

Program 2.2: Hearing Services

Program Objective

Provide high-quality hearing services, including devices, to eligible people to help manage their hearing loss and improve engagement with the community.

The Hearing Services Program has 2 service delivery components, the Voucher scheme and Community Service Obligations (CSO).

Voucher scheme services are delivered by a network of over 370 hearing providers across more than 3,500 locations Australia-wide. People are eligible for the Voucher scheme services if they are an Australian citizen or permanent resident or live on Norfolk Island, are aged 21 years or older, and are:

- a pensioner concession card holder
- a member of the Australian Defence Force personnel
- a Veteran Gold Card holder or Veteran White Card holder (hearing specific conditions), or their spouse
- referred by a Disability Employment Service.¹³⁷

CSO is delivered by Hearing Australia and supports Australians aged under 26 years, eligible Aboriginal and Torres Strait Islander peoples and eligible people who require specialist hearing services or that live in a remote area.¹³⁸

The Hearing Services Program also supports hearing health research conducted by the National Acoustic Laboratories.¹³⁹

The department publishes information about the program to raise awareness about hearing support available, including eligibility requirements, service offerings and how to locate a program provider. The department's administrative role also includes:

- accrediting new providers
- managing provider contracts and deeds of standing offer with device suppliers
- providing resources and education materials to support providers in meeting their obligations under the program's governing legislation and contractual requirements
- responding to provider and client enquiries
- conducting compliance activities
- managing a Memorandum of Understanding with Hearing Australia.

Further information can be found at Hearing Australia.¹⁴⁰

¹³⁷ Further information can be found at: www.health.gov.au/our-work/hearing-services-program/accessing/eligibility

¹³⁸ Ibid.

¹³⁹ Further information can be found at: www.health.gov.au/resources/publications/research-strategy-hearing-health

¹⁴⁰ Available at: www.hearing.com.au/

Key Activity 2.2A:

Provide access to high-quality hearing services through the delivery of the Voucher scheme and Community Service Obligations (CSO) component of the Hearing Services Program (HSP).

Source: *Health and Aged Care Corporate Plan 2024–25*, p.56

Performance Measure 2.2A:

a. Number of active vouchered clients¹⁴¹ who receive hearing services.

b. Number of active Community Service Obligations clients who receive hearing services.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.81 and *Health and Aged Care Corporate Plan 2024–25*, p.56

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
a. 899,000	a. 833,595	a. 806,756	a. 801,008
b. 81,700	b. 67,575	b. 62,041	b. 69,959
Result: Not achieved <input type="radio"/>			

Disclosures:**2024–25 Result:**

The number of Voucher scheme clients that received a program service in the reporting period was 833,595. The data to inform this result was extracted on 15 July 2025. Providers have up to 12 months to claim for services, which may impact the final result. Any variance to the final result will be published in the 2025–26 Annual Report.

The number of CSO clients that received a program service in the reporting period was 67,575.

2023–24 Result:

The 2023–24 result for performance measure a. has been revised to reflect the final result following the conclusion of the 12 month provider claiming period for 2023–24. The result as of 30 June 2024 and published in the 2023–24 Annual Report was 800,733. The revised data result for 2023–24 was extracted on 15 July 2025.

2022–23 Result:

The result for a. was amended in the 2023–24 Annual Report to reflect the final result following conclusion of the 12 month provider claiming period for 2022–23. The result as of 30 June 2023 and published in the 2022–23 Annual Report was 802,902. The decrease is a result of an update in methodology to change from calculating by the date of payment to calculating by the date of service, as well as invalid items which were subsequently recovered for the period.

Data Source and Methodology:**Measure 2.2A(a):**

Client, services and claiming data is submitted through the Hearing Services Online Portal by contracted providers. Client eligibility status is validated with Services Australia via the online Centrelink Confirmation eServices (CCES), and by contacting other relevant agencies e.g. Department of Veterans' Affairs (DVA). Claiming data is subject to a range of data integrity checks undertaken by the program's compliance team. The measure is defined by the number of vouchered clients who received at least one claimed program funded service during the (financial year) reporting period as at the reporting date.

Voucher scheme eligibility includes Pension Concession Card holders, DVA Gold Card and DVA White Card holders, Defence personnel and people referred by the Disability Employment Services Program, as defined by the *Australian Hearing Services Administration Act 1997*. A Voucher service is defined by items listed in the program's Schedule of Service Items and Fees.¹⁴²

¹⁴¹ Active clients refer to the number of current voucher holders that have accessed one or more program services during the year.

¹⁴² Available at: www.legislation.gov.au/Details/F2023N00172

Measure 2.2A(b):

CSO data is sourced from Hearing Australia, the provider of CSO services and a statutory authority as established by the *Australian Hearing Services Act 1991*.

Each client's reason for CSO eligibility is recorded in the client management system following a 'first in list' principle, which ensures they are categorised correctly and only once. Hearing Australia extracts client data from the client management system into a data warehouse.

Relevant data is then extracted from the data warehouse to meet CSO reporting requirements. Each CSO client is only counted once in any financial year and will appear in the quarterly report when they receive their first service that financial year. Hearing Australia's Quarter 4 CSO Report (Annual Report) provides the total number of CSO clients supported in the reporting period.

The planned performance is an estimate based on historical program data trends, the growth of the Hearing Services Program eligible population, and in consideration of any policy changes.

Actual performance is dependent on the number of eligible people who choose to access hearing support services through a program provider during the reporting period. The delivery of services can also be affected by unexpected local emergencies or natural events, such as flooding, bushfires or workforce shortages.

Program providers have up to 12 months from the date of service to submit a claim for Voucher scheme services provided in the reporting period, which means the number of clients supported in the reporting period could increase from the result. Any variance to the performance result for 2024–25 will be published in the department's 2025–26 Annual Report.

In 2024–25, the number of vouchered clients who received hearing services was lower than forecasted. A contributing factor to this outcome was a change in voucher length to extend vouchers from 3 years to 5 years, implemented in 2020–21. This year marks the final reporting period during which the policy extending voucher validity is expected to have a measurable impact on the reported client numbers.

The number of Voucher scheme clients increased by 3.3% compared to 2023–24. This represents a growth on the previous year's result, where the number of Vouchered clients receiving program support in the reporting period was relatively low (0.7%) compared with 2022–23. This growth is consistent with an increased number of clients eligible for a new voucher being issued in the reporting period, following the expiry of previously issued vouchers that were extended to 5 years in 2020–21.

The number of CSO clients that received support in 2024–25 increased by 9% compared with the previous year.

The model used to generate future client projections is being reviewed by the department to improve the accuracy of future projections.

Program 2.3: Pharmaceutical Benefits

Program Objective

Provide all eligible Australians with reliable, timely, and affordable access to high-quality, cost-effective medicines, and pharmaceutical services, by subsidising the cost of medicines through the Pharmaceutical Benefits Scheme (PBS).

The Australian Government's investment in the PBS ensures Australians have access to affordable medicines, helping to ease personal financial pressures. For individuals managing medical conditions or co-morbidities, subsidised prescription medicines can significantly reduce out-of-pocket costs associated with treatment and ongoing care.

On 1 January 2025, the government introduced a one-year freeze on indexation of the maximum patient cost for PBS medicines. This means co-payments remain at 2024 levels: \$31.60 for general patients and \$7.70 for concessional patients. For pensioners and Commonwealth concession card holders, the freeze will remain in place for 5 years, until 1 January 2030.

In addition to the freeze, nearly 300 medicines are now available under 60-day prescriptions. This initiative allows patients to receive double the quantity per script, reducing the frequency of pharmacy visits and further lowering costs. Eligibility for 60-day prescriptions remains unchanged and together with the co-payment freeze, these measures help assist Australians to save both time and money.

To strengthen supply chains, the government entered into the First Pharmaceutical Wholesaler Agreement (1PWA)¹⁴³ with the National Pharmaceutical Services Association in 2024. Under this agreement, wholesalers must meet the Community Service Obligation by holding and supplying all PBS medicines to community pharmacies—typically within 24 hours—regardless of location.



¹⁴³ Available at www.health.gov.au/resources/publications/first-pharmaceutical-wholesaler-agreement-1pwa

Key Activity 2.3A:

Provide all eligible Australians with reliable, timely, and affordable access to high-quality, clinically effective, cost-effective medicines recommended by the Pharmaceutical Benefits Advisory Committee, by listing new medicines on the Pharmaceutical Benefits Scheme (PBS).

Source: *Health and Aged Care Corporate Plan 2024–25*, p.58

Performance Measure 2.3A:

Percentage of new medicines recommended by the Pharmaceutical Benefits Advisory Committee (PBAC) that are listed on the Pharmaceutical Benefits Scheme within 6 months of in principle agreement to listing arrangements.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.82 and *Health and Aged Care Corporate Plan 2024–25*, p.58

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
≥80%	100%	100%	100%
Result: Achieved ●			

Data Source and Methodology:

Data is analysed for each new medicine listed on the PBS within a financial year. Data is maintained internally by the department. The date of listing is based on the first appearance of that new medicine in the National Health (Listing of Pharmaceutical Benefits) Instrument 2024 (PB 26 of 2024). The date when the in-principle pricing outcome letter is sent to the sponsor is used as the date of in-principle agreement to listing arrangements and is publicly available on the Medicine Status website¹⁴⁴ as the date government processes commence. More information on the PBAC is available on the department's website.¹⁴⁵

During 2024–25, the department continued negotiations with medicine sponsors and listing activities for new medicines on the PBS, resulting in 100% of new medicines listed on the PBS within 6 months of in-principle agreement to listing arrangements. The average listing time was 4.3 months for applicants who followed the process and lodged a pricing offer at the earliest opportunity following a positive PBAC recommendation in 2023–24.

Ongoing improvements to PBS business processes has resulted in the department achieving its planned performance each year. For example, during 2017–18, the department collaborated with the medicines industry to develop a revised PBS application and assessment framework. The time to list has reduced by an average of 2.4 months (average reduction over 2019–20 to 2023–24).

Discussions about the finalisation of price and budget impact following PBAC recommendation are often complex and may, in limited circumstances, require further PBAC consideration. A 6-month timeframe is considered sufficient to provide adequate time to negotiate complex pricing and budget impact issues, seek agreement to listing arrangements, seek government approval, and finalise and distribute the amended PBS schedule. Ongoing improvements to PBS business processes has resulted in the department achieving the set performance levels.

To enhance operational efficiencies and effectiveness, the Program continues to refine business processes and invest in information technology systems, such as the Health Products Portal.¹⁴⁶

¹⁴⁴ Available at: www.pbs.gov.au/medicinesstatus/home.html

¹⁴⁵ Available at: www.pbs.gov.au/info/industry/listing/elements/pbac-meetings

¹⁴⁶ Further information on the Health Products Portal can be found at: hpp.health.gov.au

Program 2.4: Private Health Insurance

Program Objective

Promote affordable, cost-effective, quality private health insurance (PHI) and choice for consumers.

PHI plays an important role in supporting the Australian health system by helping patients access health services when they need them. PHI offers various benefits to consumers, including choice of doctor, coverage for some services not covered under Medicare arrangements, and shorter waiting times for some services.¹⁴⁷

The program oversees strategic policy and projects relating to Australia's private health care system and its interaction with the public health care system. The focus of the program is to improve the value and affordability of PHI for consumers, promote consumer access and choice of private hospital and general treatment care. The program aims to optimise the contribution the private health sector makes to Australia's hybrid public-private health systems. The program directly supports people who hold PHI through the income-tested and age-based PHI Rebate,¹⁴⁸ which is paid to eligible policyholders as a percentage of the premium charged.

The department, in consultation with the Australian Prudential Regulation Authority (APRA), assesses PHI premium change applications to the Minister for Health and Ageing. This is to ensure the requested changes are not contrary to the public interest, to support the Minister's consideration under section 66-10 of the *Private Health Insurance Act 2007*. The assessment considers whether the requested increases are necessary to ensure that health insurers can continue to provide consumers with access to high-quality medical care by covering the increasing costs of health care services. This supports the value and affordability of PHI and optimises the contribution that the private health sector makes to Australia's hybrid public-private health system.



¹⁴⁷ Further information can be found at: www.health.gov.au/topics/private-health-insurance/about-private-health-insurance

¹⁴⁸ Further information on the PHI Rebate is available at: www.ato.gov.au/individuals-and-families/medicare-and-private-health-insurance/private-health-insurance-rebate/income-thresholds-and-rates-for-the-private-health-insurance-rebate

Key Activity 2.4A:

Assessment of private health insurer premium change applications.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.59

Performance Measure 2.4A:

Percentage of applications to the Minister from private health insurers to change premiums charged under a complying health insurance product that are assessed within approved timeframes.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.83 and *Health and Aged Care Corporate Plan 2024–25*, p.59

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
100%	100%	100%	100%
Result: Achieved ●			

Data Source and Methodology:

The method to calculate this measure is:

The number of applications assessed within approved timeframes/the number of applications received from private health insurers. Data on the number of applications received from private health insurers through a secure online system in the approved form is tracked internally by the department.

The department uses the following definitions when calculating the number of applications assessed within approved timeframes:

- ‘assessed’ means that advice has been provided to the Minister to decide on an insurer’s proposed premium changes.
- ‘approved timeframe’ is 60 days prior to the price change on 1 April, plus 2 weeks for the Minister to consider the submission.

Timely assessment of insurer premium change applications enables essential information to be communicated to existing policyholders, as well as those considering purchasing PHI, to assist in informing their purchasing decisions. This includes providing an opportunity to compare offers available across a range of private health insurers.

A number of internal activities contributed to meeting this performance measure in 2024–25, including:

- early planning of the premium application process
- identification of necessary resources, capabilities and risks for management
- close consultation with private health insurers, APRA, and the Minister for Health and Ageing.

In the 2025 premium round, the department received premium change applications from 29 private health insurers. All applications were processed within the approved timeframes, leading to 100% performance in line with the performance measure for Program 2.4. The 2024–25 result is consistent with previous years’ performance, demonstrating that application processes are robust and enable assessment within approved timeframes.

Key external factors impacting the assessment in 2024–25 included:

- the uncertainty of the industry impact of the New South Wales Government public hospital room rate and ambulance levy, which required additional guidance to be provided to insurers
- the continued residual impact of the COVID-19 pandemic on long-term trends in private health service levels
- monitoring insurers’ progress against their commitments not to profit from the pandemic’s impact
- changes to APRA industry reporting standards impacting data used for the premium round
- flow-on effects from government initiatives (such as Prescribed List reforms), which increased the complexity of assessing applications within the approved timeframe.

These factors were addressed by the internal activities identified above.

Program 2.5: Dental Services

Program Objective

Support eligible children to access essential dental health services through the Child Dental Benefits Schedule (CDBS).

The CDBS is jointly administered by the Department of Health, Disability and Ageing and Services Australia in accordance with the *Dental Benefits Act 2008* and the Dental Benefits Rules 2014.

The CDBS is a demand-driven program that aims to improve access to dental services for eligible children¹⁴⁹ by covering part or all the cost of basic dental services.¹⁵⁰ Eligible children are notified by Services Australia via an eligibility letter sent by post or through myGov, and the department provides a CDBS information brochure to all eligible children.

Oral health care is an important aspect of personal health. Poor oral health care can affect a person's ability to communicate and participate in a range of settings, including education, employment, social and community engagement. Preventative dental care is critical for young people and guaranteeing their health into the future. Poor oral health early in life is the strongest predictor of further oral disease in adult life. Providing dental services under the CDBS enables eligible children to access dental care they may have otherwise been unable to afford.



¹⁴⁹ Children are eligible for the CDBS when they meet the following criteria: eligible for Medicare, between 0 and 17 years old for at least one day that calendar year and they or their parent/caregiver receive an eligible payment at least once that calendar year. Further information on eligible payments can be found at: www.servicesaustralia.gov.au/eligible-payments-for-child-dental-benefits-schedule

¹⁵⁰ Further information can be found at: www.servicesaustralia.gov.au/whats-covered-child-dental-benefits-schedule

Key Activity 2.5A:

Working with Services Australia to increase awareness of the CDBS program to support eligible children to access essential dental health services.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.60

Performance Measure 2.5A:

The percentage of eligible children accessing essential dental health services through the Child Dental Benefits Schedule.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.84 and *Health and Aged Care Corporate Plan 2024–25*, p.60

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
38.5%	40.7%	39.2%	38.8% ¹⁵¹
Result: Achieved ●			

Disclosures:**2024–25 Result:**

The result reports uptake data for the 2024 calendar year, and eligible notified children for the 2024–25 financial year. Children who make multiple claims in the period are counted once.

Data Source and Methodology:

The National CDBS Uptake Data is collected by Services Australia, who jointly administers the program. Services Australia and the department agree to use the National CDBS Uptake Data due to the accuracy. The methodology involves 2 parameters which are: CDBS eligible children accessing CDBS funded services divided by the number of eligible notified children; this provides the utilisation rate which is displayed as a percentage.

There are a number of reasons an eligible child is not notified of eligibility for the CDBS, including withholding of address due to family violence and Services Australia not notifying newly eligible children during November and December of each year.

This is to minimise customer confusion in receiving a letter late in the year and then receiving another letter in January with a different benefit cap amount. Customers are able to check eligibility to the CDBS at any time via the myGov app.

In the 2024–25 financial year, 2,341,799 children were notified of eligibility for the program, with 954,792 eligible children accessing dental services under the CDBS in the 2024 calendar year.

Performance of the program relies on eligible children attending a dental provider and claiming under the program. Previous analysis indicates that demand for dental services under the CDBS can vary based on external circumstances, including poor oral health care, confusion around eligibility, possible out-of-pocket costs for patients, and cost-of-living pressures.

To address some of the recommendations of the Report on the Fifth Review of the *Dental Benefits Act 2008*¹⁵² the department is working with Services Australia to raise awareness and increase uptake of the CDBS. Recent activities include:

- updating the bulk-billing patient consent form, which advises parents, carers and guardians that there will be no out-of-pocket costs for basic dental services provided within a public dental clinic
- advertising the CDBS via social media and through the department's Stronger Medicare campaign
- simplifying the eligibility notification letters for eligible children.

The department is also working with its state and territory counterparts to boost awareness and usage of the CDBS through the public dental system. The planned performance for 2024–25 was re-baselined to reflect the recovery of the program following the COVID-19 pandemic more accurately. Previous planned performance targets were based on the 2017 utilisation rates, which included a projected growth rate of 2.1%. The revised targets reflect the post-pandemic recovery in the uptake of the program and retain a 2.1% growth rate.

¹⁵¹ Eligibility is based on the number of notified children data provided by Services Australia.

¹⁵² Available at: www.health.gov.au/resources/publications/report-on-the-fifth-review-of-the-dental-benefits-act-2008

Program 2.6: Health Benefit Compliance

Program Objective

Support the integrity of health benefit claims through prevention, early identification and treatment of incorrect claiming, inappropriate practice and fraud.¹⁵³

The cost of managing the compliance program in 2024–25 was \$62.786 million. During 2024–25, compliance actions resulted in \$54.1 million of invoices being issued and \$52 million collections received during the same period. Additional compliance benefits include behavioural savings of \$345.82 million. The department uses an agreed methodology to calculate behaviour saves and reductions in health payment expenditure following a compliance treatment.

