722	**152**	-	**437,089**	352,532
Subsidies	**1,088**	-	**-**	-	**-**	-	**-**	-
Suppliers	**5,139**	2,790	**428**	1,071	**304**	-	**34,952**	18,351
Other	**-**	-	**3**	-	**16**	-	**(78)**	615
Total administered expenses	**862,955**	758,072	**142,761**	109,793	**286,227**	249,635	**471,963**	371,498

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 27: Reporting of outcomes

Table C - Major classes of administered revenues and expenses by outcomes

	Outcome 9		Outcome 10		Outcome 11		Outcome 12	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered revenues								
Taxation revenue	**-**	-	**-**	-	**-**	-	**-**	-
Goods & Services	**-**	-	**-**	-	**-**	-	**-**	-
Other	**241,514**	215,476	**474**	-	**-**	16	**-**	-
Total administered revenues	**241,514**	215,476	**474**	**-**	**-**	16	**-**	**-**
Administered expenses								
Personal Benefits	**3,632,452**	3,321,785	**1**	1	**-**	-	**38**	-
Employees	**-**		**-**		**-**		**-**	
Grants	**182**	-	**124,650**	542,170	**150,230**	80,646	**315,292**	118,383
Subsidies	**-**	-	**51**	-	**28**	-	**-**	-
Suppliers	**10,550**	7,900	**6,036**	12,308	**8,227**	5,707	**16,373**	14,950
Other	**-**	-	**5**	-	**-**	-	**2**	-
Total administered expenses	**3,643,184**	3,329,685	**130,743**	554,479	**158,485**	86,353	**331,705**	133,333

	Outcome 13		Outcome 14		Outcome 15		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Administered revenues								
Taxation revenue	**24,048**	40,628	**-**	-	**-**	-	**24,048**	40,628
Goods & Services	**-**	1	**-**	-	**-**	-	**7,102**	29,541
Other	**29,164**	222	**-**	3,521	**7**	-	**366,596**	243,316
Total administered revenues	**53,212**	40,851	**-**	3,521	**7**	**-**	**397,746**	313,485
Administered expenses								
Personal Benefits	**3,098**	3,747	**-**	-	**-**	-	**23,872,280**	21,708,814
Employees	**22,203**		**-**		**-**		**22,203**	-
Grants	**9,946,914**	8,835,012	**31,417**	28,927	**109,098**	-	**15,223,111**	13,362,945
Subsidies	**7,139**	52,267	**-**	-	**-**	-	**5,873,872**	5,462,253
Suppliers	**16,319**	2,924	**22,566**	11,960	**-**	-	**275,368**	179,341
Other	**1,611**	-	**13,679**	3,477	**-**	-	**16,081**	4,207
Total administered expenses	**9,997,284**	8,893,950	**67,662**	44,364	**109,098**	**-**	**45,282,915**	40,717,560

To enable meaningful comparisons to be made, the values disclosed as Outcome 15 in 2006-07 have been moved to Outcome 14 in 2007-08 to match the current year outcome disclosure

5.2 Therapeutic Goods Administration

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Ageing

Scope

I have audited the accompanying financial statements of the Therapeutic Goods Administration Special Account for the year ended 30 June 2008, which comprise: a Statement by the Departmental Secretary, National Manager and Chief Financial Officer; Income Statement; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedules of Commitments and Contingencies; and Notes to and Forming Part of the financial Statements, including the Summary of Significant Accounting Policies.

The Responsibility of the Secretary for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and the Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Therapeutic Goods Administration's preparation and fair presentation of the financial statements 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 Therapeutic Goods Administration's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary and National Manager, as well as evaluating the overall presentation of the financial statements.

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

Independence

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

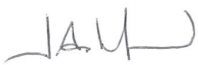
Auditor's Opinion

In my opinion, the financial statements of the Therapeutic Goods Administration Special Account:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* and the Australian Accounting Standards (including the Australian Accounting Interpretations); and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Therapeutic Goods Administration Special Account's financial position as at 30 June 2008 and its financial performance and its cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director
Delegate of the Auditor-General
Canberra

18 August 2008

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
STATEMENT BY THE DEPARTMENTAL SECRETARY, NATIONAL MANAGER AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2008 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Jane Halton
Secretary
Department of Health
And Ageing

18 August 2008

Rohan Hammett
National Manager
Therapeutic Goods
Administration

18 August 2008

Craig Jordan
Chief Financial Officer
Therapeutic Goods
Administration

18 August 2008

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
INCOME STATEMENT
for the period ended 30 June 2008

	Notes	2008 $'000	2007 $'000
INCOME			
Revenue			
Revenues from Government	3A	**2,439**	3,451
Sale of goods and rendering of services	3B	**91,017**	78,590
Other revenues	3C	**1,837**	3,808
Total revenue		**95,293**	85,849
Gains			
Other gains	3D	**91**	80
Total gains		**91**	80
Total Income		**95,384**	85,929
EXPENSES			
Employee benefits	4A	**50,209**	45,666
Suppliers	4B	**30,082**	31,396
Depreciation and amortisation	4C	**3,233**	3,316
Write-down and impairment of assets	4D	**951**	128
Total Expenses		**84,475**	80,506
Surplus		**10,909**	5,423

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
BALANCE SHEET
for the period ended 30 June 2008

	Notes	2008 $'000	2007 $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	**3,139**	5,331
Trade and other receivables	5B	**38,279**	28,712
Total financial assets		**41,418**	34,043
Non-Financial Assets			
Buildings - leasehold improvements	6A,C	**3,064**	1,662
Infrastructure, plant and equipment	6B,C	**3,436**	3,964
Intangibles	6D,E	**5,740**	5,888
Inventories	6F	**71**	77
Other non-financial assets	6G	**1,474**	1,038
Total non-financial assets		**13,785**	12,629
Total Assets		**55,203**	46,672
LIABILITIES			
Payables			
Suppliers	7A	**5,561**	5,765
Other payables	7B	**7,655**	11,280
Total payables		**13,216**	17,045
Provisions			
Employee provisions	8A	**16,304**	15,513
Total provisions		**16,304**	15,513
Total Liabilities		**29,520**	32,558
NET ASSETS		**25,683**	14,114
EQUITY			
Contributed equity		**-**	-
Reserves		**2,755**	2,095
Retained surpluses		**22,928**	12,019
Total Equity		**25,683**	14,114
Current Assets		**42,963**	35,158
Non-Current Assets		**12,240**	11,514
Current Liabilities		**20,845**	23,964
Non-Current Liabilities		**8,675**	8,594

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2008

	Retained Earnings		Asset Revaluation Reserve		Contributed Equity / Capital		Total Equity	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Opening balance								
Balance carried forward from previous period	**12,019**	6,457	**2,095**	2,095	**-**	**-**	**14,114**	8,552
Adjustment for errors (disclosed in Note 1.24)		139	**-**	**-**	**-**	**-**	-	139
Adjustment for changes in accounting policies		-	**-**	**-**	**-**	**-**	-	-
Adjusted opening balance	**12,019**	6,596	**2,095**	2,095	**-**	**-**	**14,114**	8,691
Income and expense								
Non-financial asset revaluation adjustment	**-**	**-**	**660**	**-**	**-**	**-**	**660**	-
Sub-total income and expenses recognised directly in Equity	**-**	**-**	**660**	**-**	**-**	**-**	**660**	-
Surplus for the period	**10,909**	5,423	**-**	**-**	**-**	**-**	**10,909**	5,423
Total income and expenses	**10,909**	5,423	**-**	**-**	**-**	**-**	**10,909**	5,423
Transactions with owners								
Distributions to owners								
Returns on Capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions by owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appropriation (equity injection)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers between equity components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing balance as at 30 June 2008	**22,928**	12,019	**2,755**	2,095	**-**	**-**	**25,683**	14,114

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
CASH FLOW STATEMENT
for the period ended 30 June 2008