There are 2 primary pathways for identifying non-compliance: human intelligence through tip-offs and technology-derived signals. The department utilises sophisticated data analytics, data matching and intelligence tools to detect and analyse suspected fraud and non-compliance. Claiming data and the industry are actively monitored to ensure our compliance priorities evolve and remain responsive to emerging risks.

Tip-offs from the public and other practitioners remain highly valuable sources of intelligence and are crucial for developing non-compliance signals for possible treatment. During 2024–25, an updated webform was developed to improve usability and accessibility, encouraging more public reporting.¹⁵⁴

In 2023–24, the Medicare Integrity Taskforce was established to support the Australian Government's initial response to the Independent Review of Medicare Integrity and Compliance (Philip Review).¹⁵⁵ Continued support to extend and expand the government's response to the Philip Review was provided in the 2024–25 Budget, funding the taskforce for a further 2 years. Key integrity reforms delivered to date include:

- changing legislation in line with Philip Review recommendations
- increasing fraud reduction measures to strengthen Medicare integrity
- introducing system checks that help stop payment of certain claims when they are incorrect
- building new data models to find fraud and non-compliance faster.

The taskforce has also worked closely with health and medical peak body stakeholders to develop tailored education and information resources that help Medicare users understand the rules.

¹⁵³ The department measures effectiveness by identifying potentially incorrect claiming and then treating that through audits, practitioner reviews and/or investigations. These treatment activities may result in recovery of incorrectly paid benefits, or the referral of cases to the Professional Services Review or Commonwealth Director of Public Prosecutions.

¹⁵⁴ Available at: www.health.gov.au/about-us/corporate-reporting/report-suspected-fraud/online-form

¹⁵⁵ Available at: www.health.gov.au/resources/publications/independent-review-of-medicare-integrity-and-compliance-final-report

In 2024–25, the department improved its fraud identification capability, primarily using advanced analytical modelling and machine-based learning, to enhance proactive identification of serious non-compliance and fraud. This represents a significant step forward in data-driven fraud identification capability when compared to the capabilities described in the Philip Review.

Education, behaviour changes and upfront preventative system controls are vital to avoid non-compliance. These efforts are significant and growing.

The department published the ‘Understanding Medicare: Provider Handbook’,¹⁵⁶ a clear, public-facing guide that helps providers and medical administrative staff to navigate Medicare rules and requirements. This resource supports consistent compliance and helps users build a solid foundation in Medicare principles, reducing the risks of unintentional errors. The Handbook is now embedded in the provider number application process through Services Australia, linked directly to the declaration section of the application form. This establishes it as a vital reference for all Medicare billing stakeholders.

The department engaged with a broader range of peak bodies to extend the reach of compliance education and strengthen sector-wide understanding of compliance requirements. During the 2024–25 financial year, the department delivered 7 face-to-face educational events and coordinated a further 12 events scheduled to take place by the end of 2025. This represents a significant increase in support compared to the previous year and demonstrates a strong focus on proactive engagement with healthcare providers and medical administrative staff, contributing to improved performance outcomes.

The AskMBS service provides advice on the application and interpretation of the MBS and associated legislation and aims to assist health professionals to understand and comply with MBS requirements.¹⁵⁷ Working closely with the department’s policy areas and Services Australia, AskMBS provided individualised, tailored responses to 7,070 enquiries. This gives providers up-to-date and authoritative advice to reduce non-compliance before it occurs. The public-facing AskMBS advisories provide a summary of frequently asked questions about areas of interest. Professional bodies have signalled that these are a valuable resource for providers, who use the information to support billing practices.

The department works closely with Services Australia to protect the integrity of the Medicare system:

- Services Australia processes all payments and has carriage of fraud and non-compliance by members of the public
- the department manages fraud and non-compliance by health practitioners, their staff and corporate entities
- we exchange data, intelligence and other information to work toward the common goal of protecting the integrity of the system.

The department has improved the way we work with Services Australia to protect the integrity of Medicare, including establishing the Medicare Integrity Reform Program Board.

The department has undertaken a review of key components of its compliance operating model, including its strategy, organisation and structure, and performance reporting. In 2025–26, the department will implement a new operating model with a greater focus on integrity by design, enhanced prevention efforts and automating and focusing post-payment responses. As part of this, the department will modernise the Compliance Work Management System (used for the performance measure) to ensure it is current and fit for purpose.

¹⁵⁶ Available at: www.health.gov.au/resources/publications/understanding-medicare-provider-handbook

¹⁵⁷ Available at: www.mbsonline.gov.au/internet/mbsonline/publishing.nsf/Content/MBS-interpretation

Key Activity 2.6A:

Ensuring that audits and reviews are targeted effectively at providers whose claiming is potentially non-compliant.

Source: *Health and Aged Care Corporate Plan 2024–25, p.61*

Performance Measure 2.6A:

Percentage of completed audits, practitioner reviews and investigations that find non-compliance.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25, p.85 and Health and Aged Care Corporate Plan 2024–25, p.61*

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
>80%	97%	>95%	>90%
Result: Achieved ●			

Data Source and Methodology:

Data Source:

Administrative data is used to report against this performance measure in the form of completed case records maintained in the department’s Compliance Work Management System (CWMS). The specific case types that are used to report against this measure are Audit, Practitioner Review and Investigation cases. The data inputs for analysis of claims and payment information are from Services Australia which administrates health claims and payments.

Methodology:

Key Performance Indicator reporting is automatically generated from the CWMS based on documented business rules. The number of completed and non-compliant cases reported are validated by reviewing outputs against a separate, unique operational report on completed cases. The rate of non-compliance is determined by the number of non-compliant outcomes divided by the total outcomes (compliant + non-compliant).



The department uses a risk-based and proportionate approach to compliance with action taken based on the seriousness and scale of the identified behaviour. Following assessment, the department can pursue a range of responses/treatments. In 2024–25, the department pursued a range of interventions and treatments through:

- **Early intervention** activities are undertaken where it is suspected there may be inadvertent incorrect claiming. Promoting correct claiming of health benefits and encouraging practitioners to review their claiming and business processes can lead to:
 - practitioners repaying incorrectly received benefits
 - positive behaviour change
 - preventing escalation in responses or treatment to more costly and time-consuming treatments.

In 2024–25, the department undertook a letter campaign in response to concerns about multiple magnetic resonance imaging (MRI) item claims for single body regions on the same day. Targeted letters were issued to 85 identified providers. Of those, 89% responded, with 82% submitting a Voluntary Acknowledgements of Incorrect Claims form, resulting in \$1.07 million in debts. Responses came from corporate imaging practices, citing administrative errors or a separate and distinct scan had not been requested. The project significantly exceeded expectations, with debts raising more than 250% above projected direct savings.

- **Audits** of providers where they appear to have claimed in a sustained way that breaches health program requirements. In 2024–25, the department identified over 800 cases for audit or non-statutory action.
- **Peer and professional review** by reviewing practitioners and corporate entities where potential inappropriate practice (servicing or prescribing behaviour) is identified. In 2024–25, the department conducted 264 peer interviews under the Practitioner Review Program (PRP) and referred 116 cases to the Professional Services Review (PSR) for investigation. The PSR completed 114 reviews, resulting in \$27.29 million in debts raised.
- **Fraud and criminal investigations** into allegations of fraud by health providers and their staff. Through tip-offs and intelligence signals, the department referred 8 Briefs of Evidence to the Commonwealth Director of Public Prosecutions. During the same period, 4 prosecutions resulted in convictions. Court outcomes included sentences by way of fines through to significant terms of imprisonment, such as up to 7 years' incarceration. As at 30 June 2025, 5 matters were before the criminal courts, with an estimated detriment to the Commonwealth of \$9.6 million. For further information on broader fraud activities, please refer to **Part 3.1 Corporate Governance** of this annual report.

The current performance measure covers reporting on post-payment audit, PRP and investigation success rates. The development of the new Benefits Integrity Operating Model undertook comprehensive analysis of this current measure. It encourages a focus on high probability action and underrepresents the value of program integrity activity. As part of implementation of the new operating model, alternative measures are being developed to better capture the effectiveness of this program. These will explore a range of metrics that together will better measure health benefits integrity performance for the department.

Program 2.7: Assistance through Aids and Appliances

Program Objective

Improve health outcomes for the Australian community through the provision of targeted assistance for aids and appliances.

The National Diabetes Services Scheme (NDSS) is an initiative of the Australian Government that commenced in 1987. The NDSS aims to enhance the capacity of people with diabetes to better understand and self-manage their life with diabetes. The NDSS assists people with diabetes to access diabetes programs, services and subsidised products, and access health professionals.

The NDSS provides subsidised access to the following products for the management of diabetes:

- syringes and needles
- blood glucose test strips
- urine test strips
- insulin pump consumables
- continuous glucose monitoring products.

In 2024–25, the department continued to implement new initiatives and source new technologies to effectively supply and distribute products. The department completed an Approach to Market to refresh the range of products available through the NDSS.

The NDSS also provides support services and diabetes health resources under a multi-year grant agreement with Diabetes Australia. This helps people living with diabetes to access services and information to allow them to manage their diabetes effectively. This included online and in-person programs, including Diabetes in Schools, the Aboriginal and Torres Strait Islander Program, the Culturally and Linguistically Diverse Program,¹⁵⁸ in addition to health professional communication and engagement. Specific programs run by the NDSS are KeepSight,¹⁵⁹ which promotes regular eye checks, and Foot Forward,¹⁶⁰ which raises awareness of foot health.

Further information can be found at Diabetes Australia annual report¹⁶¹ and the NDSS website.¹⁶²

¹⁵⁸ Further information on support programs is available at: www.ndss.com.au/services/support-programs/

¹⁵⁹ Available at: www.keepsight.org.au/about

¹⁶⁰ Available at: www.footforward.org.au/

¹⁶¹ Available at: www.diabetesaustralia.com.au/about-us/annual-reports/

¹⁶² Available at: www.ndss.com.au

Key Activity 2.7A:

Deliver the National Diabetes Services Scheme, with the assistance of Diabetes Australia.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.63

Performance Measure 2.7A:

Number of people accessing subsidised products through the National Diabetes Services Scheme.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.86 and *Health and Aged Care Corporate Plan 2024–25*, p.63

2024–25 Planned Performance	2024–25 Result
>750,000	752,659
	Result: Achieved ●

Data Source and Methodology:

The NDSS Central IT System manages NDSS product ordering and supply. This data is used to identify the number of NDSS registrants who have ordered product in the past year.

The department achieved the planned performance, with 752,659 people accessing NDSS subsidised products throughout 2024–25.

To ensure a broader choice of products for people with diabetes, a request for expressions of interest was released in November 2024 to secure future supply arrangements for the NDSS, including broader product distribution, more supply and related administration.

While the number of people newly registered with the NDSS remained stable in 2024–25 compared to the previous 12 months to 30 June 2024, it is anticipated that more Australians may rely on NDSS services and products in future years.

Cost-of-living pressures appear to be having an impact on people's choices in accessing NDSS subsidised products. The department will continue to monitor the impact arising from cost-of-living pressures with assistance from primary care general practitioners and other health professionals supporting individuals with diabetes.

Outcome 3: Ageing and Aged Care

Improved wellbeing for older Australians through targeted support, access to appropriate, high-quality care, and related information services.

Programs contributing to Outcome 3

Program	Summary of results against performance criteria			
	Achieved	Substantially achieved	Not achieved	Data not available
Program 3.1: Access and Information	-	-	2	-
Program 3.2: Aged Care Services	1	2	1	-
Program 3.3: Aged Care Quality	1	-	-	-
Total	2	2	3	-

The Outcome 3 program structure and performance measures for 2026–27 are currently being reviewed to align with the 1 November 2025 implementation of the *Aged Care Act 2024*.



Program 3.1: Access and Information

Program Objective

My Aged Care provides older people and their support networks with reliable and trusted information about aged care services. It provides timely and appropriate assessments aligned to needs and goals, appropriate referrals and equitable access to aged care services. Navigation services support vulnerable people who are not able to access aged care without this help.

In addition to the information detailed within Program 3.1, other work undertaken throughout 2024–25 demonstrates the breadth of work delivered as part of the Program. This includes programs such as the Aged Care Volunteer Visitors Scheme¹⁶³ (previously the Community Visitors Scheme). This scheme continued to support volunteer visits aimed at providing friendship, companionship and helping to develop social connections for older people. The National Aged Care Advocacy Program¹⁶⁴ supported older people with access to free, independent and confidential advocacy services, information on aged care rights and assistance in understanding and accessing aged care.

My Aged Care continually seeks opportunities to improve user experience through helping older people and their support networks to understand, navigate and access aged care. Improvements are made based on user feedback from surveys and other feedback mechanisms. In 2024–25, a range of improvements were made to My Aged Care, including:

- increasing the number of agents in the My Aged Care contact centre to manage volumes, handle complaints and investigations, and support case management
- updating key tools on the My Aged Care website,¹⁶⁵ including the ‘Fee estimator’,¹⁶⁶ ‘Apply for an assessment’¹⁶⁷ and ‘Make a Referral’¹⁶⁸ tools. These tools support implementation of reforms and provide useful, accessible information about upcoming changes
- reviewing the My Aged Care Welcome Pack to understand how older people and representatives interact with this and identifying improvements to enhance user engagement and satisfaction.

My Aged Care provides input annually into the *Report on the Operation of the Aged Care Act 1997*,¹⁶⁹ covering activities undertaken by Program 3.1. This demonstrates how the department is working to achieve program objectives and outcomes.

As part of the recently implemented Single Assessment System,¹⁷⁰ a new quality assurance program will be implemented. The program will include delivery of desktop assurance activities to test the quality of assessments at different points in an older person’s assessment journey. Assurance measures will focus on delivery of accurate, nationally consistent and fit-for-purpose Support Plans. The assurance measures will ensure consistency and quality of assessments are upheld. Independent assurance assessors will conduct ‘shadow’ aged care assessments alongside contracted assessors. The program will strengthen the Single Assessment System reforms already implemented, the introduction of the Integrated Assessment Tool and the commissioning of the assessment workforce.

Complementary data on access to, and information on, aged care services can be found in the Aged Care Quality and Safety Commission’s Sector Performance Reports.¹⁷¹

¹⁶³ Further information is available at: www.health.gov.au/our-work/aged-care-volunteer-visitors-scheme-acvvs/about

¹⁶⁴ Further information is available at: www.health.gov.au/our-work/national-aged-care-advocacy-program-nacap

¹⁶⁵ Available at: www.myagedcare.gov.au

¹⁶⁶ Available at: www.myagedcare.gov.au/how-much-will-i-pay

¹⁶⁷ Available at: www.myagedcare.gov.au/assessment/apply-online

¹⁶⁸ Available at: www.myagedcare.gov.au/make-a-referral

¹⁶⁹ Available at: www.health.gov.au/resources/publications/2023-24-report-on-the-operation-of-the-aged-care-act-1997

¹⁷⁰ Further information is available at: www.health.gov.au/our-work/single-assessment-system

¹⁷¹ Available at: www.agedcarequality.gov.au/news-publications/reports/sector-performance

These reports also provide insight into the sector's performance in compliance with the Aged Care Quality Standards¹⁷² and complaints made concerning assessments, choice and access to supports. The 2023–24 *Report on the Operation of the Aged Care Act 1997* provides details on how older people access different services, such as the Commonwealth Home Support Program or Home Care Packages through the Regional Assessment Service. This also includes the total number of people who accessed these services. The report highlights how My Aged Care provides access for people and how they can seek support, including through the National Aged Care Advocacy Program.

Key Activity 3.1A:

Facilitate access to aged care services.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.66

Performance Measure 3.1A:

Older people and their support networks have access to reliable and trusted information through My Aged Care.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.93 and *Health and Aged Care Corporate Plan 2024–25*, p.66

2024–25 Planned Performance	2024–25 Result	2023–24
a. The percentage of surveyed users who are satisfied with the service provided by the My Aged Care website ≥65%.	a. 64.1%	a. 56.3%
b. The percentage of surveyed users who are satisfied with the service provided by the My Aged Care Contact Centre >95%.	b. 94.8%	b. 95.1%
Result: Not achieved ○		

Disclosures:

Data used for reporting against this measure is sourced from data captured, stored and provided by third parties.

Data Source and Methodology:

My Aged Care website:

The data source for this measure is responses from users of the My Aged Care website to a voluntary onsite survey. Satisfaction is determined by an aggregate score from multiple questions which measure key indicators of website satisfaction, including helpfulness, usefulness, clarity and ease of use. The data is verified to ensure its reliability.

My Aged Care Contact Centre:

The data source for this measure is customer satisfaction survey responses from a random and representative sample of My Aged Care Contact Centre users. The survey is conducted through an independent market research company. Data is verified to ensure the accuracy of both customer details and their choice to participate in the survey. 'Satisfied' callers to the contact centre are those who give the contact centre a score of 6 to 10 on a scale of zero to 10 in response to the survey.

¹⁷² Further information on the Aged Care Quality Standards is available at: www.agedcarequality.gov.au/providers/quality-standards

The department routinely monitors consumer feedback through the survey to inform continuous improvement efforts across My Aged Care services.

My Aged Care website:

The department continued to closely monitor consumer feedback through the survey to inform improvements to the My Aged Care website. During 2024–25, enhancements were made including:

- introduction of a new semantic search logic to the website search tool to improve the quality and usefulness of search results
- updates to key interactive tools to support the implementation of aged care reforms
- publication of new information, resources and tools to communicate upcoming changes to the aged care system.

A comprehensive review of website content and interactive tools was undertaken with a refreshed website scheduled to launch on 1 November 2025. This update will ensure that older people and their support networks can continue to use the website to help understand, navigate and access aged care.

The website has remained stable over the past 12 months. The department has focused on continuing to ensure accuracy, usefulness and useability of website content and interactive tools. This includes changes made to support the implementation of the aged care reform agenda and informing users about upcoming changes. Feedback received during 2024–25 indicates ongoing concerns regarding assessment and service wait times, as well as the complexity of the aged care system.

Satisfaction with the My Aged Care website in 2024–25 was 64.1% which is marginally below the target of $\geq 65\%$. Performance of the website has increased on previous years with 2024–25 seeing the highest level of satisfaction recorded since its introduction.

Survey responses indicate that higher satisfaction can be attributed to the ongoing improvements to the usefulness of website content and useability of interactive tools. Increasing levels of digital confidence amongst website users has also supported increased satisfaction. Feedback continued to be provided through survey free text responses,¹⁷³ which has raised issues outside the scope of the website. These concerns were similar with those raised through the contact centre regarding wait times for assessments and services.

My Aged Care Contact Centre:

Processes and scripting were reviewed in 2024–25 and, where appropriate, updated ahead of the commencement of the new *Aged Care Act 2024* (new Act).¹⁷⁴

Reforms which impacted contact centre operations include:

- Single Assessment System for aged care – the new system will make it easier for older people to access government-funded aged care services as their needs change
- Support at Home program – will ensure a simpler and more equitable system for older people that helps people to stay at home for longer
- the new supporter framework – to help embed supported decision-making across the aged care system.

The contact centre has a robust capability program including induction training, training huddles, updates, escalation and team lead support. Ongoing monitoring has ensured that issues are responded to in a timely manner and, where required, additional personnel were engaged to support surge activities. This has enabled wait times for calls to remain low and the high level of satisfaction with contact centre support to remain high. Monthly reports continue to be reviewed as part of the governance forums with the contact centre vendor.

¹⁷³ Survey free text responses refers to users providing raw unfiltered comments and feedback in their own words.

¹⁷⁴ Further information on the new rights-based Aged Care Act can be found at: www.health.gov.au/our-work/aged-care-act/about

Single Assessment System and increased wait times for Home Care Packages:

Wait times for older people in having their needs assessed impacts the timeliness of accessing approved services. Contact centre interactions have increased as older people seek resolution on multiple occasions, contrasting with the previous approach of first call resolution.

The contact centre continues to achieve high consumer satisfaction. Increased communications regarding forthcoming reforms to My Aged Care has increased the number of enquiries to the contact centre. Frustration with Home Care Package wait times and confusion over the reforms may be reflected in contact centre results. The proportion of respondents from the sector who normally have the higher ratings has significantly reduced over the reporting period. In July 2024, the sector accounted for 43% of respondents with an average Contact Centre Customer Satisfaction (CC CSAT) yearly rating of 97% when compared with consumer ratings of 94.5%. By March 2025, the sector proportion of respondents had decreased to 6.6%. The reduction in sector respondents has been attributed to difficulties in accessing the specific personnel in organisations.

Satisfaction with the contact centre in 2024–25 was 94.8%, just short of the >95% target. The department will continue to monitor the ongoing performance via routine reporting and governance forums. The department is also reviewing the CC CSAT, the survey measuring performance, to identify if there is scope for process improvements, including industry survey methodologies.

Contact centre service satisfaction has reduced by 0.3% compared to 2023–24, in part attributed to a 19.3% increase in the number of calls handled in 2024–25. During 2024–25:

- Wait times for Home Care Packages have increased over the previous 12 months, impacting people's overall experiences with My Aged Care. Although program related matters are outside its remit, the My Aged Care Contact Centre remains the main contact for inquiries.
- The increase in calls is a result of more older people and their representatives seeking information on policy and reform that had not been finalised at the time of contact. The service could not provide granular detail to callers on what certain changes meant for them.

A new My Aged Website Customer Satisfaction survey was implemented on 1 July 2024. This change in survey questions will be considered when comparing the results to previous years.

Key Activity 3.1B:	
Facilitate access to aged care services. Source: <i>Health and Aged Care Corporate Plan 2024–25, p.68</i>	
Performance Measure 3.1B:	
Older people are assessed for service need. Source: <i>Health and Aged Care Portfolio Budget Statements 2024–25, p.94 and Health and Aged Care Corporate Plan 2024–25, p.68</i>	
2024–25 Planned Performance	2024–25 Result
a. Home Support assessments completed within the allocated priority timeframes (≥ 90%): I. High priority: 10 calendar days II. Medium priority: 14 calendar days III. Low priority: 21 calendar days	a. I. 68.8% II. 66.3% III. 69.6%
b. Comprehensive Community-based assessments completed within the allocated priority timeframes (≥ 90%): I. High priority: 10 calendar days II. Medium priority: 20 calendar days III. Low priority: 40 calendar days	b. I. 32.5% II. 71.9% III. 50.0%
c. Comprehensive Hospital-based assessments completed within the allocated priority timeframes (≥ 90%): I. High priority: 5 calendar days II. Medium priority: 10 calendar days III. Low priority: 15 calendar days	c. I. 88.2% II. 98.7% III. 91.8%
	Result: Not achieved <input type="radio"/>
Disclosures:	
<p>Data extracted from the Ageing and Aged Care Data Warehouse reflects a specific point in time after the reporting period. Data was extracted on 7 July 2025. As the dataset is dynamic and updated asynchronously—due to ongoing transactional changes by assessors—future extracts may include updated records. However, given the large sample sizes, these updates are unlikely to significantly alter overall results.</p> <p>Data used for reporting against this measure is sourced from the Aged Care Data Warehouse and data provided by third parties. There are limitations with this data, with the department working to rectify issues related to management of the Aged Care Data Warehouse which is planned to be completed in mid-2026.</p>	
Data Source and Methodology:	
<p>The data source for the 3.1B performance measure is the My Aged Care system. The system collects and manages the data entered by the assessors who conduct home support and comprehensive assessments for older people seeking aged care services.</p> <p>The data is extracted and processed by the department from the Aged Care Data Warehouse and populating reports using SAS Enterprise and Qlik platforms. The data is refreshed and updated on a regular basis and is subject to quality assurance checks.</p> <p>The measure is calculated as the percentage of assessments completed within the allocated priority timeframes, based on the referral acceptance date and the assessment completion date.</p> <p>Methodology for the measure is contained in the build scripts for the SAS and Qlik reports and follows the contractual agreements with the assessment organisations.</p>	

The Single Assessment System¹⁷⁵ for aged care was launched on 9 December 2024, marking a significant reform milestone in aged care assessments. This was in response to Recommendation 28 of the Royal Commission into Aged Care Quality and Safety (Royal Commission).

Throughout 2024–25, the department has focused on embedding the new assessment system. The system simplifies access to government-funded services by consolidating the Regional Assessment Service (RAS), Aged Care Assessment Teams (ACAT), and Australian National Aged Care Classification (AN-ACC) assessment organisations.

Apart from medium and low priority hospital-based assessments, assessment organisations did not meet the planned performance in 2024–25. This is primarily attributed to the establishment of the Single Assessment System workforce.

Key challenges in 2024–25 included establishing new outlets, recruiting and training staff, and adapting to operational changes. Jurisdictions prioritised high-priority assessments during the establishment of the Single Assessment System. In-line with challenges listed, overall performance in the second half of the year was impacted and targets across 2024–25 were not met. The department is taking a flexible approach to enforcing KPIs until December 2025. The department encourages organisations to meet targets to avoid reallocation of assessments to other organisations after December 2025.

The department has expanded performance reporting in 2024–25 to include all assessment priority levels, supporting greater transparency and responsiveness in aged care assessment services.

Home support assessments within allocated priority timeframes

In 2024–25, a total of 291,241 home support assessments were conducted in community settings. The planned performance did not meet the $\geq 90\%$ allocated priority target timeframes.

- Low priority – 69.6% were completed within 21 calendar days. This accounted for 85% of home support assessments.
- Medium priority – 66.3% were completed in 14 calendar days or less. This accounted for 14% of home support assessments.
- High priority – 68.8% were completed within 10 calendar days of referral acceptance. This accounted for 1% of home support assessments.

Comprehensive community-based assessments within allocated priority timeframes

In 2024–25, a total of 175,563 comprehensive assessments were conducted in community settings. The planned performance did not meet the $\geq 90\%$ allocated priority target timeframes.

- Low priority – 50.0% were completed within 40 calendar days. This accounted for 88% of comprehensive community-based assessments.
- Medium priority – 71.9% were completed in 20 calendar days or less. This accounted for 10% of comprehensive community-based assessments.
- High priority – 32.5% were completed within 10 calendar days of referral acceptance. This accounted for 2% of comprehensive community-based assessments.

¹⁷⁵ Further information on the Single Assessment System for aged care is available at: www.health.gov.au/our-work/single-assessment-system/about

Comprehensive hospital-based assessments within allocated priority timeframes

In 2024–25, a total of 56,942 comprehensive assessments were conducted in a hospital setting. Two of the planned performance targets met the $\geq 90\%$ allocated priority target timeframes.

- Low priority – 91.8% were completed within 15 calendar days, exceeding the $\geq 90\%$ target timeframe.
- Medium priority – 98.7% were completed in 10 calendar days or less, exceeding the $\geq 90\%$ target timeframe.
- High priority – 88.2% were completed within 5 calendar days of referral acceptance, just short of the $\geq 90\%$ target timeframe.

During the Single Assessment System's establishment, some assessment organisations were not operating at full capacity, and new organisations were focused on recruitment and training. Organisations will operate at greater capacity in 2025–26. The commencement of the new Act on 1 November 2025 may affect performance as assessment organisations will need to train staff and transition to new systems.

Due to the sweeping nature of the reforms that have been implemented, direct comparisons cannot be made between 2023–24 and 2024–25.

Quality assurance program

As part of the recently implemented Single Assessment System reforms, a new quality assurance program is being implemented. The quality assurance program focuses on verifying that aged care needs assessments and support plans align with the needs of older Australians and that they are connected to the services they require. This includes delivery of a program of desktop assurance activities testing the quality of assessments at different points in an older person's assessment journey. In 2024–25, assessments and support plans have been identified for review on a risk basis, focusing attention on emerging and forecast issues. For the 2025–26 period this will include work to verify the accuracy of assessments underpinning access to services through the Support at Home program.

Assurance measures are complemented with stakeholder engagement and support activities, focused on delivery of accurate, nationally consistent and fit-for-purpose Support Plans.

Program 3.2: Aged Care Services

Program Objective

Provide a range of flexible aged care programs for older people who require assistance including support at home, residential care and respite care for those who need it. Provide individualised aged care services that are aligned to needs and goals and help older people live meaningful lives and sustain connections with community.

Within Program 3.2, the department provides a range of flexible aged care programs to support older people in Australia. This includes residential aged care, in-home care services (including the Commonwealth Home Support Program and the Home Care Packages program) and flexible care services, such as those that assist with day-to-day tasks and help an older person to maintain independence while living at home.

In addition to the information detailed within Program 3.2, other programs undertaken throughout 2024–25 demonstrate the breadth of work delivered through this Program. The Continence Aids Payment Scheme¹⁷⁶ provided payments to eligible people to help with some of the costs of buying continence products. The Continuity of Support and Disability Support for Older Australians programs¹⁷⁷ supported older people with disability who were not eligible for the National Disability Insurance Scheme. Funding to support care needs was provided for Flexible Care through the National Aboriginal and Torres Strait Islander Flexible Aged Care Program¹⁷⁸ (NATSIFACP), Short-Term Restorative Care¹⁷⁹ and the Transition Aged Care¹⁸⁰ programs.

The information below provides greater information around the limitations in reporting on Program 3.2's performance measures. This being notably for performance measures 3.2A and 3.2C.

Within performance measure 3.2A, the explanation of outcomes for older people who do not live in residential care is not included as it is not in scope of the current data used to support this performance measure. The survey the data is derived from is designed to only represent the experiences of older people in residential aged care. The *2023–24 Report on the Operation of the Aged Care Act 1997* follows in line with the survey's data scope and provides more information on resident experiences.

In relation to performance measure 3.2C, the *2023–24 Report on the Operation of the Aged Care Act 1997* demonstrates that the government seeks to ensure balance in the provision of services between metropolitan, regional and remote locations. The report also notes the need for balance between differing levels of care required. This supply of aged care places is managed by specifying a national target provision ratio (the ratio) of subsidised aged care places. At 30 June 2024, the ratio was 71.4 operational aged care places for every 1,000 people aged 70 years and over. Complimentary data on access to aged care services can be found in the Aged Care Quality and Safety Commission's Sector Performance Reports.¹⁸¹ These reports provide insights into the aged care sector's performance in compliance with the Aged Care Quality Standards and workforce regulation.

The department understands that improvement is needed, particularly regarding reporting against such broad performance measures. The intention of this measure is to assess the efficacy of improvements made to support older people in rural or remote areas, or those who are First Nations, accessing services. The intention of this measure is not to address access in suburban or urban areas, as access in these areas are higher than those in rural and remote areas.¹⁸²

¹⁷⁶ Available at: www.health.gov.au/our-work/continence-aids-payment-scheme-caps

¹⁷⁷ Available at: www.health.gov.au/our-work/dsoa

¹⁷⁸ Available at: www.health.gov.au/our-work/national-aboriginal-and-torres-strait-islander-flexible-aged-care-program

¹⁷⁹ Available at: www.health.gov.au/our-work/short-term-restorative-care-strc-programme

¹⁸⁰ Available at: www.health.gov.au/our-work/transition-care-programme

¹⁸¹ Available at: www.agedcarequality.gov.au/news-publications/reports/sector-performance

¹⁸² Available at: www.gen-agedcaredata.gov.au/topics/people-using-aged-care#agedcareusebyremotenessareas

Key Activity 3.2A:

Support older people to live active, self-determined and meaningful lives.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.69

Performance Measure 3.2A:

Older Australians are treated with respect and dignity in receiving aged care services.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.95 and *Health and Aged Care Corporate Plan 2024–25*, p.69

2024–25 Planned Performance	2024–25 Result	2023–24
Maintain or increase the average Residents' Experience Survey (RES) Score of 84% for residential aged care homes.	85.3%	84.4%
	Result: Achieved ●	

Disclosures:**2024–25 Result:**

The result reported is for the period of 1 February 2024 to 31 October 2024, as the RES is conducted on a calendar year basis. The RES only surveys older people living in Commonwealth-funded residential aged care homes and does not include older people receiving other types of care services. For example, older people in the Multi-Purpose Services Program (MPSP), NATSIFACP services and older people receiving home care are not included within this performance measure.

Data Source and Methodology:

Data source for the measure 3.2A is survey results from aged care residents responding to the RES, which is an annual survey conducted by an independent third-party organisation, using a randomisation methodology to select and interview at least 10% of residents in each participating home, with an overall sample of around 20% of older people living in residential aged care homes across Australia.

The data quality and reliability are assured by:

- the survey design, the quality and assurance checks by the vendor and the department
- the external assurance feedback from the department's external assurance provider
- the planned performance justification and targets.

As part of the quality assurance process, the vendor and the department review the raw data, the survey results, and the calculation methodology. The data is also assured by the data assurance record for performance measure 3.2A, which documents the data type, source, items, acquisition, extraction, processing, frequency, storage, risks, and governance.

Methodology for the measure is calculated by averaging the RES scores (the 12 Likert scale questions in the survey) of all participating residential aged care homes and converting the average to a percentage. The performance measure is justified by the alignment with the program objective of ensuring respect, care and dignity in delivering aged care services, and the planned performance targets are based on the baseline data and the expected improvement over time.

The RES results are published on the My Aged Care website¹⁸³ and contribute to a residential aged care service's Star Ratings. Publication of the RES results has encouraged providers to make improvements to the delivery of their services, in line with survey findings. The RES is dependent on the experiences of older people receiving residential aged care. The performance measure is influenced by external factors surrounding the quality of care provided by providers within the residential aged care homes they operate.

There has been close to a 1% improvement in the average RES from the previous year's performance. This continues an upwards trend above the original performance baseline. The baseline score started at a high percentage of 82%, which was the RES score achieved in the 2022 round of the survey. A score of 84.4% was achieved in 2023–24 and 85.3% in 2024–25. Continued year-on-year increases may be incremental. The 2025 RES and the planned 2025–26 performance result will use a sampling methodology of a minimum of 20% of residents surveyed across all residential aged care homes.

¹⁸³ Available at: www.myagedcare.gov.au/quality/what-residents-think

Key Activity 3.2B:

Support older people to live active, self-determined and meaningful lives.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.69

Performance Measure 3.2B:

Older people receive residential care services that contributes to their quality of life.

- a. Establish measurement baseline for 'Quality of Life' indicator.
- b. Maintain a sector-wide average of 200 minutes of care per resident per day, including 40 minutes of direct care by a registered nurse (RN) per day.
- c. All non-exempt residential aged care facilities of approved providers have at least one RN on-site and on duty 24 hours a day, 7 days a week.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.96 and *Health and Aged Care Corporate Plan 2024–25*, p.71

2024–25 Planned Performance	2024–25 Result	2023–24
<ol style="list-style-type: none"> a. Establish measurement baseline for 'Quality of Life' indicator. b. Maintain a sector-wide average of 200 minutes of care per resident per day, including 40 minutes of direct care by a registered nurse per day. c. All non-exempt residential aged care facilities of approved providers have at least one registered nurse on-site and on duty 24 hours a day, 7 days a week. 	<ol style="list-style-type: none"> a. The baseline average of care recipients reporting 'Good' or 'Excellent' for the Quality of Life Quality Indicator reflects 74.06%. b. Weighted sector average of 213.22 minutes per resident per day of total care minutes including 43.11 RN minutes per resident per day. c. The average RN coverage from non-exempt facilities was 99.14%. 	<ol style="list-style-type: none"> a. Data not available, as this year contributed to establishing a baseline. b. Weighted sector average of 202.6 minutes per resident per day of total care minutes including 39.68 RN minutes per resident per day. c. The average RN coverage from non-exempt facilities was 98.58%.
Result: Substantially achieved ▶		

Disclosures:**2024–25 Result:**

- a. This result is based on 8 quarters of data (quarter 1 financial year 2023–24 to quarter 4 financial year 2024–25) to support the establishment of a meaningful baseline for this quality indicator. The baseline result captures the average percentage of care recipients who completed the Quality of Life Aged Care Consumer Survey (QOL-ACC) and reported a score of 'excellent' or 'good'. Care recipients can choose whether or not they want to complete the survey.
- b. The reported result is for the period July 2024 to March 2025 and does not include the April to June 2025 quarterly data as this will not be available until October 2025.
- c. 24/7 RN data for June 2025 may not include data for some facilities due to late submissions, due on the 7th of each month.

2023–24 Result:

- a. Data for the 2023–24 result is not available. An analysis has confirmed 8 quarters of data would be required to support the establishment of a meaningful baseline for this quality indicator.
- b. The 2023–24 result for performance measure b. has been revised to reflect the final result for the period July 2023 to June 2024. The result for the period July 2023 to March 2024 published in the 2023–24 Annual Report was 200.76 care minutes and 39.02 RN minutes per resident per day.
- c. Data for 4 facilities which undertake manual reporting has not been included in the result. Manual reporting is undertaken due to operating across multiple sites and is excluded from the performance result due to manual data being held in an alternative system compared to the rest of the 24/7 RN reporting.

Data Source and Methodology:

The **data source for measure 3.2B(a)** is the National Aged Care Mandatory Quality Indicator Program (QI Program), which requires approved providers of residential aged care to submit quarterly quality indicator data, including for quality of life. The QOL-ACC tool is the quality-of-life assessment tool used for the purposes of the QI Program.

The quality-of-life quality indicator results are calculated based on the number of care recipients who report 'excellent' and 'good' categories across 3 completion modes (self-completion, interviewer facilitated completion¹⁸⁴ or proxy-completion).¹⁸⁵ The baseline for the quality indicator will be established in the 2024–25 reporting period and will be used to set targets for future years.