	Notes	2008 $'000	2007 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**90,121**	82,199
Appropriations		**2,439**	3,451
Cash transferred from the OPA		**7,500**	8,100
Net GST received		**2,773**	3,106
Other cash received		**2,096**	3,914
Total cash received		**104,929**	100,770
Cash used			
Employees		**49,448**	44,227
Suppliers		**35,542**	33,805
Cash transferred to the OPA		**18,000**	17,000
Total cash used		**102,990**	95,032
Net cash from (used by) operating activities	9	**1,939**	5,738
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**-**	-
Total cash received		**-**	-
Cash used			
Purchase of property, plant and equipment		**1,921**	733
Purchase of intangibles		**2,210**	1,659
Total cash used		**4,131**	2,392
Net cash from (used by) investing activities		**(4,131)**	(2,392)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		**-**	-
Total cash received		**-**	-
Cash used			
Repayment of borrowings		**-**	-
Total cash used		**-**	-
Net cash from (used by) financing activities		**-**	**-**
Net (decrease) increase in cash held		**(2,192)**	3,346
Cash at the beginning of the reporting period		**5,331**	1,985
Cash at the end of the reporting period	5A	**3,139**	5,331

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
SCHEDULE OF COMMITMENTS
for the period ended 30 June 2008

	2008 $'000	2007 $'000
BY TYPE		
Commitments Receivable	**(7,978)**	(9,396)
Capital Commitments		
Infrastructure, plant and equipment	**97**	234
Intangibles	**738**	399
Total capital commitments	**835**	633
Other Commitments		
Operating leases [1]	**80,417**	93,361
Other	**6,509**	9,367
Total other commitments	**86,926**	102,728
Net commitments by type	**79,783**	93,965
BY MATURITY		
Commitments Receivable	**(7,978)**	(9,396)
Commitments payable		
Capital Commitments		
One year or less	**835**	633
From one to five years	**-**	-
Over five years	**-**	-
Total capital commitments	**835**	633
Operating Lease Commitments		
One year or less	**12,095**	12,390
From one to five years	**33,548**	37,417
Over five years	**34,774**	43,554
Total operating lease commitments	**80,417**	93,361
Other Commitments		
One year or less	**5,119**	8,710
From one to five years	**1,390**	657
Over five years	**-**	-
Total other commitments	**6,509**	9,367
Net Commitments by Maturity	**79,783**	93,965

NB: Commitments are GST inclusive where relevant.

[1] Operating Leases included are effectively non-cancellable and comprise:

(a) ***Leases for office accommodation***
Lease payments for the Symonston lease are subject to annual adjustments for Consumer Price Index review or 3.5% (whichever is higher) with a Market Rent Review every third year. The initial periods of the office accommodation leases are still current and may be renewed after 15 years at the TGA's option.

Other office leases (smaller offices located in NRMA House, Melbourne, Sydney and Adelaide) are subject to annual rent adjustments of between 3.5% and 5%, and can be renewed for periods of between 6 months and 2 years, at the TGA's option.

(b) ***Computer equipment leaseback***
The Department of Health and Ageing on behalf of TGA has entered into a contractual arrangement to lease computer equipment from 1 July 2004 to 30 June 2009. As part of this contract IT infrastructure was refreshed based on a lease period of three years for desktop equipment and five years for mainframe and midrange equipment.

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
SCHEDULE OF CONTINGENCIES
for the period ended 30 June 2008

Contingent Assets	Claims for damages or costs		TOTAL	
	2008	2007	**2008**	2007
Balance from previous period	**-**	**-**	**-**	**-**
New	**-**	**-**	**-**	**-**
Re-measurement	**-**	**-**	**-**	**-**
Assets crystallised	**-**	**-**	**-**	**-**
Expired	**-**	**-**	**-**	**-**
Total Contingent Assets	-	-	**-**	-
Contingent Liabilities	**Claims for damages or costs**		**TOTAL**	
Balance from previous period	**-**	**-**	**-**	-
New	**-**		**-**	-
Re-measurement	**-**	**-**	**-**	**-**
Liabilities crystallised	**-**	**-**	**-**	**-**
Obligations expired	**-**		**-**	**-**
Total Contingent Liabilities	-	-	**-**	-
Net Contingencies	**-**	-	**-**	-

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 10: Contingent Liabilities and Assets.

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Therapeutic Goods Administration

The Therapeutic Goods Administration (TGA) contributes to Outcome 1 of the Department of Health and Ageing – the promotion and protection of the health of all Australians and minimising the incidence of preventable mortality, illness, injury and disability.

Therapeutic goods are regulated to ensure that medicinal products and medical devices in Australia meet standards of safety, quality and efficacy at least equal to that of comparable countries. These products and devices should be made available in a timely manner and the regulatory impact on business kept to a minimum. This is achieved through a risk management approach to pre-market evaluation and approval of therapeutic products intended for supply in Australia, licensing of manufacturers and post market surveillance.

1.2 Basis of Preparation of the Financial Statements

The Financial Statements and notes are required by section 49 of the *Financial Management and Accountability Act 1997* and are a General Purpose Financial Report.

The Financial Statements and notes have been prepared in accordance with:
- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2007; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

The Financial Report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the TGA or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrealised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable, which are reported at Note 10).

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

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 1: Summary of Significant Accounting Policies (cont'd)

1.3 Significant Accounting Judgements and Estimates

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

1.4 Statement of Compliance

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. The following new standards are applicable to the current reporting period:

Financial instrument disclosure

AASB 7 Financial Instruments: Disclosures is effective for reporting periods beginning on or after 1 January 2007 (the 2007-08 financial year) and amends the disclosure requirements for financial instruments. In general, AASB 7 requires greater disclosure than that previously required.

Associated with the introduction of AASB 7 a number of accounting standards were amended to reference the new standard or remove the present disclosure requirements through 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 13, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]. These changes have no financial impact but will affect the disclosure presented in future financial reports.

The following new standards, amendments to standards or interpretations for the current financial year have no material financial impact on TGA.

- 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments and Erratum: Proportionate Consolidation
- 2007-7 Amendments to Australian Accounting Standards
- UIG Interpretation 11 AASB 2 Group and Treasury Share Transactions and 2007-1
- Amendments ***to Australian Accounting Standards arising from AASB Interpretation 11***

Future Australian Accounting Standard requirements

The following new standards, amendments to standards or interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

- AASB Interpretation 12 Service Concession Arrangements and 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12
- AASB 8 Operating Segments and 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
- AASB Interpretation 13 Customer Loyalty Programmes
- AASB Interpretation 14 AASB 119 The Limit on a Defined Benefit Asset, Minimum Funding
- Requirements and their Interaction
- AASB 1052 Disaggregated Disclosures
- AASB 1004 Contributions
- AASB 101 *Presentation of Financial Statements*

Note 1: Summary of Significant Accounting Policies (cont'd)

Other

The following standards and interpretations have been issued but are not applicable to the operations of Therapeutic Goods Administration.

AASB 1049 Financial Reporting of General Government Sectors by Governments

AASB 1049 specifies the reporting requirements for the General Government Sector, and therefore, has no effect on TGA's financial statements.

1.5 Revenue

Revenue from Government

The revenues described in this note are revenues relating to the core operating business of the Therapeutic Goods Administration.

Appropriations were made to the TGA to provide interest supplementation for surplus amounts standing to the credit of the Official Public Account following changes to whole-of-government agency banking arrangements in 2003.

Revenues from fees and charges

The TGA recovers the cost of all activities undertaken within the scope of the *Therapeutic Goods Act (1989)* from industry through fees and charges.

Annual charges for entries on the Australian Register of Therapeutic Goods and manufacturing licence charges are recognised as revenue in the financial year to which the charges relate and are non-refundable, except where exemption is given on the basis of low value/low turnover.

Application fees and minor evaluation fees (less than $10,000) are recognised as revenue on receipt.

Major evaluation and conformity assessment fees are recognised progressively as services are performed.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 1: Summary of Significant Accounting Policies (cont'd)

Other Types of Revenue

Revenue from the sale of goods is recognised when:
- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the TGA.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:
- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the TGA.

The stage of completion of contracts at the reporting date is determined by reference to the proportion of costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 28 day terms, are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is no longer probable.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recorded as either revenue or gains depending on their nature, i.e. whether they have been generated in the course of the ordinary activities of the TGA.

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 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 value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues 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 Agency's accounts immediately prior to the restructuring.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.8 Infrastructure, Plant and Equipment

Asset recognition threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $2,000. Leasehold improvements to properties with values of $10,000 or greater are capitalised. Internally developed software and purchased software with values of $100,000 or greater are capitalised. Any purchases under these thresholds are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

Revaluations

All infrastructure, plant and equipment held by the TGA were valued under the 'fair value' valuation methodology as at 31 March 2008. All valuations were conducted by Aon Valuation Services.

The fair value on each individual asset was determined by using the market value approach where reliable market values could be ascertained, or the depreciated replacement cost methodology.

Under fair value, assets which would not be replaced, or are surplus to requirements, are measured at their net realisable value.

Following initial recognition at cost, infrastructure plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through operating results. Revaluation decrements for a class of assets are recognised directly through the operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.8 Infrastructure, Plant and Equipment (cont'd)

Depreciation

Depreciable infrastructure plant and equipment are written-off to their estimated residual values over their estimated useful lives to the TGA using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on the straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives:

	2008	2007
Leasehold improvements	**Lease term**	Lease term
Infrastructure, Plant and Equipment	**3 to 20 years**	5 to 20 years

There is no change in the TGA's accounting policy on depreciation rates.

Impairment

All assets were assessed for impairment at 30 June 2008. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the TGA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.9 Intangibles

The Therapeutic Goods Administration's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight line basis over its anticipated useful life. The useful lives of the TGA's software are 3 to 10 years (2006-07: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2008.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.10 Inventories

Inventories held for distribution are measured at the lower of cost and current replacement cost, unless they are no longer required in which case they are valued at the Net Realisable Value.

1.11 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance date 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.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provisions 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 TGA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the TGA'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 long service leave has been determined by reference to the work carried out during March 2008 by the Australian Government Actuary as at 30 September 2007. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments in circumstances where the TGA has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined and has informed those employee affected that it will carry out the terminations. No such provision was required at 30 June 2008.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2008

Note 1: Summary of Significant Accounting Policies (cont'd)

1.11 Employee Benefits (cont'd)

Superannuation

Staff of the TGA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation Scheme Accumulation Plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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 and Deregulation as an administered item.

The TGA makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the government of the superannuation entitlements of the TGA's employees. The TGA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2008 represents outstanding contributions for the period since the last pay period of the year.

1.12 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which 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 then remote.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.13 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. TGA have no finance leases. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

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

1.14 Prepayments received

The provision of service is recognised as revenue when the services have been provided. However, for some services, payment is required in advance. Where the moneys for these services, if material, have been received or the service has been invoiced at year-end, but the service has not been provided, the relevant amount has been disclosed as prepayments received.

1.15 Cash

Cash and cash equivalents includes notes and coins held and any deposits held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.16 Financial Risk Management

The TGA's activities expose it to normal commercial financial risk. As a result of the nature of the TGA's business and Australian Government policies, dealing with the management of financial risk, the TGA's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.17 Financial assets

Therapeutic Goods Administration classifies its financial assets in the following categories:
- financial assets 'at fair value through profit or loss';
- 'held-to-maturity investments';
- 'available-for-sale' financial assets; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

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

Income is recognised on an effective interest rate basis except for financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:
- have been acquired principally for the purpose of selling in the near future;
- are a part of an identified portfolio of financial instruments that the agency manages together and has a recent actual pattern of short-term profit-taking; or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Note 1: Summary of Significant Accounting Policies (cont'd)

1.17 Financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the asset within 12 months of the balance sheet date.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses.
Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in profit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, cost is used. TGA has no such instruments.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the TGA has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. TGA has no such instruments.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

• *Financial assets held at amortised cost* - If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the income statement.

• *Available-for-sale financial assets* - If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the income statement.

• *Available-for-sale financial assets* (*held at cost)* - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 1: Summary of Significant Accounting Policies (cont'd)

1.18 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value.
Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Supplier and other payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Note 1: Summary of Significant Accounting Policies (cont'd)

1.19 Rounding

Amounts have been rounded to the nearest thousand except in relation to remuneration of executives and auditors.

1.20 Taxation / Competitive Neutrality

The TGA is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

- Revenues, expenses, assets and liabilities are recognised net of GST:
- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.21 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements, where required.

1.22 Bad and Doubtful Debts

Bad debts are written off during the year in which they are identified. An allowance is raised for doubtful debts based on a review of all outstanding receivables at year-end.

1.23 Insurance

The TGA has insured for risks through the Comcover scheme, administered by the Department of Finance and Deregulation. Workers' compensation is insured through Comcare Australia.

1.24 Correction of Prior Period Errors

There has been a misstatement of net GST receivables in prior periods of $138,949. It is impractical to determine the period-specific effects of the error. The error has been corrected retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* by restating the comparative amounts for the prior period. Specifically, the opening balance as at 1 July 2007 was adjusted to increase net GST receivables and retained surpluses by $138,949.

Note 2: Events after the Balance Sheet Date

No reportable events occurred after the balance sheet date.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 3: Income

		2008 $'000	2007 $'000
Note 3A	**Revenues from Government**		
	Appropriations for outputs	**2,439**	3,451
	Total revenues from government	**2,439**	3,451
Note 3B	**Sale of goods and rendering of services**		
	Provision of goods - related entities	**-**	-
	Provision of goods - external entities	**-**	-
	Rendering of services - related entities	**50**	-
	Rendering of services - external entities	**90,967**	78,590
	Total sale of goods and rendering of services	**91,017**	78,590
Note 3C	**Other Revenue**		
	Training and Consultancy	**105**	236
	Commercial activities	**890**	129
	Other	**842**	3,443
	Total other revenue	**1,837**	3,808
Note 3D	**Other Gains**		
	Resources received free of charge	**91**	80
	Total other gains	**91**	80

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 4: Operating Expenses

		2008 $'000	2007 $'000
Note 4A	**Employee Benefits**		
	Wages and Salaries	**36,440**	33,072
	Superannuation		
	Defined contribution plans	**1,140**	1,382
	Defined benefit plans	**5,730**	5,053
	Leave and other entitlements	**6,730**	6,050
	Separation and redundancies	**-**	-
	Other employee expenses	**169**	109
	Total employee benefits	**50,209**	45,666
Note 4B	**Supplier Expenses**		
	Provision of goods - related entities	**-**	-
	Provision of goods - external parties	**1,114**	1,166
	Rendering of services - related entities	**4,239**	6,658
	Rendering of services - external parties	**14,547**	11,866
	Operating lease rentals:		
	Minimum lease payments	**9,852**	11,324
	Workers' compensation premiums	**330**	382
	Total supplier expenses	**30,082**	31,396
Note 4C	**Depreciation and Amortisation**		
	Depreciation:		
	Infrastructure, plant and equipment	**889**	779
	Leasehold improvements	**278**	247
	Total depreciation	**1,167**	1,026
	Amortisation:		
	Intangibles - Computer Software	**2,066**	2,290
	Total amortisation	**2,066**	2,290
	Total depreciation and amortisation	**3,233**	3,316
Note 4D	**Write Down and Impairment of Assets**		
	Asset write-downs from		
	Bad and doubtful debts expense	**118**	78
	Impairment on intangible assets	**463**	-
	Infrastructure, plant and equipment - write off	**370**	50
	Total write-down of assets	**951**	128