The data is reported quarterly by residential aged care providers through the Quality Indicators App within the Government Provider Management System (GPMS). The data is then stored in the Aged Care Data Warehouse and transferred to the Australian Institute of Health and Welfare (AIHW) via Defigo for analysis and publication.

The data quality is assessed through quality assurance checks, in-built data validations in GPMS and through the AIHW for data validation. The data governance is guided by the National Aged Care Data Strategy,¹⁸⁶ the *Aged Care Act 1997*, and the QI Program Manual.

The **data source for measure 3.2B(b)** is the Quarterly Financial Report (QFR), which requires approved providers of residential aged care to submit quarterly financial and care time data in respect of each of their services. Specifically, the direct care hours of registered nurses, enrolled nurses and personal care workers/ assistants as well as the occupied bed day data are used in the calculation of this measure. This reporting is completed through the QFR app within GPMS. Data validation checks are performed on this data prior to acceptance. In addition, the department performs detailed assurance checks on a sample of this reporting each year through the care time reporting assessment program.

The **data source for measure 3.2B(c)** is 24/7 registered nurse reporting where all approved providers report all times, when a registered nurse was not onsite and on duty for each of their residential aged care facilities. This reporting is completed monthly through the registered nurse application on GPMS. While providers are required to report in respect of their exempt facilities, exempt facilities are excluded from the calculation of the performance measure. The 24/7 RN reporting is not validated prior to acceptance but like the **data for measure 3.2B(b)** a sample of the reporting is checked through the care time reporting assessment program.

3.2B(a) – Quality of Life indicator:

The planned performance established a baseline for the 'Quality of Life' indicator using 8 quarters of data.

An external factor influencing performance is the care and services delivered by the residential aged care provider. These directly impact the quality of life results reported by the care recipients through the Quality of Life Aged Care Consumer Survey.

Aggregate data for the 'Quality of Life' quality indicator is reported as part of the AIHW QI Program reporting.¹⁸⁷ This does not establish a baseline and simply reports data over the quarters.

¹⁸⁴ 'Interview facilitator completion' is when a care recipient requires additional support to complete the survey. The interviewer does not influence the scoring.

¹⁸⁵ 'Proxy-completion' is when a care recipient is unable to answer on their own behalf. The person acting as the proxy must know the care recipient well and see them regularly and should answer based on their knowledge of the care recipient and their quality of life at the time of survey.

¹⁸⁶ Available at: www.health.gov.au/resources/publications/department-of-health-and-aged-care-data-strategy-2022-25

¹⁸⁷ Available at: www.gen-agedcaredata.gov.au

3.2B(b) – care minutes:

The sector maintained an average above 200 total care minutes and 40 minutes of registered nurse (RN) time per day for the first 3 Quarters of 2024–25.

External factors influencing this include workforce shortages. Some providers, particularly those operating in rural and remote locations, experiencing challenges in recruiting and retaining a sufficient workforce to meet their care minutes responsibility.

Performance was influenced by a new benchmark for care minutes. On 1 October 2024, the requirement increased from 200 minutes of care per resident per day to 215 minutes.

3.2B(c) – 24/7 RN:

The sector had average RN coverage from non-exempt facilities of 99.14% across 2024–25.

External factors influencing this include RN shortages, particularly in rural and remote locations. This impacts providers experiencing challenges recruiting and retaining enough workers to meet the 24/7 RN responsibility.

For measures 3.2B(b) and (c) it is legislated that providers meet their care minutes and 24/7 RN responsibilities, with an increase on performance from 2023–24.



Key Activity 3.2C:

Support older people to live active, self-determined and meaningful lives.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.69

Performance Measure 3.2C:

Older people with diverse backgrounds and life experiences or who live in rural and remote areas can receive culturally safe and equitable aged care services where they live.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.97 and *Health and Aged Care Corporate Plan 2024–25*, p.74

2024–25 Planned Performance	2024–25 Result	2023–24
<p>a. Older people who are (self-identified as) First Nations peoples are receiving aged care services at rates comparable with their representation in Australian population estimates: Target 3.5%</p> <p>b. Older people in rural and remote areas are receiving aged care services at rates comparable with their representation in Australian population estimates: Target 11.2%</p>	<p>a.</p> <ul style="list-style-type: none"> • At 30 June 2025, 1.2% of permanent residents accessing care in mainstream residential aged care. • At 30 June 2025, 3.4% of people accessing services under the Home Care Package (HCP) program. • Across 2024–25 financial year, 3.0% of people using any Commonwealth Home Support Program (CHSP) supports. <p>b.</p> <ul style="list-style-type: none"> • At 30 June 2025, 7.6% of permanent residents accessing care in mainstream residential aged care. • At 30 June 2025, 9.8% of people accessing services under the HCP program. • Across 2024–25 financial year, 12.1% of people using any CHSP supports. 	<p>a. First Nations identification amongst older people accessing aged care is estimated as follows:</p> <ul style="list-style-type: none"> • As of 30 June 2024, 1.3% of permanent residents accessing care in mainstream residential aged care. • As of 30 June 2024, 3.4% of people accessing services under the HCP program. • Across 2023–24 financial year, 3.0% of people using any CHSP supports. <p>b. Older Australians in rural and remote areas as a proportion of all people accessing care is estimated as follows:</p> <ul style="list-style-type: none"> • As of 30 June 2024, 7.7% of permanent residents accessing care in mainstream residential aged care. • As of 30 June 2024, 8.9% of people accessing services under the HCP program. • Across 2023–24 financial year, 12.4% of people using any CHSP supports.

Result: Not achieved

Disclosures:

For a. and b. data used for reporting against these measures is sourced from the Aged Care Data Warehouse and data provided by third parties. There are limitations with this data, with the department working to rectify issues related to management of the Aged Care Data Warehouse which is planned to be completed in mid-2026.

2024–25 Result:

- a. The population target of 3.5% is applicable to each of the individual percentage results recorded for:
- mainstream residential aged care
 - HCP program
 - CHSP.

Data for First Nations identity is dependent on self-reported data by First Nations peoples and presents a limitation in reporting on the outcome of the measure.

b. The population target of 11.2% is applicable to each of the individual percentage results recorded for:

- mainstream residential aged care
- HCP program
- CHSP.

The 2024–25 result for both a. and b. is preliminary financial year data as of 30 June 2025 (or 2024–25, for CHSP) and does not include data on flexible aged care programs including Multi-Purpose Services Program (MPSP)¹⁸⁸ and the National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC)¹⁸⁹ Program.

For b., the result reflects the location of the HCP recipient, compared to past years where the location of the HCP service delivering care was reported. This represents a break in the series but improves the relevance of this indicator as the location of the recipient of the care delivered is better represented.

2023–24 Result:

a. The population target of 3.5% is applicable to each of the individual percentage results recorded for:

- mainstream residential aged care
- HCP program
- CHSP.

Data for First Nations identity is dependent on self-reported data by First Nations peoples and presents a limitation in reporting on the outcome of the measure.

b. The population target of 11.2% is applicable to each of the individual percentage results recorded for:

- mainstream residential aged care
- HCP program
- CHSP.

The 2023–24 result for both a. and b. is preliminary financial year data as of 30 June 2024 and does not include data on flexible aged care programs including MPSP and the NATSIFAC Program.

Data Source and Methodology:

Data source is the department's internal administrative data, which records the number and proportion of older people who access aged care services and identify as First Nations peoples, or live in rural and remote areas. This data is verifiable by the department's data governance framework, which ensures that the data is reliable, accurate, valid and consistent. It is also verifiable by the external assurance feedback from the department's external assurance provider, who reviews the draft performance reports and provides feedback to the department.

Methodology for the measure is calculated by dividing the number of older people, who access aged care services and either identify as First Nations peoples or live in rural and remote areas, by the estimated population of older people who access aged care services and multiplying by 100 to get the percentage. The performance measure is justified by the alignment with the program objective of providing culturally safe and equitable aged care services for older people with diverse backgrounds and life experiences. The planned performance targets are based on the population estimates and the expected growth of service provision.

¹⁸⁸ The MPSP delivers residential and home care services in MM 5 to 7 locations. Further information is available at: www.health.gov.au/our-work/multi-purpose-services-mps-program/about-the-multi-purpose-services-mps-program#who-can-access-the-program

¹⁸⁹ The NATSIFAC provides culturally safe and appropriate care for older Aboriginal and Torres Strait Islander peoples, particularly in the more remote areas of Australia. Further information is available at: www.health.gov.au/our-work/national-aboriginal-and-torres-strait-islander-flexible-aged-care-program

The department is committed to building an aged care system that delivers high-quality, culturally safe and responsive aged care services for Aboriginal and Torres Strait Islander people. This will help ensure they can age well, with dignity, respect and connection to community and culture.

Successful delivery would increase access to services for older people in these communities at rates comparable with their representation in Australian population estimates. Work already underway to achieve this includes:

- supporting Aboriginal Community Controlled Organisations (ACCOs) to expand delivery of culturally safe, place-based and tailored aged care services to their respective communities
- developing targeted cultural safety training resources for workers across the aged care system
- building the Aboriginal and Torres Strait Islander aged care workforce, including through programs such as the Indigenous Employment Initiative
- rolling out Aboriginal and Torres Strait Islander assessment organisations in the second half of 2025 to deliver culturally safe assessments
- continuing the Elder Care Support Program, which has already assisted more than 5,000 older Aboriginal and Torres Strait Islander people to access services.

The department is also committed to improving access to services for older people in rural and remote areas. Initiatives already in place to achieve this include:

- better mainstream funding outcomes for providers in these areas through, for example:
 - additional Australian National Aged Care Classification (AN-ACC) funding for residential care homes in rural and remote locations
 - viability supplements for home care providers delivering services in rural and remote areas.
- ongoing support for, and reform of, existing thin market programs, such as MPSP and NATSIFACP
- funding for workforce, professional and viability supports as well as infrastructure funding, for example:
 - the Aged Care Capital Assistance Program which supports the construction, upgrade and expansion of aged care services and staff accommodation in thin market settings
 - workforce programs, including the Regional, Rural and Remote Home Care Workforce Support program and the Rural Locum Assistance Program (Aged Care).

The department also recognises the need to ensure supports are properly targeted and reach the communities that need them. To support this, the department commenced a review of the Modified Monash Model (MMM) and other rural and remote policy levers in 2024–25. The department also continued to explore innovative place-based solutions to deliver services across the care and support sectors where there are areas of shortage. This includes through the Care Together Program and the Integrated Care and Commissioning initiative.

Importantly, the Statement of Rights in the new Act will embed the right to culturally safe aged care and to equitable access to be assessed for funded aged care services.¹⁹⁰ The new Statement of Principles¹⁹¹ also recognises the aged care system should offer accessible, culturally safe and appropriate, trauma-aware and healing-informed services. This should be the case regardless of a person's location, background and life experiences. Strengthened Aged Care Quality Standards¹⁹² will also require providers in registration categories 4 to 6 to deliver culturally safe and appropriate services.

¹⁹⁰ Further information on the Statement of Rights is available at: www.health.gov.au/resources/publications/a-new-aged-care-act-for-the-rights-of-older-people

¹⁹¹ Further information on the Statement of Principles is available at: www.health.gov.au/our-work/aged-care-act/about#statement-of-principles

¹⁹² Further information on the Strengthened Quality Standards is available at: www.agedcarequality.gov.au/providers/quality-standards/strengthened-quality-standards

The rate at which Aboriginal and Torres Strait Islander people accessed aged care services during 2024–25 was below the department's expectations. A combination of factors has created barriers in access to the aged care system. These arise from ongoing impacts of colonisation and prolonged discrimination, social and economic disadvantage. Complexity within the system and a limited Aboriginal and Torres Strait Islander workforce also continues to impact access rates. The 2024–25 target for older people who self-identify as Aboriginal or Torres Strait Islander person accessing permanent mainstream residential aged care was not achieved (1.2% vs target of 3.5%). This was also the case for people accessing care via the HCP program (3.4% vs target of 3.5%) and the CHSP (3.0% vs target of 3.5%). The results were more positive for home-based aged care programs.

The rate at which older people living in rural and remote Australia accessed aged care services during 2024–25 was below the department's expectations. In some areas, this could be linked to geography and distance impacting access rates. In other areas, this could be due to workforce challenges impacting service availability, service delivery costs or other localised factors. For older people living in rural and remote areas, overall, the 2024–25 target was not achieved. There were positive results for the CHSP (12.1% vs target of 11.2%). Targets were not achieved for the permanent residential care (7.6% vs target of 11.2%) and the HCP program (9.8% vs target of 11.2%).

Aged care access rates for Aboriginal or Torres Strait Islander people have not significantly increased between 2023–24 and 2024–25. This indicates further work is required to create an aged care system that is culturally safe and adequately supportive of older Aboriginal and Torres Strait Islander people. Access rates remain lower than desired, despite a higher burden of disease, lower life expectancy and an increased likelihood of requiring aged care at a younger age.

The number of individuals accessing services in rural and remote areas continued to increase. However, similarly, aged care access rates for older people in these areas have not significantly increased between 2023–24 and 2024–25. This is despite significant investment to support providers in these areas. Further work is required to ensure that access rates are comparable with the broader Australian population. Policy settings will be reviewed to ensure that investment is targeted to reach the communities most in need.

The exclusion of both MPSP and NATSIFACP data is significant when considering the above performance results. At 30 June 2025, NATSIFACP had 1,829 operational places across Australia and the MPSP assisted approximately 5,000 older people across residential and home settings. The results therefore underestimate the number of older people from rural and remote areas and Aboriginal and Torres Strait Islander communities accessing aged care services.

The target population for Aboriginal and Torres Strait Islander people is aged 50 years and over, compared to 65 years and over for other population groups. Aboriginal and Torres Strait Islander people can access aged care services at a younger age, due to a higher burden of disease and disability and an increased need for services earlier in life. Reporting for this group relies on self-reporting and may not accurately reflect the true numbers of Aboriginal and Torres Strait Islander people accessing services. Status may not be reported because people feel uncomfortable in disclosing their status, or it is not accurately captured through registration and assessment processes. The accuracy of this data will improve as the cultural safety of aged care is increased. The Integrated Assessment Tool will additionally strengthen the capture of this information.

Key Activity 3.2D:

Support older people to live active, self-determined and meaningful lives.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.69

Performance Measure 3.2D:

Older people receive care and support at home that contributes to quality of life.

- a. Number of allocated Home Care Packages.
- b. Number of clients that accessed Commonwealth Home Support Program services.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.98 and *Health and Aged Care Corporate Plan 2024–25*, p.55

2024–25 Planned Performance	2024–25 Result	2023–24
a. Number of allocated Home Care Packages (Target 305,897) ¹⁹³	a. 308,244	a. 287,404
b. Number of clients that accessed Commonwealth Home Support Program services (Target 840,000)	b. 838,694	b. 834,981
Result: Substantially achieved ▶		

Disclosures:**2024–25 Result:**

Data submissions for the previous financial year remain open throughout July to allow providers sufficient time to finalise their reporting. As a result, the dataset is not considered complete until after this period, and annual performance reporting may be subject to a delay of one to 2 months. While this delay ensures more comprehensive data collection, late or missing submissions can still lead to underreporting. Despite these 2 limitations, the overall margin error is considered low and does not have an impact on the ability to rely on the result. Existing quality assurance processes, including Data Exchange (DEX) guidance, system validation and internal reviews ensure that the data remains sufficiently reliable for performance reporting.

For b. data used for reporting against this measure is sourced from the Aged Care Data Warehouse and data provided by third parties. There are limitations with this data, with the department working to rectify issues related to management of the Aged Care Data Warehouse which is planned to be completed in mid-2026.

Data Source and Methodology:

Data source is the department's internal administrative data, which records the number of allocated Home Care Packages and the number of clients who accessed Commonwealth Home Support Program services.

Methodology for the measure is calculated by counting the number of allocated Home Care Packages and the number of clients who accessed Commonwealth Home Support Program services in a given financial year. The performance measure is justified by the alignment with the program objective of supporting older people to receive care and support at home that contributes to their quality of life. The planned performance results are to be confirmed based on the demand and supply of home care services.

¹⁹³ The 2024–25 Corporate Plan planned performance target for 3.2D(a) was 299,700. The target was updated to 305,897 during the 2024–25 Mid-Year Economic and Fiscal Outlook.

Home Care Packages (HCPs):

HCPs provide older people in Australia with more complex needs access to clinical care, personal care and support services which assist with day-to-day activities while living at home. Increased allocations of HCPs not only benefit the people who receive them, but also their family members, friends, and carers as their care obligations are complimented with care delivered through the HCP Program.

In 2024–25, the department released 30,300 additional HCPs, extending the one-off increase of 9,500 HCPs in 2023–24. This, along with effective sector communication, has supported current HCP recipients, and allocated new packages for care recipients who have joined the Program.

There is an increased demand for in-home aged care services because of the continued growth in the population of those over 65 in Australia. As people age, there is an increased preference to age in their own homes. As people age many also require additional support to live independently. This has led to an increase in demand for HCPs.

The waitlist for HCPs has increased significantly from 68,586 as of 30 June 2024 to 96,709 as of 30 June 2025. The number of people approved to receive a HCP is exceeding the number of available packages.

At 30 June 2025, 308,244 people had been allocated a HCP, providing access to care and services to support them to continue living at home.

The number of allocated HCPs has grown from 287,404 as at 30 June 2024 to 308,244 as at 30 June 2025. This increase means that more people have access to a broader range of services that support their care needs and ability to live independently.

Commonwealth Home Support Program (CHSP):

The CHSP provides services nationally to clients with a lower assessed level of need, with a focus on delivering activities that support their independence, wellness and reablement.

In 2024–25, the department increased compliance activity under the CHSP, engaging with approximately 130 CHSP contracted providers regarding performance against their contracts. A combination of service delivery improvement plans, contractual variations and funding adjustments have driven an increase in service delivery against contracted outputs. This will lead to an increase in clients accessing services during 2025–26.

During 2024–25, CHSP service providers were impacted by a variety of issues in their ability to deliver services outlined in their contract. Workforce recruitment along with lower referrals from My Aged Care for respite services resulted in some service types under-delivering during 2024–25. Providers have reported the cost of delivering services, including increases in the cost of fuel, wages and utilities, against provided funding has affected their ability to deliver contracted outputs. The department is working with providers where services have been affected to enable a greater understanding of the impacts of reported increasing costs. Providers have also reported difficulties in obtaining client contributions, which has impacted the overall delivery of services against Commonwealth contracted funding. Providers can apply under a Grant Opportunity (GO7393) when these impacts result in critical need and viability concerns. This ensures that older people's continuity of care is not disrupted.

At 31 May 2025, an estimated 814,358 clients have accessed these services, achieving 97% of the planned performance target of 840,000.

The number of clients accessing the CHSP has grown from 816,132 in 2022–23 to over 838,000 in 2024–25. Current projections indicate a further increase to approximately 840,000 in 2025–26. This growth is accompanied by a stronger emphasis on reporting and compliance. This is ensuring that funding is aligned with service delivery and driving an increase in services provided by contracted providers.

Program 3.3: Aged Care Quality

Program Objective

Older people receive safe and high-quality services which are free from discrimination, mistreatment and neglect through regulatory activities, collaboration with the aged care sector. Provide support to the aged care sector through targeted awareness raising and capacity building activities to ensure standards of care are upheld.

The work of this Program addresses Recommendation 75 1.a. of the Royal Commission.¹⁹⁴ Specifically, to obtain up to date data every 2 years about the aged care workforce. Information about the aged care workforce informs policy planning to strengthen the aged care workforce. The capacity and capability of the aged care workforce directly impacts on safety and quality of care delivered to older people. The quality of Australian Government-funded aged care is assessed against a set of Aged Care Quality Standards by the Aged Care Quality and Safety Commission (ACQSC).

Substandard quality and safety of care due to the workforce being 'understaffed, underpaid and undertrained' was identified as a systemic problem by the Royal Commission. Initiatives to improve aged care workforce capacity and capability to deliver safe and high-quality care for older people have included:

- investment in building, training and supporting the aged care workforce
- initiatives to reduce reliance on agency staff
- funding to support award wage increases for aged care workers, resulting from the Fair Work Commission's decisions under the Aged Care Work Value Case
- improved transparency and accountability in financial reporting by aged care providers. Star Ratings for staffing in residential aged care and Quarterly Financial Snapshots of the aged care sector are publicly available from the department's website.¹⁹⁵

Research literature has also highlighted the impact of the aged care workforce on the safety and quality of care provided to older people. Workforce turnover is recognised internationally as a quality indicator. The AIHW reports workforce turnover quarterly, as one of the National Aged Care Mandatory Quality Indicators in residential aged care. The Program addresses recommendations from the Royal Commission to improve the quality of aged care services provided to older people through reporting on 14 quality indicators.¹⁹⁶ Quarterly workforce turnover for all eligible staff shows a downward trend from 7.0% to 5.1% from Quarter 4 2022–23 to Quarter 1 2024–25 ($p \geq 0.05$). Eligible staff include service managers, nurse practitioners or registered nurses, enrolled nurses, and personal care workers or assistants in nursing.

This quarterly reporting does not include aged care programs outside of residential aged care. Annual workforce turnover rates for direct care workers in residential aged care, home care, MPSP, NATSIFACP and the CHSP are reported in the biennial Aged Care Provider Workforce Surveys.

¹⁹⁴ Royal Commission into Aged Care Quality and Safety, 2021, Final Report: Care, Dignity and Respect, Volume 1, p 258, is available at: www.royalcommission.gov.au/aged-care/final-report

¹⁹⁵ Star Ratings quarterly data extract May 2025 available at: www.health.gov.au/resources/publications/star-ratings-quarterly-data-extract-may-2025 and Data extract from the Quarterly Financial Snapshot reports of the aged care sector: www.health.gov.au/resources/publications/data-extract-from-the-quarterly-financial-snapshot-reports-of-the-aged-care-sector

¹⁹⁶ National Aged Care Mandatory Quality Indicator Program. Available at: www.health.gov.au/our-work/qi-program

An undertrained workforce was identified as a systemic problem by the Royal Commission.¹⁹⁷ Worker qualifications are a focus of multiple initiatives to upskill the aged care workforce. These initiatives are listed in the *Professional Framework – to build and strengthen the aged care workforce* (Professional Framework).¹⁹⁸ The Aged Care Provider Workforce Survey includes questions about direct care workers qualifications, to monitor the aged care workforce skills range over time. Aged Care Worker satisfaction also contributes to quality and safety of care delivered for older people. Satisfied workers are more likely to remain working, which provides continuity of care and strengthened relationships with older people who receive care. The Aged Care Worker Survey reports overall satisfaction, and elements of work that contribute to workers' satisfaction and dissatisfaction.

Key Activity 3.3A:

Enable safe and high-quality aged care.

Source: *Health and Aged Care Corporate Plan 2024–25*, p.64

Performance Measure 3.3A:

Aged care workforce is available and appropriately skilled to deliver safe and high-quality care to older people.

Source: *Health and Aged Care Portfolio Budget Statements 2024–25*, p.99 and *Health and Aged Care Corporate Plan 2024–25*, p.64

2024–25 Planned Performance	2024–25 Result	2023–24
<p>a. Establish baseline for staff turnover through the biennial Provider Workforce Survey.</p> <p>b. Establish baseline for worker qualification through the biennial Provider Workforce Survey.</p> <p>c. Establish baseline for worker satisfaction through the biennial Aged Care Worker Survey.</p>	<p>a. Baseline workforce turnover is 84,908 (27%) of all directly employed nursing, personal care and clinical care manager staff left their employment in the 12-months since March 2022.</p> <p>b. Baseline for worker qualifications is: 48.0% of all directly employed Personal Care Workers hold a Certificate III or higher in a field of study related to their aged care work.</p> <p>c. Baseline worker satisfaction is: 64.7% of survey respondents of the Worker Survey are satisfied with their overall employment in their main job in aged care.</p>	<p>a. Workforce turnover: 84,908 (27%) of all directly employed nursing, personal care and clinical care manager staff left their employment in the 12-months since March 2022.</p> <p>b. Workforce qualifications: 48.0% of all directly employed Personal Care Workers hold a Certificate III or higher in a field of study related to their aged care work.</p> <p>c. Workforce satisfaction: 64.7% of survey respondents of the Worker Survey are satisfied with their overall employment in their main job in aged care.</p>

Result: Achieved (Baseline established) ●

Disclosures:

2024–25 Result:

Baseline has been established for 2024–25 and is the same as that reported in 2023–24, because the Aged Care Provider Workforce Survey is a biennial survey, last conducted in 2023. As the results have not changed for 2024–25, the disclosure information remains the same as for 2023–24, described below for a. and b. The workforce satisfaction measure c. should be interpreted with caution, as it reflects only the views of survey respondents who answered the satisfaction question—not the entire aged care workforce. For c. data used for reporting against this measure is sourced from the Aged Care Data Warehouse and data provided by third parties. There are limitations with this data, with the department working to rectify issues related to management of the Aged Care Data Warehouse which is planned to be completed in mid-2026.

¹⁹⁷ Royal Commission into Aged Care Quality and Safety, 2021, Final Report: Care, Dignity and Respect, Volume 2, p 211, is available at: www.royalcommission.gov.au/aged-care/final-report

¹⁹⁸ Available at: www.health.gov.au/professional-framework

2023–24 Result:

For a. and b. the 2023 Aged Care Provider Workforce Survey, headcount estimates may overstate the size of the workforce where staff work for multiple providers or across different service care types. Services were asked to provide information relevant to the first fortnightly pay period in March 2023.

The result for b. Workforce qualification was calculated as the proportion of Personal Care Workers whose highest level of education completed in a field related to aged care work is a Certificate III or higher, noting the denominator includes 'unknown' responses. Please note the high proportion of 'unknown' responses on this question (47% overall), indicating that these results should be interpreted with caution.

Data Source and Methodology:**Measure a. Workforce turnover**

Calculation methodology for staff turnover is derived from:

Numbers of directly employed staff in first fortnightly pay period in March 2023, minus number of new directly employed workers who commenced at the facility since 1 March 2022, plus number of directly employed workers who have left the facility since 1 March 2022.

Measure b. Workforce qualification

Workforce qualifications is directly sourced from the Aged Care Workforce Provider Survey (input to output) with no calculations undertaken to produce these estimates.

Measure c. Worker satisfaction

Workforce satisfaction will be directly sourced from the Aged Care Worker Survey (input to output) with no calculations undertaken to produce these data. The survey captures 12 measures of worker satisfaction and includes overall job satisfaction, satisfaction with level of support from employer, and satisfaction with training and promotional opportunities.

Data source: Aged Care Workforce Provider Survey 2023 - providers responding to the Aged Care Provider Workforce Survey.

Data type: Survey responses weighted to the population.

Data acquisition: Contact data for providers is extracted from the Aging and Aged Care Data Warehouse (ACDW) and given to the Social Research Centre (SRC) at Australian National University (ANU).

Data extraction and processing

The raw data in Excel format is extracted from the Health Data Portal by Aged Care Workforce Branch and stored in the ACDW.

Internal quality assurance

During the analysis process the data undergoes assurance cross checks by the Australian Institute of Health and Welfare (AIHW) and the department. The process is documented in the Data Quality Statement.

Data extraction and methodology – workforce satisfaction:

Data source: Aged Care Worker Survey 2024 - opt in survey of all direct care aged care workers.

Data type: Survey responses only (not weighted to the target population).

Data acquisition: Advertised the survey on the department's social media pages and sector newsletters. These advertisements had a survey QR and direct weblink included. Forms

Administration Pty Ltd were procured to email aged care providers the survey and to encourage providers to forward the survey onto their staff to complete.

Internal quality assurance

The department's quality assurance includes checks for missing data or duplicate data, logic check of data in related variables, data outlier checks and recoding of qualitative responses to quantitative responses.

The Australian Government is continuing to invest in building, training and supporting the aged care workforce. A key component of lifting the standard of aged care in Australia is to recognise the contribution and value that aged care workers deliver. The government is investing in initiatives including Fee-Free TAFE, more university places, Commonwealth Prac Payments (CPP) and a new visa pathway to attract new workers. These will also help to build the skills of current workers.

To guide this, the government has published the Professional Framework.¹⁹⁹ This framework was developed with stakeholder input and sets the strategic direction for workforce actions that support the needs and rights of older people.

Reporting for the aged care workforce is affected by biennial survey data collection timing cycles. There is more frequent routine reporting for some programs. Recommendation 75 1.a. from the Royal Commission²⁰⁰ recommends that up-to-date data about the aged care workforce be collected every 2 years. The last Aged Care Provider Workforce Survey was conducted in 2023, and the results were published in 2024. The next survey is due to take place in the second half of 2025 and the results will be available in 2026. These will be referenced in performance measures a. and b for 2025–26.

There are no further data updates available for performance measure c. on worker satisfaction to observe trends at this point in time.

Aged Care reforms in response to the Royal Commission included structural changes affecting funding for the aged care workforce. Increased funding for residential aged care occurred with the introduction of case mix adjusted, activity-based care. The pricing of this was set by the Independent Health and Aged Care Pricing Authority. The introduction of mandated requirements for 24/7 RN coverage and care minutes has increased the demand and supply of RNs in residential aged care. The Fair Work Commission's Aged Care Work Value case resulted in increases to the award wages for aged care workers. This was supported by increased government funding to cover these and other labour cost increases in aged care in 2024–25.

The biennial cycle of aged care workforce survey reporting was considered in planning for 2024–25 performance reporting. Establishment of baseline measures was planned for 2024–25, for measures a. workforce turnover, b. workforce qualifications and c. workforce satisfaction. Aged Care Worker Survey data, including worker satisfaction, was collected in 2023–24 (March to April 2024) and published in late 2024. Baseline measures are now established in 2024–25 for all measures (a, b and c).

2024–25 results are identical to 2023–24 reporting. This is because results from the Aged Care Provider Workforce 2023 and Aged Care Worker Survey 2024 are the most recent results. Although trend data is not yet available for the 3 measures due to biennial survey data collections timing cycles, there is indication that quarterly workforce turnover in residential aged care is steadily reducing. This trend is reported from National Aged Care Mandatory Quality Indicators in Residential Aged Care.²⁰¹

¹⁹⁹ Available at: www.health.gov.au/professional-framework

²⁰⁰ Royal Commission into Aged Care Quality and Safety, 2021, Final Report: Care, Dignity and Respect, Volume 1, p 258, is available at: www.royalcommission.gov.au/aged-care/final-report

²⁰¹ Available at: [Quality in aged care - AIHW Gen](https://www.aihw.gov.au/reports/aged-care/quality-in-aged-care)

Outcome 4: Disability and Carers

Supporting the independence of people with disability and carers by providing targeted supports.

Programs contributing to Outcome 4

Program	Summary of results against performance criteria			
	Achieved	Substantially achieved	Not achieved	Data not available
Program 4.1: Disability and Carers	2	1	1	-
Program 4.2: National Disability Insurance Scheme	3	-	-	1
Total	5	1	1	1



Program 4.1: Disability and Carers

Program Objective

To support people with disabilities and carers to actively participate in community and economic life.

2024–25 represents the fifth full year of operation for the Carer Gateway program. Monitoring improvement in carer wellbeing is a longer-term outcome, and the proportion of carers experiencing improved wellbeing is an important measure of the impact of this program. Reporting carer wellbeing outcomes for clients measures the department's performance in providing support for carers, and in 2022–23 replaced the previous measure 'annual increase in number of people accessing Carer Gateway'.

In addition to access and quality of carer supports, a range of other factors influence wellbeing for carers, including the circumstances of their caring relationship and employment. Qualitative evidence indicates that regardless of effective support, the caring role is taxing and maintenance of wellbeing could also be considered a success. Ongoing analysis of program data indicates that percentage of carers with improved wellbeing is plateauing the longer the program runs. This observation has been reflected in the out year targets.

Carer Gateway is the support program which provides the largest reach and the broadest range of services to unpaid carers. In 2024–25, the number of carers assisted through Carer Gateway service providers continued to increase compared to previous years.

In December 2024, the Minister for Social Services, the Hon Amanda Rishworth MP, released the National Carer Strategy 2024–2034²⁰² (the Strategy) to support Australia's unpaid carers. The Strategy provides a framework for co-designing, developing and delivering a suite of actions to holistically improve the lives of carers. The accompanying National Carer Strategy Action Plan 2024–2027 (the Action Plan) outlines early actions, with a number already completed or in train.

- Additional funding has been allocated to Carer Gateway to increase access to phone counselling for carers up to an additional 10,000 sessions per year. Additional counsellors have been recruited, and a marketing campaign has commenced with hospitals and rural medical facilities. The program is on track to reach the target of 10,000 additional counselling sessions by September 2025.
- The Tristate Carer Vocational Outcomes Program Pilot ceased on 30 June 2025, and pre-employment supports in Queensland, South Australia and Tasmania transitioned to delivery via Carer Gateway from 1 July 2025. Pre-employment supports will be expanded to a national model from 1 July 2026.
- Complementary programs were extended to support Carer Gateway as an ongoing measure, with the Carer Inclusive Workplace Initiative extended to 30 June 2026, and the Young Carer Bursary Program and Young Carer Network extended to 30 June 2027.

On 3 December 2021, Australia's Disability Strategy 2021–2031²⁰³ (ADS) was launched by all levels of governments. ADS enables coordinated and joined-up action across all levels of governments to fulfill the vision of an inclusive and accessible Australia to enable people with disability to reach their potential as equal members of their communities. It recognises that all levels of government are responsible for supporting people with disability, and the need for collaboration across governments to achieve this vision.

Following a review conducted in 2024, ADS was updated and published on ADS Hub.²⁰⁴ A revised ADS Data Improvement Plan was also published on ADS Hub in December 2024.²⁰⁵

²⁰² Available at: www.health.gov.au/resources/publications/national-carer-strategy-2024-2034

²⁰³ Available at: www.health.gov.au/our-work/australias-disability-strategy

²⁰⁴ Available at: www.disabilitygateway.gov.au/ads

²⁰⁵ Available at: www.disabilitygateway.gov.au/document/10981

ADS delivers against 7 Outcome Areas that people with disability told us needed to improve to achieve the vision for ADS: Employment and Financial Security; Inclusive Homes and Communities; Safety, Rights and Justice; Personal and Community Support; Education and Learning; Health and Wellbeing; and Community Attitudes.

One of the key improvements introduced with the launch of ADS was the implementation of the Outcomes Framework (OF),²⁰⁶ to enhance government accountability by measuring and reporting on outcomes. Reporting against the ADS OF measures allows policy makers and non-government organisations to see the policy areas, services and programs that are tracking well and those which are not. This is important in informing the design and implementation of ongoing policies and programs to improve the outcomes of people with disability over the life of ADS.

The department leads the implementation and reporting of ADS across Commonwealth agencies and state and territory governments, which have responsibility under their respective portfolios and jurisdictions to implement policies, programs and supports to improve the lives of people with disability.

To support the implementation of ADS across Australian Government portfolios, the department uses a collaborative leadership approach. The collaborative leadership approach means that all ministers with disability responsibility are responsible for delivering on different Policy Priorities under ADS, to drive better outcomes for the one in 5 Australians who live with disability.

The Disability Reform Ministerial Council (DRMC) provides a forum for the Commonwealth and state and territory ministers responsible for disability policy to drive national reform in disability policy and implementation, including through ADS.

State and territory governments are responsible for driving implementation of ADS in their jurisdictions, including collecting and sharing data to better monitor and report outcomes for people with disability. Each state and territory government provide regular reporting against their own disability plans.

The establishment of ADS Advisory Council coincided with the launch of ADS in 2021. ADS Advisory Council is made up entirely of people with disability, who provide ministers and governments independent advice on ADS implementation and progress. The Council's role is to advise Australian, state and territory Disability Ministers and governments, through DRMC, on the implementation elements of ADS.

A further element of the governance and engagement approach under ADS is the direct engagement of Disability Representative Organisations to support ADS implementation. This forum consists of a range of organisations representing the disability sector and people with disability and is a key consultation point for the Australian Government to seek advice and feedback on ADS implementation activities.

The Royal Commission into Aged Care Quality and Safety (Royal Commission) found that residential aged care is generally not an appropriate setting for people under the age of 65 years, noting the aged care system is designed to support the needs of older people.

Younger people in residential aged care (YPIRAC) is a complex issue and requires extensive one-on-one support and regular conversations with individuals, their families/guardians and service providers across the disability, aged care, health and housing sectors at all levels of government.

In collaboration with the National Disability Insurance Agency (NDIA), the Department of Health, Disability and Ageing (the department) oversees cross-agency actions to:

- prevent younger people from entering into and/or residing in residential aged care, except in exceptional circumstances
- support younger people currently residing in residential aged care and have no goal to move
- provide resources to younger people living in residential aged care who have a goal to move with resources to assist them in locating more appropriate accommodation.

²⁰⁶ Available at: www.disabilitygateway.gov.au/ads/strategy#toc-the-outcomes-framework

It is recognised that there are some circumstances where younger people under 65 years may be eligible to receive care and support in residential aged care, either on a temporary or permanent basis. Where it is their preference, this currently includes:

- a person from an Aboriginal or Torres Strait Islander community aged 50 to 64 years
- a person who is homeless, or at risk of becoming homeless, and aged 50 to 64 years
- maintaining family connections (e.g. a person who has been cared for by ageing parents who are now moving into aged care).

The Australian Government remains committed to reducing the number of YPIRAC and to supporting younger people to access alternative, age-appropriate accommodation and supports.

Key Activity 4.1A:

Disability and Carer Support.

Source: Department of Social Services 2024–25 Corporate Plan, page 61

Performance Measure 4.1A:

Extent to which wellbeing of carers who are registered with Carer Gateway local service providers is assessed as improved.