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 5: Financial Assets

		2008 $'000	2007 $'000
Note 5A	**Cash and cash equivalents**		
	Special Account	**3,139**	5,331
	Total cash and cash equivalents	**3,139**	5,331
Note 5B	**Trade and other receivables**		
	Goods and services	**6,062**	7,350
	Appropriation receivable	**31,800**	21,300
	GST receivable from the Australian Taxation Office	**504**	206
	Total trade and other receivables (gross)	**38,366**	28,856
	Less Allowance for doubtful debts:		
	Goods and services	**(87)**	(144)
	Total trade and other receivables (net)	**38,279**	28,712
	Receivables are represented by:		
	Current	**38,279**	28,712
	Non-Current	**-**	-
	Total receivables (net)	**38,279**	28,712
	Receivables (gross) are aged as follows:		
	Not Overdue	**35,788**	26,841
	Overdue by:		
	Less than 30 days	**1,233**	1,313
	30 - 60 days	**409**	367
	61 - 90 days	**372**	169
	More than 90 days	**564**	166
		2,578	2,015
	Total receivables (gross)	**38,366**	28,856
	The allowance for doubtful debts is aged as follows:		
	Not Overdue	**-**	-
	Overdue by:		
	Less than 30 days	**-**	-
	30 - 60 days	**-**	-
	61 - 90 days	**1**	-
	More than 90 days	**86**	144
	Total allowance for doubtful debts	**87**	144

Reconciliation of the allowance for doubtful debts:

Movements in relation to 2008	Goods and services 2008 $'000	Total 2008 $'000
Opening balance	**(144)**	**(144)**
Amounts written off	**45**	**45**
Amounts recovered and reversed	**99**	**99**
Increase/decrease recognised in net surplus	**87**	**87**
Closing Balance	**(87)**	**(87)**

Movements in relation to 2007	Goods and services 2007 $'000	Total 2007 $'000
Opening balance	(75)	(75)
Amounts written off	11	11
Amounts recovered and reversed	64	64
Increase/decrease recognised in net surplus	144	144
Closing Balance	(144)	(144)

Note 6: Non-Financial Assets

		2008 $'000	2007 $'000
Note 6A	**Buildings - Leasehold Improvements**		
	Leasehold improvements		
	- at fair value	**2,317**	2,331
	- accumulated amortisation	**(85)**	(689)
		2,232	1,642
	- work in progress at cost	**832**	20
	Total Leasehold Improvements (non-current)	**3,064**	1,662

No indicators of impairment were found for leasehold improvements.

Note 6B	**Infrastructure, Plant and Equipment**		
	Infrastructure, plant and equipment		
	- at fair value	**3,737**	5,965
	- accumulated depreciation	**(301)**	(2,001)
		3,436	3,964
	Total Infrastructure, Plant and Equipment (non-current)	**3,436**	3,964

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2007-08, formal revaluations were conducted by Aon Valuation Services.

Revaluation increment of $549,338 for leasehold improvements and increment of $111,044 for plant and equipment were credited to the asset revaluation reserve by asset class and included in the equity section of the balance sheet.

No indicators of impairment were found for infrastructure, plant and equipment.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 6: Non-Financial Assets

Note 6C Analysis of Infrastructure, Plant and Equipment

TABLE A - Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment (2007-08)

Item	Buildings - Leasehold Improvements $'000	Other Infrastructure, Plant and Equipment $'000	TOTAL $'000
As at 1 July 2007			
Gross book value	2,351	5,965	**8,316**
Accumulated depreciation/amortisation	(689)	(2,001)	**(2,690)**
Net book value 1 July 2007	**1,662**	**3,964**	**5,626**
Additions:			
by purchase	1,102	819	**1,921**
from acquisitions of entities or operations (including restructuring)	-	-	**-**
Revaluations and impairments through equity	549	111	**660**
Reclassification	34	(205)	**(171)**
Depreciation/amortisation expense	(278)	(889)	**(1,167)**
Impairments recognised in the operating result	-	(290)	**(290)**
Other movements			
Disposals:	-	-	**-**
Other disposals	(5)	(74)	**(79)**
Net book value 30 June 2008	**3,064**	**3,436**	**6,500**
Net book value as of 30 June 2008 represented by:			
Gross Book Value	3,149	3,737	**6,886**
Accumulated depreciation/amortisation	(85)	(301)	**(386)**
	3,064	3,436	**6,500**

TABLE A - Reconciliation of the Opening and Closing Balances of Infrastructure, Plant and Equipment (2006-07)

Item	Buildings - Leasehold Improvements $'000	Other Infrastructure, Plant and Equipment $'000	TOTAL $'000
As at 1 July 2006			
Gross book value	2,318	5,456	7,774
Accumulated depreciation/amortisation	(442)	(1,363)	(1,805)
Net book value 1 July 2006	1,876	4,093	5,969
Additions:			
by purchase	33	700	733
from acquisitions of entities or operations (including restructuring)	-	-	-
Revaluations and impairments through equity	-	-	-
Reclassification	-	-	-
Depreciation/amortisation expense	(247)	(779)	(1,026)
Impairments recognised in the operating result	-	-	-
Other movements			
Disposals:	-	-	-
Other disposals	-	(50)	(50)
Net book value 30 June 2007	1,662	3,964	5,626
Net book value as of 30 June 2007 represented by:			
Gross Book Value	2,351	5,965	8,316
Accumulated depreciation/amortisation	(689)	(2,001)	(2,690)
	1,662	3,964	5,626

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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for the period ended 30 June 2008

Note 6: Non-Financial Assets

		2008	2007
		$'000	$'000
Note 6D	**Intangible Assets**		
	Computer software:		
	Purchased software at cost	**2,146**	1,434
	Accumulated amortisation	**(1,040)**	(641)
		1,106	793
	Internally developed - in use:		
	Internally developed software at cost	**14,168**	14,168
	Accumulated amortisation	**(11,941)**	(10,201)
		2,227	3,967
	Internally developed - in progress	**2,870**	1,128
	Impairment write-down	**(463)**	-
		2,407	1,128
	Total Intangibles (non-current)	**5,740**	5,888

Note 6E **Intangible Assets**

TABLE B - Reconciliation of the Opening and Closing Balances of Intangibles (2007-08)

Item	**Computer software purchased $'000**	**Computer software internally developed $'000**	**Internally developed WIP $'000**	**Total $'000**
As at 1 July 2007				
Gross book value	1,434	14,168	1,128	**16,730**
Accumulated depreciation	(641)	(10,201)	-	**(10,842)**
Net book value 1 July 2007	**793**	**3,967**	**1,128**	**5,888**
Additions:				
Purchase	468	-	-	**468**
Internally developed	-	-	1,742	**1,742**
Reclassifications	171	-	-	**171**
Amortisation	(326)	(1,740)	-	**(2,066)**
Impairment recognised in the operating result	-	-	(463)	**(463)**
Other movements	-	-	-	**-**
Disposals:		-	-	**-**
Other disposals		-	-	**-**
Net book value 30 June 2008	**1,106**	**2,227**	**2,407**	**5,740**
Net book value as of 30 June 2008 represented by:				
Gross Book Value	2,146	14,168	2,407	**18,721**
Accumulated Depreciation / Amortisation	(1,040)	(11,941)	-	**(12,981)**
	1,106	2,227	2,407	**5,740**

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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for the period ended 30 June 2008

Note 6: Non-Financial Assets

Note 6E Intangible Assets (continued)

TABLE B - Reconciliation of the Opening and Closing Balances of Intangibles (2006-07)