Source: Department of Social Services 2024–25 Corporate Plan, page 62

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
a. Percentage (at least 30%) of carers registered with Carer Gateway local service providers assessed as having improved carer wellbeing in the current reporting period.	a. 31.4%	a. 29%	a. 32%
b. Percentage (at least 35%) of carers registered with Carer Gateway local service providers assessed as having improved level of carer wellbeing since the program commenced.	b. 34.2%	b. 34%	b. 34%
Result: Substantially achieved ▶			

Disclosures:

- In the current reporting period from 1 July 2024 to 30 June 2025, 49.2% of carers registered with Carer Gateway with an assessment in the period, were considered fully assessed (undertaken at least 2 Carers Star™ assessments).
- In the cumulative reporting period from 1 January 2020 to 30 June 2025, 49.6% of carers registered with Carer Gateway were considered fully assessed (undertaken at least 2 Carers Star™ assessments).

Data Source:

Carers Star™ 'needs assessments' conducted by Carer Gateway service providers and entered into the Department of Social Services Data Exchange (DEX).

Methodology:

The methodology for each of the targets is:

- The target result of the number of carers assessed as having improved wellbeing within the performance reporting period is calculated using Carers Star™ needs-assessments data, where an assessment is reported in the current reporting period. A previous assessment must have occurred in either the same reporting period or a previous period.
- The target result of carers assessed as having improved wellbeing for all registered carers since the program commenced is calculated using data from Carers Star™ needs-assessments, across all reporting periods from 1 January 2020 to the end of the current reporting period.

Data results are produced using DEX QLIK Sense reporting of client outcomes. QLIK Sense pairs available earliest and latest SCORE data entered in DEX for each client in each reporting period and produces the percentage of carers who are assessed as having improved wellbeing.

The Carer and Early Childhood Branch is working with Carer Gateway Service Providers to support increased compliance with Carer Star™ assessments and quality of reporting, as well as options to simplify measurement of carer wellbeing, particularly for carers exiting the program.

A Key Performance Indicator framework has been implemented for Carer Gateway providers that will help to improve service impact, strengthen wellbeing outcomes for carers, and further incentivise coverage of Carer Star™ assessments and improved data quality. Since the framework was implemented, the program has seen significant improvements in the rate of carers considered fully assessed. Results from other analyses such as regular performance monitoring reports and findings from the Integrated Carer Support Service Impact Evaluation and actions from the National Carer Strategy continue to inform focus areas for improvement.

The National Carer Wellbeing Survey 2024 (the Survey) demonstrates that carers are more than twice as likely to have low levels of wellbeing compared to the average Australian adult and indicates that carer wellbeing has been trending down since at least 2021. The Survey notes a number of factors driving low carer wellbeing, most of which are either directly or indirectly related to increased cost-of-living pressures, including reduced finances, under- or unemployment, unsupportive workplaces, and access to medical treatments. Many of these factors are not able to be influenced by Carer Gateway services and improvements are reliant on other service systems, which often do not have the same objective to improve client wellbeing.

The measured performance in lifting wellbeing is close to the targets but still below. This may be due to measurement and data collection problems, including low numbers of fully assessed carers, and assessments being focused on case management rather than reporting purposes.

In the reporting period from 1 January 2020 to 30 June 2025, 49.6% of carers registered with Carer Gateway were considered fully assessed (undertaken at least 2 Carers Star™ assessments). This is the highest seen in the program to date and continues to increase as the program matures and will continue to provide more accurate measures.

Carers Star™ is designed as a case management tool to identify caring issues, inform case plan goals, and as an instrument to measure and report carers progress and achievement of outcomes. Anecdotal evidence suggests that carers with increased wellbeing are more likely to disengage from the program and not complete a follow-up Carers Star™ to confirm improvement, as they no longer require intensive case management to access services. It is also a known limitation that carers with high wellbeing entering the program cannot further improve their wellbeing and therefore count against the target, despite maintenance of high wellbeing tending to indicate program success for those clients.

Program impact on carer wellbeing seems to be plateauing the longer the program runs, both within the current reporting period, and as a cumulative measure. This is likely due to stabilising client turnover as the program matures, with numbers of new carers accessing Carer Gateway each reporting period similarly seeming to plateau.

Key Activity 4.1B: Disability and Carer Support. <i>Source: Department of Social Services 2024–25 Corporate Plan, page 61</i>	
Performance Measure 4.1B: Extent to which the evidence base is built for Australia’s Disability Strategy. <i>Source: Department of Social Services 2024–25 Corporate Plan, page 63</i>	
2024–25 Planned Performance	2024–25 Result
Increase measures under ADS 2021–2031 Outcomes Framework with data reported. (≥55 measures 2023–2024 baseline).	As of 30 June 2025, ADS Outcomes Framework has a total of 88 ADS OF measures of which 56 have data reported on. Result: Achieved ●
Data Source: All measures - Australian Institute of Health and Welfare: www.aihw.gov.au/australias-disability-strategy/outcomes/all-measures	
Methodology: Determining the total number of measures reported under ADS Outcomes Framework involves counting the outcomes measures that have data available at the end of the relevant financial year. The measure aims to increase transparency through increasing the number of ADS measures that are reported on above the 2023–24 baseline of 55 of the 85 measures. The 2024 Data Improvement Plan outlines tangible next steps to support the ongoing improvement of disability data and reporting. The focus is on developing and collecting data on those measures (future measures) that are currently not being reported.	

ADS Outcomes Framework (OF)²⁰⁷ tracks and measures whether the experiences of people with disability are improving across the 7 outcomes areas in ADS. Quarterly and annual reporting against ADS OF measures show what progress is being made over the life of ADS.

Increasing the measures under ADS OF that have data available is a key delivery of ADS. As of 30 June 2025, ADS OF has a total of 88 ADS OF measures of which 56 have data reported on.

ADS OF are publicly available and includes a list of all measures,²⁰⁸ including if data is available. ADS OF measures that do not have data available are indicated by ‘Future data development’.

The department leads discussions with relevant Commonwealth agencies and state and territory governments on the development of data collection activities for future measures under ADS as part of the commitment across all levels of government to improve ongoing data and reporting. Agreement by these stakeholders to implement data collection activities for ADS OF measures that currently do not have data will help to increase the number of measures under ADS OF with data reported.

Implementing new data collections activities to increase the number of ADS OF measures with data is a decision for each state and territory government and relevant Commonwealth agencies, and the department is limited in its influence over these activities. The department continues to work with all governments to negotiate improved data collection.

The National Disability Data Asset²⁰⁹ is being designed as a long-term national asset containing linked, de-identified Australian, state and territory government data on all Australians. Several ADS OF measures are expected to use data from the National Disability Data Asset for reporting. One of the key priorities for the National Disability Data Asset is the provision of data to improve the reporting under ADS OF.

²⁰⁷ Available at: www.disabilitygateway.gov.au/document/3121

²⁰⁸ Available at: www.aihw.gov.au/australias-disability-strategy/outcomes/all-measures

²⁰⁹ Available at: www.ndda.gov.au

Once implemented, the National Disability Data Asset will be used to gradually increase the number of ADS OF measures with available data (as well as improve the data and reporting for ADS OF measures that are already reported on). However, the breadth of the data available in the National Disability Data Asset will considerably depend on government data custodians' agreement to share and link their data.

In some instances, the department may be able to source data to report on ADS OF measures from other comparable linked data assets or surveys.

The ADS Data Improvement Plan was originally endorsed by Disability Reform Ministers and published on ADS Hub in December 2022. As part of the broader ADS Review work, a revised Data Improvement Plan was published on 3 December 2024. The 2024 Data Improvement Plan outlines tangible next steps to support the ongoing improvement of disability data and reporting. It outlines key actions that demonstrate how and what the Commonwealth is doing to drive improvements in disability data.

The number of measures that have data reported on in ADS Outcomes Framework increased from 55 in the 2023–24 period to 56 in the 2024–25 period. One measure was replaced with a new measure using improved data.

Key Activity 4.1C:

Disability and Carer Support.

Source: *Department of Social Services 2024–25 Corporate Plan, page 61*

Performance Measure 4.1C:

Extent to which the department contributes to attracting, recruiting, and retaining more people with disability in the Australian Public Service.

Source: *Department of Social Services 2024–25 Corporate Plan, page 64*

2024–25 Planned Performance

That the Department of Social Services' workforce includes at least 7% of people identifying with disability.

2024–25 Result

7.1%

Result: Achieved ●

Disclosures:

This result is extracted from the Department of Social Services Essentials HR reporting system. Staff are encouraged and supported to self-identify as a person with disability, but it is important to note that this is voluntary and as such the reported percentage may not reflect the actual number of staff with disability in the department.

Data Source:

The percentage of staff within the department who self-identify as a person with disability is tracked through the department's Essentials HR reporting system.

Methodology:

As a steward of ADS, the Department of Social Services has a role in leading by example and increasing the employment of people with disability. As of 30 June 2024, the department employs 6.3% of people with disability. Noting that 1 in 5 (or around 21%) of people in Australia have a disability, further increases and representation in the workplace is required and achievable (Survey of Disability, Ageing and Carers 2022). The percentage of staff within the department who self-identify as a person with disability is tracked through the department's Essentials HR reporting system. Staff are encouraged and supported to identify but it is important to note this is voluntary and as such the reported percentage may not reflect the actual number of staff with disability in the department.

Australia's Disability Strategy 2021–2031 (ADS) is a national framework that all Australian governments have signed up to. It sets out a plan for continuing to improve the lives of people with disability in Australia over 10 years. The vision is for an inclusive Australian society that ensures people with disability can fulfil their potential, as equal members of the community, through improved inclusion, accessibility and economic participation.

All levels of government play a role in services, supports and infrastructure for people with disability. As the steward of ADS in 2024–25, the Department of Social Services contributed to the Australian Public Service targets through employing 7.1% of people identifying with disability during 2024–25. This is an increase on the 6.3% of people with disability employed in the department during 2023–24.

Key Activity 4.1D:

Disability and Carer Support.

Source: *Department of Social Services 2024–25 Corporate Plan, page 61*

Performance Measure 4.1D:

Progress towards the target relating to younger people in residential aged care (YPIRAC).

Source: *Department of Social Services 2024–25 Corporate Plan, page 65*

2024–25 Planned Performance	2024–25 Result	2023–24	2022–23
No people under 65 years living in residential aged care by 2025 apart from in exceptional circumstances.	959 people under the age of 65 excluding First Nations young people aged 50 to 64 years were living in residential aged care at 31 March 2025.	1,381 people under the age of 65 excluding 244 First Nations young people aged 50 to 64 years were living in residential aged care at 31 March 2024.	2,423 people under the age of 65 were living in residential aged care at 31 December 2022.
Result: Not achieved ○			

Data Source:

- National Disability Insurance Agency's (NDIA's) National Disability Insurance Scheme (NDIS) Quarterly Report to Disability Ministers.
- Australian Institute of Health and Welfare (AIHW) Gen Aged Care Reports.

Methodology:

The number of people aged under 65 years living in residential aged care is sourced from AIHW Gen Aged Care Reports. AIHW reports are considered the authoritative source for publicly available YPIRAC figures and are published on a quarterly basis.

In collaboration with the NDIA, the department oversees activities delivered and coordinated to prevent the entry and facilitate the exit of younger people in residential aged care.

The Royal Commission into Aged Care Quality and Safety recommended that no younger people remained in residential aged care by January 2025 (the target). While the target was not met, there has been significant work progressed to reduce the number of younger people in residential aged care.

As part of the 2023–24 Budget, the government funded the Department of Social Services (DSS) to develop targeted education and training packages focused on younger people in residential aged care (YPIRAC) who currently do not have a goal to move out.

The YPIRAC toolkit was published in January 2025.²¹⁰ The toolkit addresses the challenges faced by younger people in Australia living in residential aged care by providing information on age-appropriate housing, care and support. With a focus on empowerment and collaboration, the toolkit provides families and carers with helpful tips for supporting younger people through the process of moving out of residential aged care.

The NDIA has a team of dedicated aged care planners and accommodation officers who work with participants who have a goal to move. NDIA aged care planners also regularly check in with participants who do not have a goal to move, to explore alternative options.

The department funded Ability First Australia²¹¹ (AFA) to establish a national network of YPIRAC System Coordinators. The coordinators engage with younger people aged under 65 years living in, or at risk of entry to, residential aged care to find suitable accommodation and supports.

The AIHW reports on progress on reducing the number of younger people living in residential aged care. Commencing from 1 November 2025, the *Aged Care Act 2024* (the Act) will provide very limited circumstances in which a person under the age of 65 will be able to access Commonwealth-funded aged care services.

The approach recognises that people aged 50 to 64 years, who have care needs and are Aboriginal or Torres Strait Islander and/or homeless or at-risk of homelessness, will continue to be able to access individual needs assessments for Commonwealth-funded aged care services in the same way as people aged over 65 years. These cohorts have been identified as eligible for aged care services on the basis that they are more likely to experience premature ageing. Under the Act, there will be no other circumstances in which people aged under 65 years can access Commonwealth-funded aged care services, including in emergency situations.

Despite significant reductions in the number of younger people in residential aged care, the YPIRAC target of 1 January 2025 was not met. This is mainly the result of the marked decline in younger people entering residential aged care, as well as the effect of the under 65 cohort 'ageing out' (turning 65) or passing away. Some younger people have moved to age-appropriate care arrangements, but not yet in sufficient numbers to meet the target.

While the reasons younger people enter residential aged care are complex and varied, a common theme is that they do not have access to sufficient services from other systems to remain living at home. In some cases, this also means they do not have access to any other appropriate residential setting in which to receive care. This means transitioning younger people from residential aged care can be complex and faces significant barriers including:

- they have been living in aged care for a long time and are not seeking alternative care arrangements
- families or guardians may be reluctant to agree to change their loved one's living arrangements
- they are living in rural and regional areas where alternative accommodation and support may be limited
- they are not eligible for the NDIS or other Commonwealth funded support, there may be limited community access to mainstream supports and services and may fall into a service gap for housing and support services, which is the responsibility of state and territory governments.

²¹⁰ Available at: www.dss.gov.au/news/new-toolkit-support-younger-people-residential-aged-care

²¹¹ Available at: abilityfirstaustralia.org.au

A further challenge to achieving zero YPIRAC includes the remaining number of NDIS participants with no goal to move out of residential aged care. Of the 734 younger people who were NDIS participants as at 31 March 2025, 157 had an identified goal to move out of residential aged care. Although coordinated efforts continue to offer all young people in residential aged care with more age appropriate accommodation, the choice to remain in residential aged care or relocate remains with the younger person.

There is a continued downward trend in the number of younger people in residential aged care. As at 31 March 2025, there were 959 people aged under 65 years living in permanent residential aged care in Australia (this excludes Aboriginal and Torres Strait Islander people aged 50 to 64 years who are eligible for residential aged care). Of the 959 people, 15 were aged under 45 years.

There continues to be a steady decline of this cohort, with a decrease of 4,364 people (82%) since March 2019 and a 30% decrease from 31 March 2024. Three hundred and six of the younger people living in residential aged care were not NDIS participants.

During January to March 2025, 37 people aged under 65 years were admitted into permanent residential aged care in Australia, for the first time (this excludes Aboriginal and Torres Strait Islander people aged 50 to 64 years who are eligible for residential aged care).

Admissions into permanent residential aged care continue to reduce, with a 90% decrease when compared to January to March 2019. However, the number of admissions can vary on a quarterly basis as some younger people continue to enter aged care where no suitable alternative option can be found.

The AIHW YPIRAC data dashboard presents national quarterly data against the YPIRAC targets. Included in the dashboard webpage is a factsheet, and a detailed data download containing additional demographic data. Aboriginal and Torres Strait Islander people aged 50 to 64 years are excluded from the total YPIRAC counts and reported separately in the detailed data download, due to their eligibility under the Exceptional Circumstances Policy.

Data on younger people aged 50 to 64 years who are homeless or at risk of homelessness is limited. As a result, this cohort is currently included in the YPIRAC counts and is not separately reported. The department is continuing to work with AIHW to separately report on the YPIRAC aged 50 to 64 years who are homeless/at risk of becoming homeless, for future data releases.

Program 4.2: National Disability Insurance Scheme

Program Objective

To improve the wellbeing and social and economic participation of people with disability, and their families and carers, by building a NDIS that delivers individualised support through an insurance approach. This program also includes the Jobs and Market Fund.

National Disability Insurance Scheme (NDIS) Transition is a key activity of the NDIS Program which aims to support national implementation of the NDIS in accordance with intergovernmental agreements.

The completion of transition is defined by:

- the execution of full scheme bilateral agreements between the Commonwealth and all states and territories (target = full scheme agreements signed with all states and territories by 30 June 2025).

The department's role is to facilitate transition to the NDIS, including:

- execute full scheme bilateral agreements with all states and territories
- administer intergovernmental agreements about the NDIS, governing state financial contributions to the scheme, including the recognition of in-kind provision of services by states and territories, and commitments to phase these out
- monitor the implementation of the NDIS in each state and territory through trilateral governance arrangements with the National Disability Insurance Agency (NDIA) and state and territory governments.

Oversight of the NDIS market is a shared responsibility between the Commonwealth, the NDIA, the NDIS Quality and Safeguards Commission (NDIS Commission), and state and territory government partners.

The department plays an enabling role in supporting the effective functioning of the NDIS by providing policy advice and driving initiatives that strengthen the capacity, responsiveness and sustainability of the provider market and workforce. This includes advising on and/or delivering initiatives that promote continuity of supports, service quality, provider viability, and system-wide responsiveness.

In 2024–25, the department continued to strengthen market stewardship for the NDIS through the design and delivery of targeted initiatives under Program 4.2 National Disability Insurance Scheme. These initiatives were designed to strengthen market capability, improve provider responsiveness and address thin market challenges. They support the growth of a diverse, responsive and sustainable disability sector, with a focus on improving outcomes for NDIS participants.

The department's work spanned pricing and payment reform, workforce data and planning, commissioning trials and developing market stewardship arrangements. These efforts contributed to the Australian Government's broader care and support economy reform agenda and aligned with the implementation of the Independent Review of the NDIS's recommendations.

The department worked closely with the NDIA, the NDIS Commission, states and territories, and sector stakeholders, including through forums such as the Disability Reform Ministers Council (DRMC), and interagency working groups. This collaborative approach ensured alignment with broader system reform and enabled responsive market stewardship.

The NDIS supports the independence and social and economic participation of people with disability. The NDIS provides funding directly to people with disability, moving away from the previous system of providing block funding to agencies and community organisations.

The NDIS gives participants choice and control in the pursuit of their goals and the planning and delivery of their reasonable and necessary supports, including early intervention supports where this can enable social and economic participation and reduce the impact of disability for eligible people including children.

The NDIS is co-governed by Commonwealth and state and territory Disability Ministers via the DRMC and administered by the NDIA.

The department has policy responsibility for the *National Disability Insurance Scheme Act 2013* (Cth) (NDIS Act) and subordinate legislation (rules made under the NDIS Act) (NDIS Rules), which underpin the governance and operations of the NDIA's role in the NDIS.

The department's role, in addition to enabling the ongoing functioning of the NDIS, includes monitoring and the performance, outcomes and financial sustainability of the NDIS. A range of agencies and entities work closely with the department, each playing a part in the delivery of the NDIS, these include the NDIA, states and territories and the NDIS Commission.

Key Activity 4.2A:

NDIS Transition.

Source: *Department of Social Services 2024–25 Corporate Plan, page 67*

Performance Measure 4.2A:

The department works with states and territories and the NDIA to support national implementation of the NDIS in accordance with inter government agreements.

Source: *Department of Social Services 2024–25 Corporate Plan, page 67*

2024–25 Planned Performance

Full scheme agreements signed with all states and territories by 30 June 2025.

2024–25 Result

Full scheme agreements have been signed with all states and territories.

2023–24

Full scheme agreements have been signed with all states and territories, except for Western Australia (WA).

Result: Achieved ●

Data Source:

Signed full scheme agreements with all jurisdictions.

Methodology:

Signed copies of the full scheme agreements are the primary artefacts created as a result of negotiations with states and territories. These signed agreements are the authoritative source to assess the measure.

The department works with states and territories and the NDIA to support the implementation of the NDIS and has a particular role to negotiate full scheme agreements with all states and territories. This is part of the department's enabling role for the operation of the NDIS.

On 17 June 2025 after successful negotiations between the Commonwealth and WA, the full scheme agreement was signed. The planned performance has been met and the measure is considered complete as all states and territories now have a full scheme agreement in place.

In 2024, the Commonwealth and state and territory governments focused on progressing critical NDIS and disability reforms in response to the NDIS Review and decisions of the National Cabinet in December 2023. Due to the increased focus on these reforms, negotiations with WA remained ongoing during 2024, with the full scheme agreement executed on 17 June 2025.

Key Activity 4.2B:

Sector Development Fund and Jobs and Market Fund.

Source: *Department of Social Services 2024–25 Corporate Plan, page 69*

Performance Measure 4.2B:

The extent to which the department is advising on and/or delivering market initiatives that influence the development of the market and workforce for NDIS participants.

Source: *Department of Social Services 2024–25 Corporate Plan, page 69*

2024–25 Planned Performance

Number of market initiatives advised on and/or delivered by the department to develop the market and workforce (Target: 8).

2024–25 Result

8 initiatives have been progressed with various output measures achieved.

Result: Achieved ●

Disclosures:

Data counts reflect only initiatives for which planning, design or delivery milestones occurred during the 2024–25 financial year. Additional activities related to sector development may fall below this threshold and are excluded.

Data Source:

The department's Electronic Documents and Records Management System (ARC).

Methodology:

The department will report an output measure on the count of market intervention and workforce development projects and initiatives advised on and/or delivered by the department in 2024–25.

The department will advise on and/or deliver in collaboration and/or consultation with care and support economy stakeholders where necessary. This will be through a range of channels and forms dependent on who is being advised, including the Australian Government, other government entities, state and territory jurisdictions.

Market initiatives to be advised on and/or delivered in collaboration with other government agencies:

- Pricing and Payments Framework development
- Blended Payments trials
- Integrated Care and Commissioning trials
- Alternative Commissioning pilots
- Market Stewardship Framework development
- HumanAbility Workforce Plan development

Market initiatives to be delivered by the department but developed in consultation with other government agencies:

- Market Monitoring and Workforce Insights development
- Care Sector Demand Map development.

In 2024–25, the department met the planned performance by advising on and/or delivering 8 initiatives designed to support development of the NDIS market and workforce. These initiatives contributed to the development of a more responsive, capable and sustainable NDIS market, in alignment with the department's stewardship role and broader government reform directions.

The 8 initiatives focused on a range of structural and operational challenges, including provider viability, commissioning models, workforce capability, demand forecasting and continuity of support mechanisms. Collectively, they advance policy, tools and governance needed to respond to thin markets, workforce shortages, provider viability concerns and system complexity.

Initiatives were selected based on alignment with the performance measure and were assessed as having achieved relevant planning, design or delivery milestones during the reporting period. There was no significant variance from the planned performance. The department's delivery approach remained flexible and responsive to reform timelines, stakeholder capacity and interjurisdictional coordination needs.

Key internal contributions included:

- progressing the Market Stewardship Framework, providing a strategic foundation for system-wide market oversight
- leading design work for Alternative Commissioning Pilots and Blended Payment trials to explore more flexible, place-based funding and service models
- advancing work on the Provider of Last Resort (PoLR) policy to ensure continuity of supports in the event of market failure
- progressing work to revise the NDIA pricing and payments regulatory framework to support better participant outcomes, provider sustainability and well-functioning markets
- supporting development of the Care Sector Demand Map, providing future visibility of demand patterns across care sectors
- partnering with the sector to support workforce development through initiatives like the Ability First Australia Diploma of Leadership
- collaborating on early implementation of Integrated Care and Commissioning trials to test locally tailored service models.

All initiatives were documented and tracked via the department's governance processes and electronic recordkeeping systems. These activities were coordinated across multiple branches in collaboration with the NDIS, DSS, NDIS Commission and Prime Minister and Cabinet (PM&C).

Performance in 2024–25 was influenced by a number of external factors:

- the release of the NDIS Review Final Report (December 2023) provided direction for the future of the Scheme, including recommendations related to pricing, commissioning, stewardship and provider regulation. The department progressed initiatives in a way that aligned with the NDIS Review's anticipated reform directions
- the Australian Government's response to the Disability Royal Commission (released September 2024) also influenced policy work, particularly around safeguarding, provider oversight and continuity of support. This was especially relevant to the development of PoLR work and informed broader stewardship initiatives aimed at improving quality, safety and reliability of supports for people with disability
- ongoing provider exits, viability pressures and thin markets in certain regions and support types continues to present risks to continuity of supports. This has reinforced the importance of progressing PoLR arrangements, commissioning pilots and proactive monitoring
- broader care and support workforce shortages and cost pressures continued to shape market conditions and sector responsiveness.

Despite these pressures, the department maintained strong progress across the portfolio of initiatives, with collaborative governance and flexible implementation approaches supporting delivery.

This performance measure was revised in 2023–24, limiting direct comparability. However, compared to prior years, the 2024–25 period saw:

- an increase in the breadth and depth of coordinated market stewardship activity
- a shift from diagnostic and advisory work toward pilot implementation and structured cross-sector engagement
- greater alignment with broader care economy reforms and cross-jurisdictional collaboration, particularly on pricing and commissioning.

Several initiatives form part of multi-year reforms and are expected to continue or scale in 2025–26. The department's role in these initiatives is often advisory, enabling or coordinating in nature, and formal delivery may sit with another agency or tier of government.

There are sensitivities associated with market interventions, particularly where pricing, commissioning, or PoLR arrangements intersect with existing regulatory and operational frameworks. The department continues to mitigate these through careful consultation and strong governance.

For 2024–25 the department is reporting on output measures on 8 market intervention and workforce development projects and initiatives advised on and/or delivered by the department. This is through a range of channels and forms dependent on who is being advised, including the Australian Government, other government entities, state and territory jurisdictions.

- **Pricing and Payments Framework Development:** The department, in consultation with the NDIA and NDIS Commission is progressing work to revise the NDIA pricing and payments regulatory framework to support better participant outcomes, provider sustainability and well-functioning markets.
- **Blended Payments Trials:** The department and NDIA are trialling blended payment models that combine an enrolment and outcome-based payment to incentivise quality and innovation. Co-design has been completed with implementation planned for early 2026.
- **Integrated Care and Commissioning:** The department has engaged a consultant to undertake evaluation of all trial sites. The project work plan has recently been endorsed, and a desktop review is currently underway. Findings will inform future work and policy.
- **Alternative Commissioning Pilots:** The department has engaged Australian National University (ANU) to undertake an evaluation of these pilot projects. The NDIA has provided the department with a report on engagement activities across pilot sites. ANU delivered their final evaluation report. Outcomes and recommendations from the report will inform broader care and support sector reform strategies. A closure report is expected to be completed by August 2025.
- **Market Stewardship Framework Development:** A Market Stewardship Framework (MSF) is being collaboratively developed by the department, NDIA and the NDIS Commission. The MSF aims to determine objectives for market stewardship, clear roles and responsibilities across government entities, support proactive and strategic oversight of provider markets, embed coordination mechanisms for market monitoring and intervention, and enable data-sharing and performance measurement to ensure accountability. This work also includes the departments lead PoLR with foundational work underway in collaboration with state and territory governments to progress a nationally agreed PoLR framework.
- **HumanAbility Workforce Plan development:** The department continues to provide feedback on future iterations on the HumanAbility Workforce Plan and participates in workshops where appropriate. The department provides formal policy advice, and strategic guidance.
- **Market Monitoring and Workforce Insights development:** The department is developing an interactive market monitoring tool for policy development that will increase the government's ability to understand market gaps and emerging issues. The department worked with the Australian Taxation Office (ATO) on data linkage to develop insights into the NDIS workforce.
- **Care Sector Demand Map development:** The new Care Sector Demand Map is now available. The map helps providers understand the supply and demand for NDIS and aged care services.

Key Activity 4.2C: NDIS Participant Plans. Source: <i>Department of Social Services 2024–25 Corporate Plan, page 71</i>		
Performance Measure 4.2C: National Disability Insurance Scheme cost growth is sustainable. Source: <i>Department of Social Services 2024–25 Corporate Plan, page 73</i>		
2024–25 Planned Performance	2024–25 Result	2023–24
Annual growth target in the total costs of the Scheme of no more than 8% by 1 July 2026, with further moderation of growth as the Scheme matures. (Projected scheme costs for 2026–27 and each subsequent year, as reported in the 2024–25 Portfolio Budget Statements, are no more than 8% higher than the year prior).	N/A	N/A
	Result: Data not available —	
Disclosures: Reporting for this target will commence from 2026–27. In 2024–25 and 2025–26 the department will report against projected scheme costs for 2026–27 and subsequent years as reported in the Portfolio Budget Statements. A link to the Department of Social Services' (DSS) 2024–25 Portfolio Budget Statements can be found at: www.dss.gov.au/budget-and-additional-estimates-statements/resource/portfolio-budget-statements-2024-25-budget-related-paper		
Data Source: Projected scheme costs for 2026–27 as obtained from the DSS's Portfolio Budget Statements.		
Methodology: In 2024–25 and 2025–26 the department will report against projected scheme costs for 2026–27 and subsequent years as reported in the Portfolio Budget Statements. Tracking projected scheme costs for 2026–27 and subsequent years across the years will show if the 8% target is still expected to be met.		

National Cabinet committed to a NDIS Financial Sustainability Framework (Framework) on 28 April 2023.

The Framework provides for an annual growth target in total costs of the NDIS of no more than 8% from 1 July 2026, with further moderation of growth as the Scheme matures.

Meeting the target will ensure the NDIS can continue to provide life-changing outcomes for future generations of Australians with permanent and significant disability.

The *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Act 2024*²¹² (the Amending Act) was introduced on 27 March 2024 and passed the Parliament on 22 August 2024, commencing on Thursday, 3 October 2024.

Key changes introduced by the Amending Act laid the foundation for new NDIS rules to improve the experience of participants and improve the long-term sustainability of the NDIS. A number of factors are likely contributing to the reduction in growth, including:

- a strong focus on providing clarity about what NDIS funding can and cannot be spent on through the introduction of a new NDIS supports rule
- changes made by rules to clearly specify the total amount of funding and the time period during which it can be used
- prevention of fraud through the Fraud Fusion Taskforce and crackdown on fraud
- improvements in planning to provide more consistent, transparent and fair outcomes for participants.

²¹² Available at: www.legislation.gov.au/C2024A00081/asmade/text

The government, in collaboration with state and territory governments and in consultation with the disability community, has been progressively introducing new NDIS rules.

There has been significant consultation on NDIS reforms, which will continue throughout 2025 and into 2026. This included policy roundtables with disability representative organisations, peak bodies, and disability officials, in line with the DRMC NDIS rules engagement strategy. Clear communication and, where possible, public engagement processes will be essential to mitigate community concerns about significant reforms to NDIS planning, budget setting, access and foundational supports.

Key Activity 4.2D:

NDIS Participant Plans.

Source: *Department of Social Services 2024–25 Corporate Plan, page 71*

Performance Measure 4.2D:

Legislative amendments developed for government.

Source: *Department of Social Services 2024–25 Corporate Plan, page 74*

2024–25 Planned Performance	2024–25 Result	2023–24
Criterion is met if 3 of the 3 progress milestones are delivered.	100%	100%
	Result: Achieved ●	

Data Source:

1. Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability – Reports and papers.²¹³
2. The Final Report of the Independent Review of the National Disability Insurance Scheme (NDIS).²¹⁴
3. Consultation report on draft lists of NDIS supports²¹⁵
4. Disability Reform Ministerial Council communiques.²¹⁶
5. Explanatory Memorandum and Second Reading Speech.²¹⁷
6. NDIS Act (Bill No.2) – What we heard report.²¹⁸

Methodology:

1. Develop policy advice and drafting instructions to support the Office of Parliamentary Counsel prepare a parliamentary bill.
2. Engagement with stakeholders (state and territory jurisdictions on legislation).
3. Develop supplementary materials to accompany the bill for introduction.

Criterion is met if all 3 of the 3 progress milestones are delivered.

²¹³ Available at: www.disability.royalcommission.gov.au

²¹⁴ Available at: www.health.gov.au/news/release-of-the-final-report-of-the-independent-review-into-the-ndis

²¹⁵ Available at: www.engage.dss.gov.au/consultation-on-draft-lists-of-ndis-supports/

²¹⁶ Available at: www.health.gov.au/committees-and-groups/disability-reform-ministerial-council

²¹⁷ Available at: www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r7181

²¹⁸ Available at: www.ndiscommission.gov.au/about-us/ndis-commission-reform-hub/ndis-act-rules-and-standards

The Amending Act was introduced on 27 March 2024 and passed by the Parliament on 22 August 2024. The Amending Act commenced on 3 October 2024.

The Amending Act made changes in response to the 2023 Independent Review into the NDIS. The Amending Act sets out the framework for a new planning framework and gives additional powers to the NDIS Quality and Safeguards Commissioner.

While some legislative changes came into effect on commencement of the Amending Act, many of the changes rely on new rules that will be implemented in stages. This will happen while other key reforms, like the development and implementation of foundational supports, are established.

The measures in the Amending Act are expected to moderate growth of the NDIS by \$14.4 billion over 4 years from 2024–25, compared to the previous budget.

On 28 October 2024, the Australian Government announced a second tranche of legislative amendments to the NDIS Act – Getting the NDIS Back on Track Bill No. 2 (Bill No.2).

The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability and the Independent Review of the NDIS highlighted the quality and safeguarding challenges that exist for people with disability. The intent of Bill No.2 is to strengthen regulatory powers and introduce stronger information gathering and banning powers for the NDIS Commission.

The department and the NDIS Commission have undertaken consultation with government departments and agencies, state and territory governments and the disability sector on the intent of the amendments. The timing of the bill is a decision of government.

This document has been released under
the Freedom Of Information Act 1982 by
the Department of Health, Disability and Ageing

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03

Part 3:

Management and Accountability

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Part 3.1: Corporate Governance

The department's corporate governance plays an integral role in ensuring Australian Government priorities and program outcomes are delivered efficiently and effectively.

In 2024–25, the Executive Committee continued to provide strategic direction and leadership, including responding to the 2023 Australian Public Service Commission (APSC) Capability Review. This and other actions enhanced the department's capability and culture towards high quality outcomes.

An overview of the department's corporate governance is provided below.

Senior governance committees

Six senior governance committees provide advice and make recommendations to the Executive and the Secretary, as the Accountable Authority, on strategic portfolio policy issues. These committees focus on:

- improving the performance of health, disability and aged care systems
- organisational performance
- delivery of administered programs
- implementation of our most complex and highest risk change projects.

The senior governance committees provide advice and make recommendations to the Executive on:

- organisational performance
- delivery of administered programs
- implementation of the department's highest risk change projects
- strategic portfolio policy issues to improve performance of the health, disability and ageing systems.

Figure 3.1.1: Senior governance committee structure

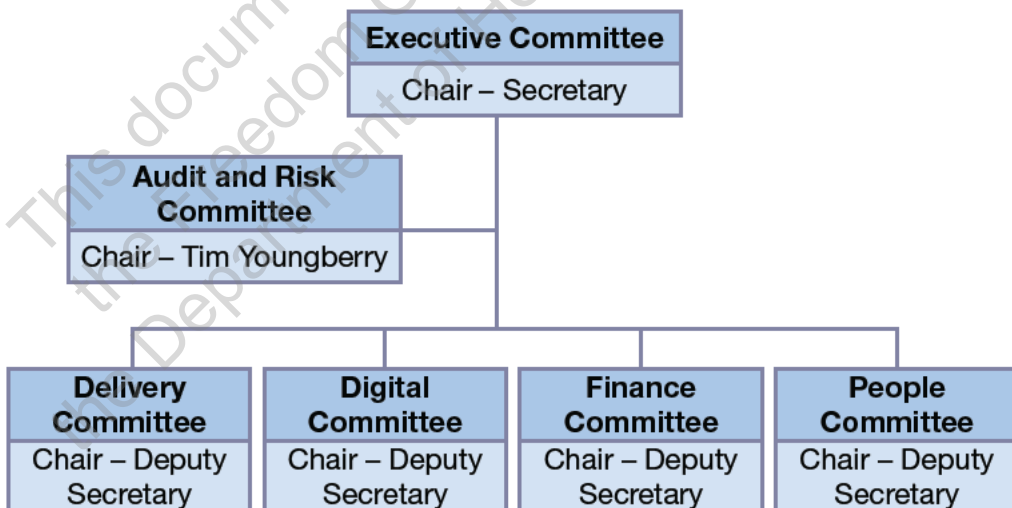


Table 3.1.1: Senior governance committees

Committee	Role
Executive Committee	Provides strategic direction and leadership to ensure outcomes documented in Portfolio Budget Statements (PB Statements) and the Corporate Plan are achieved. Operates in an advisory capacity to the Secretary.
Audit and Risk Committee	Provides independent advice and assurance to the Secretary on the appropriateness of our financial reporting, systems of internal control, performance reporting, and systems of risk oversight and management.
People Committee	Oversees the department's Workforce Strategy, and other strategic workforce matters. Provides direction on people and culture matters, including integrity, and advises and makes recommendations to the Executive Committee.
Delivery Committee	Oversees assurance reviews on existing sub-programs and implementation of new initiatives and measures. Provides visibility to the Executive Committee on the management and ongoing viability of the department's tier 1 (highest risk/complexity) projects and portfolios.
Finance Committee	Advises and makes recommendations to the Secretary and the Executive Committee on strategic financial management policy initiatives and issues.
Digital Committee	Oversees the department's digital, data and ICT functions and capabilities. Provides executive custodianship across both sustaining functions and transformation programs, to drive strategic digital enablement.