Item	Computer software purchased $'000	Computer software internally developed $'000	Internally developed WIP $'000	Total $'000
As at 1 July 2006				
Gross book value	1,203	13,788	80	15,071
Accumulated depreciation	(372)	(8,181)	-	(8,553)
Net book value 1 July 2006	831	5,607	80	6,518
Additions:				
Purchase	231	-	-	231
Internally developed	-	380	1,048	1,428
Reclassifications	-	-	-	-
Amortisation	(269)	(2,020)	-	(2,289)
Impairment recognised in the operating result	-	-	-	-
Other movements	-	-	-	-
Disposals:		-	-	-
Other disposals		-	-	-
Net book value 30 June 2007	793	3,967	1,128	5,888
Net book value as of 30 June 2007 represented by:				
Gross Book Value	1,434	14,168	1,128	16,730
Accumulated Depreciation / Amortisation	(641)	(10,201)	-	(10,842)
	793	3,967	1,128	5,888

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 6: Non-Financial Assets

	2008 $'000	2007 $'000
Note 6F Inventories		
Inventories held for distribution	**71**	77
Total Inventories (current)	**71**	77

During 2007-08 $157,090 of inventory held for distribution was recognised as an expense. (2007: $131,709)

Note 6G Other Non-Financial Assets		
Accrued revenue	**48**	132
Prepayments	**1,426**	906
Total other non-financial assets	**1,474**	1,038

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

Note 7: Payables

	2008 $'000	2007 $'000
Note 7A Suppliers		
Trade Creditors	**5,561**	5,765
Operating lease rentals	**-**	-
Total supplier payables	**5,561**	5,765
Supplier payables are represented by:		
Current	**5,561**	5,765
Non-current	**-**	-
Total supplier payables	**5,561**	5,765

Settlement is usually made net 30 days.

Note 7B Other Payables		
Prepayments received/unearned income	**7,435**	9,633
Other	**220**	1,647
Total other payables	**7,655**	11,280

All other payables are current liabilities.

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Note 8: Provisions

		2008	2007
		$'000	'000
Note 8A	**Employee Provisions**		
	Salaries and wages	**1,121**	1,097
	Leave	**15,048**	14,361
	Superannuation	**135**	50
	Separation and redundancies	**-**	-
	Other	**-**	5
	Total employee provisions	**16,304**	15,513
	Employee provisions are represented by:		
	Current	**7,629**	6,919
	Non-current	**8,675**	8,594
	Total employee provisions	**16,304**	15,513

The classification of current employee provisions includes amounts for which there is not an unconditional right to defer settlement by one year, hence in the case of employee provisions the above classification does not represent the amount expected to be settled within one year of reporting date. Employee provisions expected to be settled in twelve months from the reporting date is $5,739,072 (2007: $5,247,053), in excess of one year $10,563,998 (2007: $10,265,900).

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 9: Cash Flow Reconciliation

	2008 $'000	2007 $'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Report cash and cash equivalents as per:		
Cash Flow Statement	**3,139**	5,331
Balance Sheet	**3,139**	5,331
Reconciliation of operating result to net cash from operating activities:		
Operating result	**10,909**	5,423
Depreciation / amortisation	**3,233**	3,316
Net write down of non-financial assets	**581**	78
Write off of Infrastructure, plant and equipment	**370**	50
Change in assets and liabilities:		
(Increase) / decrease in net receivables	**(9,686)**	(7,889)
(Increase) / decrease in inventories	**6**	8
(Increase) / decrease in other non-financial assets	**(436)**	(241)
Increase / (decrease) employee provisions	**791**	1,401
Increase / (decrease) in supplier payables	**(204)**	654
Increase / (decrease) in other payables	**(1,427)**	545
Increase / (decrease) in unearned revenue	**(2,198)**	2,393
Net cash from operating activities	**1,939**	5,738

Note 10: Contingent Liabilities and Assets

Unquantifiable Contingencies

1 At 30 June 08 TGA had a contingent liability to indemnify the lessor of TGA's building against all claims arising from negligent use or misuse of the services; and indemnify against claims arising from the construction, maintenance, operation, repair and keeping safe of the laboratories upgraded or constructed by the TGA.

2 As at 30 June 2008, TGA had a contingent liability in relation to a claim for compensation, regarding notification by TGA that importation and supply of a product by the claimant in circumstances where that product is not included on the Australian Register of Therapeutic Goods or there is no exemption from the requirement to be so included, would be unlawful. The contingent liability in this matter encompasses a possible claim for damages through legal proceedings and costs associated with any such proceedings (no such legal proceedings have been commenced as at 30 June 2008), or a possible payment to the claimant under available Commonwealth compensation schemes.

3 At 30 June 2008, the TGA was involved in a number of litigation cases before the courts. The TGA has been advised by its solicitors that it is not possible to estimate the amounts of any eventful payment or receipt relating to these cases. Therefore, in accordance with Accounting Standard *AASB 1044 Provisions, Contingent Liabilities and Contingent Assets*, the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcomes of these cases.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 11: Senior Executive Remuneration

	2008	2007
The number of senior executives who received or who were due to receive total remuneration of $130,000 or more:		
$130,000 to $144,999	**1**	1
$145,000 to $159,999	**1**	3
$160,000 to $174,999	**-**	5
$175,000 to $189,999	**-**	3
$190,000 to $204,999	**3**	5
$205,000 to $219,999	**6**	2
$220,000 to $234,999	**4**	1
$235,000 to $249,999	**4**	-
$250,000 to $264,999	**1**	-
$265,000 to $279,999	**-**	1
$280,000 to $294,999	**-**	1
$295,000 to $309,999	**-**	-
$310,000 to $324,999	**-**	-
$325,000 to $339,999	**-**	-
$340,000 to $354,999	**-**	-
$355,000 to $369,999	**-**	-
$370,000 to $384,999	**-**	-
$385,000 to $399,999	**-**	-
$400,000 to $414,999	**-**	-
$415,000 to $429,999	**-**	-
$430,000 to $444,999	**-**	-
$445,000 to $459,999	**-**	-
$460,000 to $474,999	**-**	-
$475,000 to $489,999	**-**	-
$490,000 to $504,999	**1**	-
Total	**21**	22
The aggregate amount of total remuneration of executives shown above.	**$4,778,904**	$4,189,636
The aggregate amount of separation and redundancy/ termination benefit payments during the year executives shown above.	**$-**	$-

Note 12: Remuneration of Auditors

Financial Statement audit services are provided free of charge to the TGA.

The fair value of the services provided was:	**$91,000**	$80,000

No other services were provided by the Auditor-General.

Note 13: Compensation and Debt Relief

No payments were made under s73 of the Public Service Act 1999 during the reporting period (2007: No payments made).

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 14: Financial Instruments

	2008 **$'000**	2007 $'000
(a) Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**3,139**	5,331
Trade receivables	**6,062**	7,350
Carrying amount of financial assets	**9,201**	12,681
Financial Liabilities		
Other Liabilities		
Payables -suppliers	**5,561**	5,765
Prepayments received/unearned income	**7,435**	9,633
Other payables	**220**	1,647
Carrying amount of financial liabilities	**13,216**	17,045

(b) Fair value of financial instruments

FINANCIAL ASSETS	**Carrying amount 2008 $'000**	**Fair value 2008 $'000**	Carrying amount 2007 $'000	Fair value 2007 $'000
Cash and cash equivalents	**3,139**	**3,139**	5,331	5,331
Trade receivables	**6,062**	**6,062**	7,350	7,350
Total	**9,201**	**9,201**	12,681	12,681
FINANCIAL LIABILITIES				
Payables - suppliers	**5,561**	**5,561**	5,765	5,765
Prepayments received/unearned income	**7,435**	**7,435**	9,633	9,633
Other payables	**220**	**220**	1,647	1,647
Total	**13,216**	**13,216**	17,045	17,045

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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Note 14: Financial Instruments (continued)

(c) Credit risk

The TGA is exposed to minimal credit risk as loans and receivables are cash and trade receivables.
The maximum exposure to credit risk is the risk that arises from potential default of a debtor.
This amount is equal to the amount of trade receivables (2008: $6,062,000 and 2007: $7,350,000)
The TGA has assessed the risk of the default on payment and has allocated $87,000 in 2008 (2007: $144,000) to an allowance for doubtful debts account.

The TGA manages its credit risk by ensuring payments are made prior to work being commenced. Where payment is not made for annual charges, products are cancelled off the Australian Register of Therapeutic Goods.

The TGA hold no collateral to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired.

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	**Past due or impaired**	Past due or impaired
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Loans and receivables				
Cash and cash equivalents	**3,139**	5,331	**-**	-
Trade receivables	**3,484**	5,335	**2,578**	2,015
Total	**6,623**	10,666	**2,578**	2,015

Ageing of financial assets that are past due but not impaired for 2008:

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Loans and receivables					
Trade receivables	**1,233**	**409**	**372**	**564**	**2,578**
Total	**1,233**	**409**	**372**	**564**	**2,578**

Ageing of financial assets that are past due but not impaired for 2007:

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Loans and receivables					
Trade receivables	1,313	367	169	166	2,015
Total	1,313	367	169	166	2,015

Note 14: Financial Instruments (continued)

(d) Liquidity risk

The TGA's financial liabilities are payables and unearned income. The exposure to liquidity risk is based on the notion that the TGA will encounter difficulty in meeting its obligation associated with financial liabilities. This is highly unlikely due to sufficient funding and revenue received from services and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

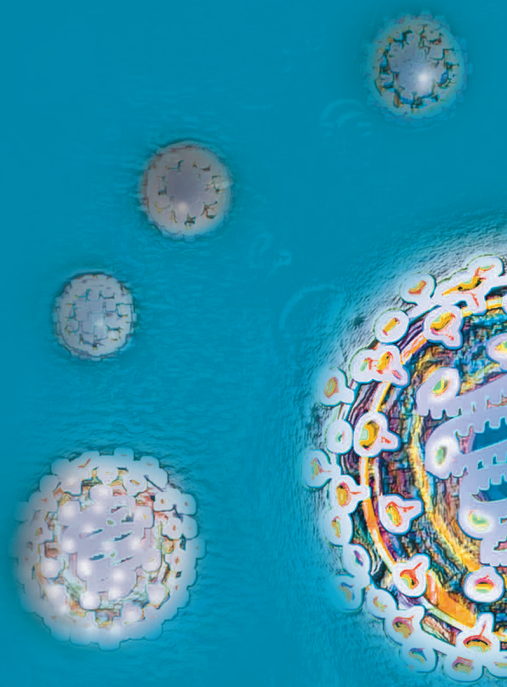
The following tables illustrates the maturities for financial liabilities:

	On demand 2008 $'000	**within 1 year 2008 $'000**	**1 to 5 years 2008 $'000**	**> 5 years 2008 $'000**	**Total 2008 $'000**
List by class					
Payables - suppliers	**-**	**5,561**	**-**	**-**	**5,561**
Prepayments received/unearned income	**-**	**7,435**	**-**	**-**	**7,435**
Other payables	**-**	**220**	**-**	**-**	**220**
Total	**-**	**13,216**	**-**	**-**	**13,216**

	On demand 2007 $'000	within 1 year 2007 $'000	1 to 5 years 2007 $'000	> 5 years 2007 $'000	Total 2007 $'000
List by class					
Payables - suppliers	**-**	5,765	**-**	**-**	5,765
Prepayments received/unearned income	**-**	9,633	**-**	**-**	9,633
Other payables	**-**	1,647	**-**	**-**	1,647
Total	-	17,045	-	-	17,045

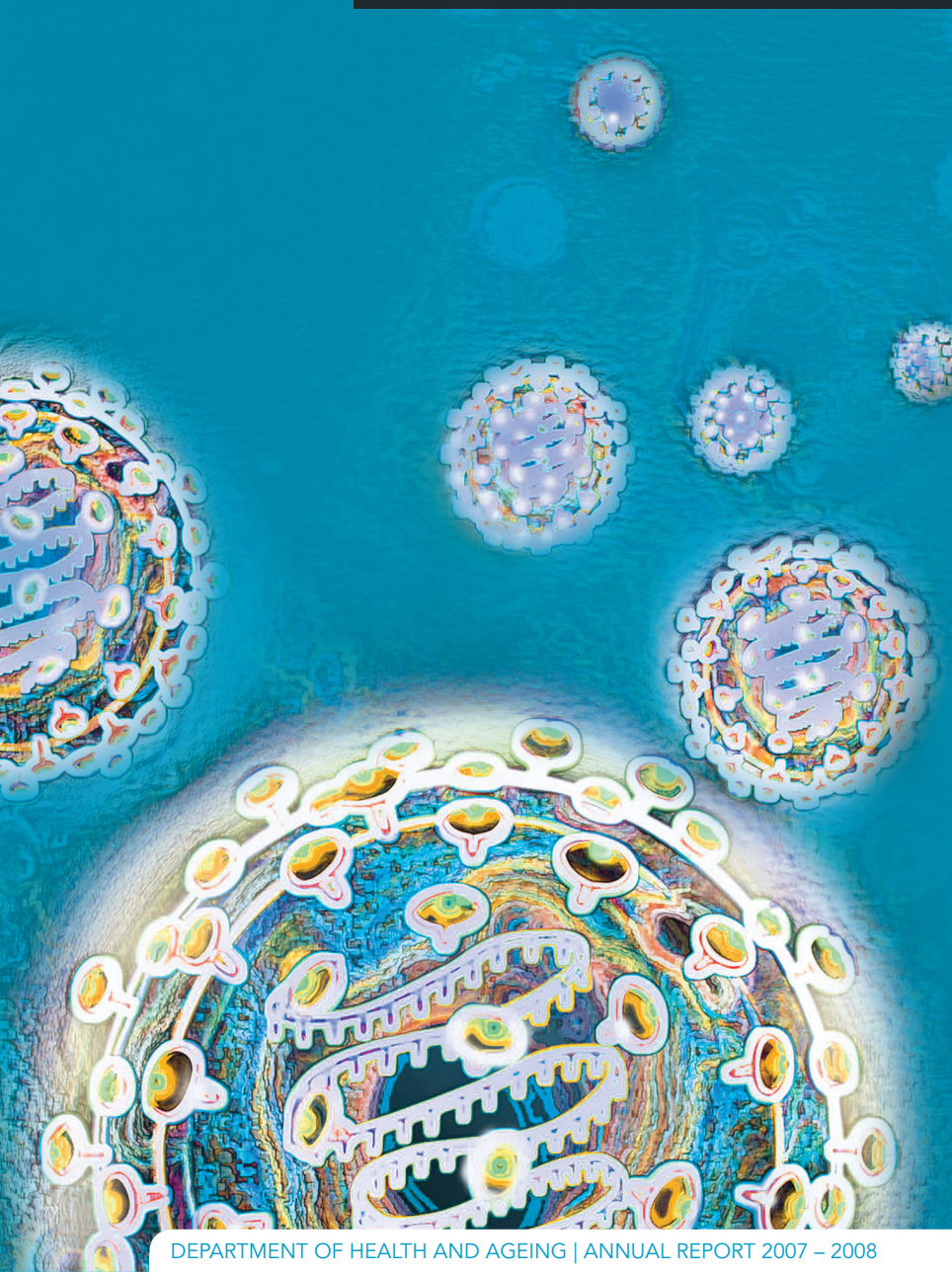
(e) Market risk

TGA holds basic financial instruments that do not expose the Agency to certain market risks.



PART 06

Contact Details



6.1 Department of Health and Ageing Contact Details

Office	Physical Address	Postal Address, Telephone and E-mail
Central Office	Scarborough House Atlantic Street Albemarle Building Alexander Building Furzer Street Penrhyn House Bowes Street Woden ACT 2606	GPO Box 9848 Canberra ACT 2601 Australia Telephone: (02) 6289 1555 Freecall: 1800 020 103 E-mail: enquiries@health.gov.au
New South Wales State Office	1 Oxford Street Darlinghurst NSW 2010	GPO Box 9848 Sydney NSW 2001 Telephone: (02) 9263 3555 Freecall: 1800 048 998
Victoria State Office	595 Collins Street Melbourne VIC 3000	GPO Box 9848 Melbourne VIC 3001 Telephone: (03) 9665 8888 Freecall: 1800 020 103
Queensland State Office	340 Adelaide Street Brisbane QLD 4000	GPO Box 9848 Brisbane QLD 4001 Telephone: (07) 3360 2555 Freecall: 1800 177 099
South Australia State Office	Level 13 11-29 Waymouth Street Adelaide SA 5000	GPO Box 9848 Adelaide SA 5001 Telephone: (08) 8237 8111 Freecall: 1800 188 098
Western Australia State Office	Central Park Reception 14th Floor 152–158 St George's Terrace Perth WA 6000	GPO Box 9848 Perth WA 6001 Telephone: (08) 9346 5111 Freecall: 1800 198 008
Tasmania State Office	21 Kirksway Place Battery Point TAS 7004	GPO Box 9848 Hobart TAS 7001 Telephone: (03) 6221 1411 Freecall: 1800 005 119
Northern Territory Office	Cascom Centre 13 Scaturchio Street Casuarina NT 0800	GPO Box 9848 Darwin NT 0801 Telephone: (08) 8919 3444 Freecall: 1800 019 122
Australian Capital Territory Office	Ground Floor Penrhyn House B Block Woden ACT 2606	PO Box 9848 (MDP 42) Canberra ACT 2601 Telephone: (02) 6289 1555 Freecall: 1800 020 102

6.2 Portfolio Agencies' Contact Details

Agency	Physical Address	Postal Address, Telephone and E-mail
Aged Care Standards and Accreditation Agency Limited	Level 9 111 Phillip Street Parramatta NSW 2150	PO Box 773 Parramatta NSW 2124 Freecall: 1800 288 025 Telephone: (02) 9633 1711 E-mail: national@accreditation.org.au
Australian Institute of Health and Welfare	26 Thynne Street Fern Hill Park Bruce ACT 2617	GPO Box 570 Canberra ACT 2601 Telephone: (02) 6244 1000 E-mail: info@aihw.gov.au
Australian Radiation Protection and Nuclear Safety Agency	38-40 Urunga Parade Miranda NSW 2228 619 Lower Plenty Road Yallambie VIC 3085	PO Box 655 Miranda NSW 1490 619 Lower Plenty Road Yallambie VIC 3085 Telephone: (02) 9541 8333 (03) 9433 2211 E-mail: info@arpansa.gov.au
Australian Sports Commission	Leverrier Street Bruce ACT 2616	PO Box 176 Belconnen ACT 2616 Telephone: (02) 6214 1111
Australian Sports Anti-Doping Authority	Unit 6 5 Tennant Street Fyshwick ACT 2609	PO Box 345 Curtin ACT 2605 Telephone: 1300 027 232 E-mail: asada@asada.gov.au
Cancer Australia		PO Box 1201 Dickson ACT 2602 Telephone: (02) 6289 1373
Food Standards Australia New Zealand	Boeing House 55 Blackall Street Barton ACT 2600	PO Box 7186 Canberra BC ACT 2610 Telephone: (02) 6271 2222 E-mail: info@foodstandards.gov.au
General Practice Education and Training Limited	Level 3 Perpetual Building 10 Rudd Street Canberra ACT 2600	GPO Box 2914 Canberra ACT 2601 Telephone: (02) 6263 6777 E-mail: gpet@gpet.com.au
National Blood Authority	Level 1 19-23 Moore Street Turner ACT 2612	Locked Bag 8340 Canberra ACT 2601 Telephone: (02) 6211 8300 E-mail: nationalbloodauthority@nba.gov.au

Agency	Physical Address	Postal Address, Telephone and E-mail
National Health and Medical Research Council	Level 5 20 Allara Street Canberra ACT 2601	GPO Box 1421 Canberra ACT 2601 Telephone: 1300 064 672 E-mail: nhmrc@nhmrc.gov.au
Private Health Insurance Administration Council	Suite 16, Level 1 71 Leichhardt Street Kingston ACT 2604	Telephone: (02) 6215 7900 E-mail: phiac@phiac.gov.au
Private Health Insurance Ombudsman	Level 7 362 Kent Street Sydney NSW 2000	Telephone: (02) 8235 8777 Complaints Hotline: 1800 640 695
Professional Services Review	Level 1 20 Brindabella Circuit Brindabella Business Park Canberra Airport ACT 2609	PO Box 7152 Canberra Post Business Centre Fyshwick ACT 2610 Telephone: (02) 6120 9100 E-mail: enquiries@psr.gov.au

Acronyms and Glossary

Acronyms

AHMAC	Australian Health Ministers' Conference
AIDS	Acquired Immune Deficiency Syndrome
APEC	Asia-Pacific Economic Cooperation
COAG	Council of Australian Governments
GM	Genetically Modified
GP	General Practice or General Practitioner
HECS	Higher Education Contribution Scheme
HIV	Human Immunodeficiency Virus
OECD	Organisation for Economic Co-operation and Development
UNESCO	United Nations Educational, Scientific, and Cultural Organization
WHO	World Health Organization

Glossary

Abdominal aortic aneurysm	A distended and weakened area in the wall of the abdominal aorta.
Acute lymphoblastic leukaemia	A rapidly progressing cancer of the blood affecting a type of white blood cell known as lymphocytes.
Anabolic steroid	A type of steroid hormone that stimulates the production of protein and thus is used clinically to promote the growth and repair of body tissues.
Anti-coagulant	Medications used as blood-thinners to prevent blood clots and to maintain open blood vessels.
Antiretroviral therapy	A therapy which stops or suppresses the activity of a retrovirus. Examples of retroviruses include HIV and influenza.
Average Staffing Level	The average number of employees receiving salary/wages (or compensation in lieu of salary/wages) over a financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Chemotherapy	The treatment of disease by chemical agents, for example the use of drugs to destroy cancer cells.
Chronic myeloid leukaemia	A type of leukaemia which is initially slowly progressing. It is characterised by the presence of large numbers of abnormal mature granulocytes (a type of white blood cell that attacks and destroys foreign substances) circulating in the blood.
Colonoscopy	Examination of the interior of the colon using a flexible viewing instrument.
Coronavirus	A type of virus so named because it looks like a corona or halo when viewed under a microscope.
Dementia	The loss of mental processing ability, including communication, abstract thinking, judgement and physical abilities, such that it interferes with daily living; for example, short-term memory loss.
Dengue virus	A mosquito-borne species of virus which causes a fever and sometimes dangerous haemorrhaging in humans.

Dialysis	A medical procedure that uses a machine to filter waste products from the bloodstream and restore the blood's normal constituents.
Double balloon enteroscopy	An endoscopic technique used to visualise the small bowel.
Endoluminal grafting	Involves inserting a graft/stent/prosthesis using a catheter, via a peripheral artery, to the site of an aneurysm. The graft is expanded and secured in place to restore a more normal blood flow channel through the aorta.
Endoscopic ultrasound	Ultrasound performed with a probe introduced into the digestive tract to enable better imaging of internal organs, especially for diagnosis or staging of cancer.
Epidemiology	The study of the determinants (risk factors) and distribution of disease among populations.
Faecal occult blood test	A test that detects tiny amounts of blood, often released from bowel cancers or their precursors (polyps or adenomas) into the bowel motion.
Hysteroscopic sterilization	A method to render a female incapable of reproduction, using a hysteroscope; an endoscope used to visually inspect and/or treat the canal of the uterine cervix and cavity of the uterus.
Intravenous Immunoglobulin	A blood product of antibodies administered through a vein to treat patients with immune deficiencies and inflammatory and autoimmune diseases. Each treatment requires extracts from over a thousand blood donations.
Islet cell transplantation	In islet cell transplantation, insulin-producing beta cells (islets) are taken from a donor's pancreas and transferred into a person with diabetes. Once transplanted, the donor islets begin to make and release insulin, actively regulating the level of glucose in the blood.
Lymphoedema	Lymphoedema occurs when the lymphatic system is unable to properly transport fluids and waste products from body tissues. If not removed, this results in fluids and toxins building up in the tissues, which can lead to major swelling of the patient's arms and legs. This can significantly affect a patient's quality of life.
Mesothelioma	Malignant tumour of the mesothelium, usually of lung, caused by exposure to asbestos fibres.
Metastatic	Spread of a disease from the tissue of origin to another part of the body.
Morbidity	The incidence of disease in a specified population group.
Multiple myeloma	A cancer of the plasma cells in bone marrow.
Nanomaterial	Materials with features smaller than one tenth of a micrometre.
Narcotics	Any derivative, natural or synthetic, of opium or morphine or any substance that has their effects.
Opal fuel	A low-aromatic petrol developed to combat the rising use of petrol as an inhalant in remote Indigenous Australian communities.
Osteoporosis	A reduction in the amount of bone mass, leading to fractures after minimal trauma.
Outcomes	Outcomes, as used in the Australian Government's Outcomes and Outputs Framework, are the intended or proposed results, consequences or impacts of government actions on the Australian community.
Outputs	The goods or services produced by individual Australian Government agencies for other persons, agencies or organisations.
Palliative care	Treatment aimed at relieving symptoms and pain rather than affecting a cure.

Papillomavirus	A DNA-based virus that infects the skin and mucous membranes of humans and a variety of animals.
Perfluorinated chemical	An inert chemical substance with a high oxygen carrying capacity that has been emulsified with surfactants and transfused to temporarily transport oxygen in the blood.
Performance indicators	A concise list of indicators, which are used to measure agency effectiveness in achieving the Government's objectives.
Perinatal	The period shortly before and after birth. Defined as beginning with the completion of the 20th to 28th week of gestation and ending seven to 28 days after birth.
Platelet	A disk-shaped structure found in the blood of all mammals and chiefly known for its role in blood coagulation.
Polyp	A growth protruding from a mucus membrane.
Portfolio Budget Statements	Statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and outputs.
Positron Emission Tomography	A nuclear medicine technology that uses short-lived radioisotopes to enable the non-invasive imaging of metabolic functions within the body. The technology's main application is in the staging of various cancers and the monitoring of cancer therapies.
Prophylaxis	Preventative treatment.
Psychostimulant	An agent with antidepressant or mood elevating properties.
Radiation oncology	The study and discipline of treating malignant disease with radiation. The treatment is referred to as radiotherapy or radiation therapy.
Retinopathy	Degenerative, non-inflammatory condition of the retina.
Salmonellosis	Disease caused by infection with Salmonella bacteria.
Listeriosis	Disease caused by infection with Listeria bacteria.
Tuberculosis	Disease cause by infection with bacteria called mycobacteria tuberculosis.
Vector	An organism transmitting germs or other agents of disease.

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P.S. Did You Know?

The Department of Health and Ageing supports a number of information lines which members of the public, general practitioners and other health professionals may find useful:

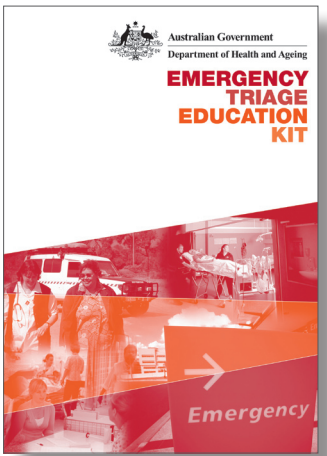
Aged Care Information Line	1800 500 853
Aged Care Complaints Investigation Scheme	1800 550 552
Australian Organ Donor Register	1800 777 203
BreastScreen Australia	13 20 50
Commonwealth Carelink Centres	1800 052 222
Hearing Services	1800 500 726
Immunise Australia National Infoline	1800 671 811
Kids Helpline	1800 551 800
Lifeline	13 11 14
Medicare Australia	13 20 11
Mensline Australia	1300 789 978
National Cervical Screening Program	13 15 56
National Continence Helpline	1800 330 066
National Security Hotline	1800 123 400
Pharmaceutical Benefits Scheme Information Line	1800 020 613
Public Health Information Line	1800 004 599
Quitline	13 18 48
Rural General Practitioner Helpline	1800 667 677
Rural Health Information Line	1800 020 787
The National Pregnancy Support Helpline	1800 422 213

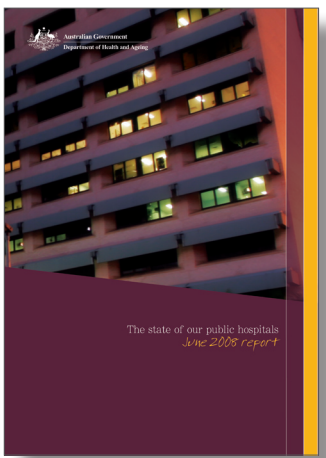
Please note:

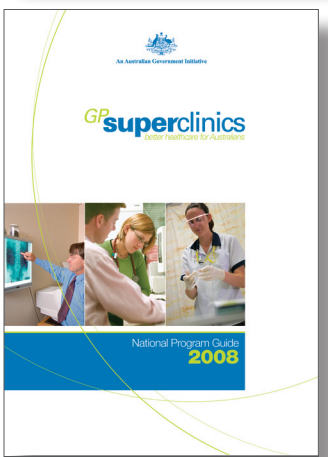
Calls to '13' numbers can be made from anywhere in Australia for the cost of a local call.

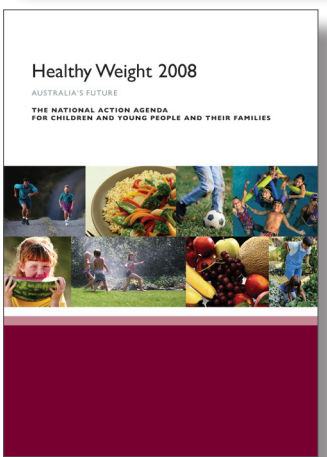
Calls to '1800' numbers are free.

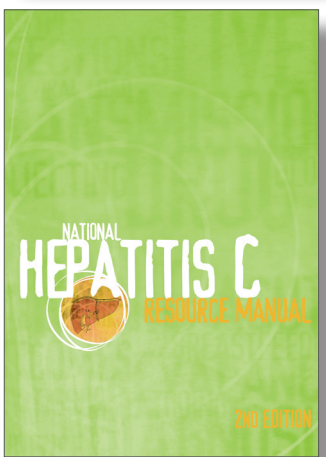
Calls from mobile phones are charged at applicable mobile phone rates.

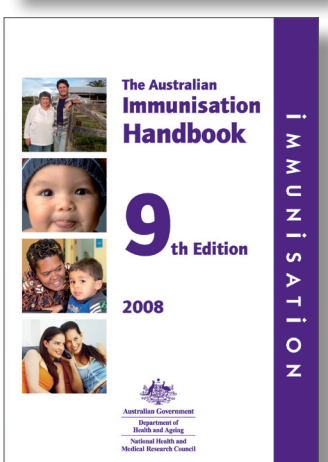


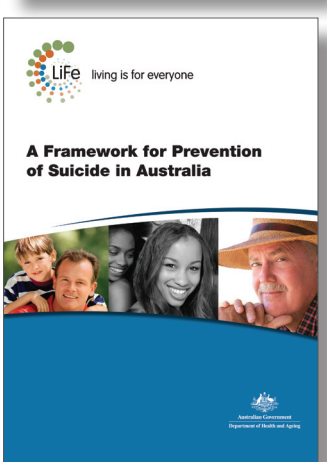












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Email: healthpublications@nationalmailing.com.au