Two other important committees help guide our work:

- the Strategic Policy Forum looks across the whole portfolio to support the development and improvement of policies
- the Closing the Gap Committee leads efforts to embed the 4 key reforms from the National Agreement on Closing the Gap into our policies, processes and daily work.

National Agreement on Closing the Gap

The department is committed to changing the way we work in line with the 4 Closing the Gap Priority Reforms. This accelerates progress against the Closing the Gap targets and Priority Reforms. There are 19 socio-economic targets with 3 that are health specific.

Performance on the Closing the Gap targets is reported through the Closing the Gap Dashboard produced by the Productivity Commission. The latest update was released in March 2025. We know that the 3 health specific targets are not currently on track to be met.

- Target 1 (Life Expectancy): Aboriginal and Torres Strait Islander people are living longer than 15 years ago but the life expectancy target is unlikely to be achieved by 2031.
- Target 2 (Healthy Birthweight): A growing proportion of Aboriginal and Torres Strait Islander babies are being born at a healthy birthweight. This positive trend indicates progress, though the target is not yet on track to be met by 2031.
- Target 14 (Suicide Reduction): Efforts continue toward achieving a significant and sustained reduction in suicide rates among Aboriginal and Torres Strait Islander people. The target is not currently on track and this remains a critical area of focus for ongoing support and intervention.

In 2024–25, the Closing the Gap Steering Committee (Steering Committee) progressed significant pieces of work to implement action under each of the Priority Reforms through the Closing the Gap Framework for Action. The Steering Committee met 5 times in 2024–25, with a focus on projects that strongly aligned with the priorities of First Nations' peak and community-controlled health organisations. Actions progressed this year have included:

- convening an inaugural joint meeting with the newly established First Nations Health Governance Group
- the release of the First Nations Partnership and Engagement Framework
- developing and implementing policies and programs in partnership with our First Nations stakeholders.

In addition to actions progressed by the Steering Committee, other significant activities by the department included:

- supporting the Social and Emotional Wellbeing Policy Partnership (SEWB PP), co-chaired with Gayaa Dhuwi, to improve levels of wellbeing and reduce suicide rates
- \$23.99 million for the construction of a Birthing on Country Centre of Excellence in Nowra, New South Wales which once operational, will service up to 211 mothers in its first year.

National Health Reform Agreement Aboriginal and Torres Strait Islander Schedule: The department is working on the development of an inaugural Aboriginal and Torres Strait Islander Schedule (the Schedule) to the National Health Reform Agreement (NHRA). This is in line with a key recommendation of the Mid-Term Review of the NHRA Addendum 2020–2025. The Schedule is being co-designed with:

- First Nations stakeholders
- the Commonwealth
- state and territory governments via the National Aboriginal and Torres Strait Islander Health Collaboration.

Whilst not yet finalised, the Schedule will embed a focus on operationalising the Closing the Gap Priority Reforms in the mainstream health system. It will also implement health system reform priorities identified by the First Nations health sector. The Schedule will represent the most significant reforms to enact the *National Agreement on Closing the Gap* in the mainstream health system in recent years.

First Nations Health Governance Group: Our commitment to self-empowerment and self-determination is demonstrated by our many partnerships across the First Nations health sector. This includes a new First Nations Health Governance Group established to:

- share decision-making on Australian Government health policy and reform
- hold the department accountable to actions committed to improving First Nations health outcomes.

The group is co-chaired by our Secretary and a First Nations member. Membership includes representatives from key national organisations and skills-based members.

First Nations led Governance of Indigenous Data Working Group: The department is demonstrating strong leadership within the APS in progressing the implementation of Governance of Indigenous Data (GID). In response to the APS-wide Framework for Governance of Indigenous Data²¹⁹ (the framework), published by the National Indigenous Australians Agency in May 2024, the department has developed the GID Implementation Plan. It was developed through an 18-month partnership with a First Nations-led GID Working Group. The GID Working Group examined the content of the framework guidelines to develop departmental actions that align with Aboriginal and Torres Strait Islander priorities. The GID Implementation Plan and associated activity is a critical enabler of:

- Closing the Gap Priority Reforms, specifically Priority Reform 3: Transforming Government Organisations
- Priority Reform 4: Shared access to data and information at a regional level.

²¹⁹ Available at: www.niaa.gov.au/resource-centre/framework-governance-indigenous-data

First Nations Health Funding Transition Program: The First Nations Health Funding Transition Advisory Group (Advisory Group), co-chaired by the department and Dr Dawn Casey PSM, guided a review of programs explicitly targeting First Nations health outcomes. The review identified 31 programs for transition to First Nations led organisations or further consultation with the community-controlled health sector. The Advisory Group continues to meet monthly to monitor progress. Two completed transitions are Puggy Hunter Memorial Scholarship Scheme (July 2024) and Leaders in Indigenous Medical Education Network (December 2024).

Reconciliation Action Plan: In November 2024, the Steering Committee approved the establishment of a Reconciliation Action Plan Action Group (RAPAG). This supports development, implementation and monitoring of a Stretch Reconciliation Action Plan (RAP). The Stretch RAP was endorsed by the Executive Committee on the 6 May 2025, and the official launch is anticipated in the 2025–26 reporting period.

Aboriginal and Torres Strait Islander Partnership and Engagement Framework: The department has developed in partnership with First Nations stakeholders, an Aboriginal and Torres Strait Islander Partnership and Engagement Framework (framework). The framework was released internally to the department on 21 October 2024 and was published publicly on 10 April 2025. It outlines actionable steps departmental staff can take to plan, engage, and partner with First Nations stakeholders to build and strengthen culturally safe, responsive, and genuine partnership. This ensures programs and services best suit the needs of Aboriginal and Torres Strait Islander people. The department is currently developing a suite of education and communication products to support the implementation and increase awareness across the department.

Primary Health Care Rolling Funding Agreements: 120 Aboriginal Community Controlled Health Services (ACCHS) have greater funding stability and certainty to plan for the future. This is thanks to 4 year rolling funding agreements announced on 14 June 2024. The agreements commenced on 1 July 2024, and are supported by a \$300 million funding boost. This will provide up to \$2.70 billion over 4 years from 2024–25 for ACCHS, and deliver comprehensive primary health care under the Indigenous Australians' Health Programme.

Better Renal Services for First Nations People: The department is working to establish up to 30 dialysis units, each with 4-chairs, to help First Nations people across Australia access treatment closer to home. This will enable them to remain on Country and connected with their communities whilst receiving regular life-sustaining treatment. Currently, 17 of 30 sites have been invested across remote communities in NT, QLD WA and SA. The unit at Coober Pedy officially opened on 18 June 2024 and patients are gradually being moved home from regional hubs in South Australia, such as Port Augusta and Whyalla. All other sites are at varying stages of development.

The Better Renal Services Steering Committee, a partnership between the department and the National Aboriginal Community Controlled Health Organisation (NACCHO), will recommend further sites following a direct call to First Nations communities through an expression of interest.

While the department acknowledges the progress and achievements made in 2024–25, we also recognise that there is a long way to go to close the gap. The Closing the Gap Priority Reforms outline, in practical and measurable terms, ways to ensure that the voices of First Nations people are given weight on issues that impact their lives. We are committed to ensuring that First Nations voices are heard in the development and delivery of Health, Disability and Aged Care Portfolio programs and services which impact their lives.

Audit and Risk Committee (ARC) membership

The ARC's functions are set out in its Charter.²²⁰

During 2024–25, the ARC was supported by the following sub-committees:

- the Financial Statements Sub-Committee (FSSC), chaired by Fran Raymond
- the Performance Reporting Sub-Committee (PRSC), chaired by Nick Baker.

In 2024–25, the ARC and its sub-committees each met 4 times. In addition, the ARC held one joint meeting with the FSSC and one joint meeting with the PRSC in 2024–25. Committee chair and member attendance and remuneration in relation to meetings held in 2024–25 for the ARC and its 2 sub-committees are provided below. The remuneration amounts reported below are GST inclusive unless explicitly stated otherwise.

Table 3.1.2: Audit committee

Chair/Member	ARC	FSSC	PRSC	Joint ARC/FSSC	Joint ARC/PRSC	Remuneration
Tim Youngberry	4	1	1	1	1	\$80,000
Nick Baker	4	0	3	1	1	\$33,250*
Liz Cosson	4	0	3	1	1	\$36,575
Fran Raymond	4	4	0	1	1	\$35,500*
Kerrie-Anne Luscombe	4	4	0	1	1	\$39,050

*GST Exempt.



²²⁰ Available at: www.health.gov.au/audit-risk-committee-charter

ARC membership during 2024–25

Tim Youngberry

ARC Chair

Mr Youngberry is an international consultant specialising in public financial management. Mr Youngberry has worked with the Commonwealth and state governments in Australia as well as having private sector experience. Mr Youngberry is a subject matter expert on public finance with the International Monetary Fund, the Organisation for Economic Co-operation and Development, and international aid organisations. Mr Youngberry has served as the Chief Finance Officer at the Defence Materiel Organisation and the Department of Social Services. Mr Youngberry also chairs the National Aboriginal Community Controlled Health Organisation's Audit and Assurance Committee and is a member of the Department of Employment and Workplace Relations' ARC.

Nick Baker

ARC Member

Chair of the Performance Reporting Sub-Committee

Mr Baker has specific expertise in public sector financial management reform, policy/program design, information technology, security and control. Mr Baker's career has encompassed a broad range of areas including:

- public sector accounting
- financial management
- information technology
- general management consulting.

Prior to his retirement, Mr Baker was a Senior Partner at KPMG Australia (1995–2015). Mr Baker has previously held several board chair positions in not-for-profit organisations as well as audit committee experience in the public sector.

Mr Baker is a Fellow of the Certified Practising Accountants (CPA) Australia and a Member of the Australian Computer Society. Mr Baker holds dual tertiary level qualifications in Professional Accounting and Computing, and a Certificate IV in Commonwealth Fraud Control (Investigations).

Liz Cosson

ARC Deputy Chair

Deputy Chair of the Performance Reporting Sub-Committee

Ms Cosson has over 31 years of experience in the Australian Defence Force, serving in senior roles across supply, logistics, strategy and planning. Ms Cosson has also held key public sector leadership positions in the Commonwealth Departments of Home Affairs, Health and Veterans' Affairs, including as Secretary of the Department of Veterans' Affairs. Ms Cosson holds a non-Executive Director position with RSL LifeCare Ltd and Chairs the Canberra Health Services Audit and Risk Management Committee.

Fran Raymond

ARC Member

Chair of the Financial Statements Sub-Committee

Ms Raymond is a current Member of the Australian National University Audit and Risk Management Committee, and the former Chair of the Defence Bank Risk and Compliance Committee.

Ms Raymond is a seasoned financial sector leader with Committee and Senior Executive capability spanning diverse organisations and sectors, with significant Audit, Risk and Governance Committee experience. Ms Raymond is the former Chief Financial Officer of the National Health and Medical Research Council and the Department of Prime Minister and Cabinet.

Kerrie-Anne Luscombe

ARC Member

Deputy Chair of the Financial Statements Sub-Committee

Ms Luscombe GAICD has over 30 years of experience in legal, audit, and governance issues for ASX 20 and public sector executive boards, a not-for-profit board, advisory boards, audit committees, and independent reviews. Ms Luscombe has expertise in:

- regulation
- Commonwealth funding arrangements
- public sector accountability framework requirements
- cybersecurity issues
- privacy
- IT program governance.

Ms Luscombe has previously held Chief Counsel roles with several large Commonwealth agencies, including the Department of Health, Disability and Ageing. More recently, she has been appointed to several significant independent reviews and inquiries for the Australian Government. This included an Inspector-General Australian Defence Force Inquiry and the Review of the Family Violence and Cross-Examination Scheme for the Attorney-General.

Organisational planning

Our purpose

We support the Government to lead and shape Australia's health, disability and aged care systems through evidence-based policy, well targeted programs, and best practice regulation.

Corporate Plan²²¹

The Corporate Plan is the primary strategic planning document for the department and is a core element of the department's performance framework.

It sets out our program objectives and key activities to enable us to achieve our purpose over the next 4 years. The Corporate Plan also provides information on:

- our operating context
- capability
- corporate governance arrangements
- our approach to managing risks
- how we work with our partners to achieve our purposes and outcomes.

Additionally, it details how we will measure our performance in delivering a modern, sustainable health system for all Australians.

The Corporate Plan was prepared to meet requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

Business and risk planning

Annual business and risk planning is undertaken at the divisional level, and forms part of the department's approach to risk management. Business and risk planning follows our internal Budget process. It assists business areas to operationalise our Budget outcomes and key priorities outlined in our Portfolio Budget Statements²²² and Corporate Plan.²²³

²²¹ Available at: www.health.gov.au/corporateplan

²²² Available at: www.health.gov.au/about-us/corporate-reporting/budgets

²²³ Available at: www.health.gov.au/about-us/corporate-reporting/corporate-plan

Risk management

Our Risk Management Policy and Framework comply with the Commonwealth Risk Management Policy 2023 and s16 of the *Public Governance, Performance and Accountability Act 2013*.

The benefits of effectively managing risk supports:

- the ability to achieve our vision and strategic priorities through the identification, evaluation, review, and management of threats and opportunities
- the ability to make informed decisions on policy development
- improved accountability, financial management and governance
- improved organisational performance, delivery, innovation and resilience
- effective decision making.

In 2024–25, we worked on initiatives to improve our maturity in risk management, which included:

- revising our enterprise risk categories and tolerance levels to support better risk management decisions
- maintaining guidelines for shared risk management between the department and Services Australia
- continuously improving executive reporting by revising and uplifting key metrics and performance indicators, and ensuring alignment to the revised enterprise risks to support effective risk management across the department
- uplifting capability through ongoing engagement with departmental officials. This included education and awareness presentations on the department's approach to risk management and the role of the Chief Risk Officer.

Integrity

The department is committed to creating and maintaining an optimised level of integrity maturity. This ensures transparency and enhances accountability within the department.

The department's first Integrity Maturity Self-Assessment was endorsed by the Executive Committee in September 2024. This included an Integrity Maturity Improvement Plan designed to optimise the department's integrity culture and maturity between 2025–2027.

In May 2025, the department appointed a Deputy Secretary-level Integrity Champion to actively foster a culture of integrity and promote integrity focused conversations.

The department's inaugural integrity awareness campaign included:

- delivery of integrity education
- launching an intranet Integrity Hub
- encouraging staff to uplift their integrity posture.

Countering fraud and corruption

The department is serious about minimising the impact of fraud and corruption on its policies and programs. It focuses on protecting payments, services and information using an increasingly dynamic set of preventative, detective and response measures.

The department's fraud control program is continuing to modernise and mature the department's operability and systems. This enhances our fraud and corruption management in accordance with the PGPA Rule and the Commonwealth Fraud and Corruption Control Framework.²²⁴

Fraud and corruption prevention

In 2024–25, the department continued to strengthen its prevention approach through:

- increased operational risk assessments and control tests
- reviewing the department's enterprise-level fraud and corruption risks
- increased communications across the department to raise awareness.

The department actively engages with the Commonwealth Fraud Prevention Centre and partner agencies on counter fraud expertise, information and intelligence-sharing forums and working groups.

Fraud and corruption detection and tip-offs

The department continues to work as a member of the Fraud Fusion Taskforce. We actively work with partner agencies to prevent, respond to, and disrupt fraud and criminal activity against the Commonwealth government payments and programs with a focus on intelligence-sharing.

The department maintains fraud reporting mechanisms that allow anyone to report incidents of suspected fraud or corruption confidentially. This includes via fraud tip-off hotlines, submitting a 'Report Suspected Fraud' form online or in writing either by post or email. The department encourages everyone to share tip-off information with us by either:

- completing the online reporting form²²⁵
- emailing ReportFraudorCorruption@Health.gov.au²²⁶
- phoning the Fraud Hotline on **1800 829 403**.

In 2024–25, the department received 1,306 fraud tip-offs across Health Payment Programs (which include Aged Care, Grants and Medicare Payment Programs) and staff conduct concerns via its tip-off pathways. Following assessment of these tip-offs, 32 allegations were referred for criminal investigation, with a further 16 allegations added to existing investigations. The department continues to mature its capabilities to detect fraud, and to refine its public facing channel for reporting fraud allegations.

The department has a Public Interest Disclosure (PID) policy, as well as readily available procedures and training (including how to make a PID) for all staff on the departmental Intranet.

The department has also published information on its external website about:

- the PID Scheme
- PID Procedures
- authorised officers
- a downloadable form to assist in making a disclosure.

²²⁴ Available at: www.counterfraud.gov.au/library/framework-2024

²²⁵ Available at: www.health.gov.au/about-us/corporate-reporting/report-suspected-fraud/online-form

²²⁶ Available at: ReportFraudorCorruption@Health.gov.au

Fraud and corruption response

In 2024–25, the department referred 8 Briefs of Evidence to the Commonwealth Director of Public Prosecutions (CDPP). During the same period, 4 prosecutions resulted in convictions, and one case was discontinued by the CDPP when it was determined there was little likelihood of a conviction. The decision to prosecute (or discontinue a prosecution) is a decision for the CDPP.

Court outcomes included sentences by way of fines through to significant terms of imprisonment, such as up to 7 years' incarceration.

As at 30 June 2025, 5 matters were before the criminal courts, with an estimated detriment to the Commonwealth of \$9.6 million.

Compliance reporting

Significant non-compliance issues with finance law

In 2024–25, the department reported one instance of significant non-compliance with finance law to the, then titled, Minister for Health and Aged Care²²⁷ and the Minister for Finance under paragraph 19(1)(e) of the PGPA Act and Resource Management Guide 214.

The instance related to the requirement that all grants awarded be reported in GrantConnect within 21 days of execution. The department identified 336 instances where Primary Health Network (PHN) grants extensions were issued that were not reported on GrantConnect. The department engaged the Department of Finance to correct the public record. To ensure a more sustainable and compliant framework, the department reviewed existing PHN grant agreement structures and administrative arrangements.

Actions taken did not impact the allocation of grant funding, however a higher standard of compliance with finance law should have been in place. PHN grants now align to standard business processes.

Department's framework

The department maintains a risk-based approach to compliance, with a combination of self-reporting and focused review. The Audit and Risk Committee (ARC) considers application and adjustments to this methodology, with instances of non-compliance reported to the ARC and to the Executive Committee. The department minimises non-compliance through effective controls, including:

- training and publication of legislation and rules
- delegation schedules
- Accountable Authority Instructions.

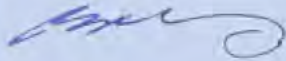
These are available to staff to inform decision making.

²²⁷ Due to Machinery of Government changes on 13 May 2025, Minister Butler's title change to the Minister for Health and Ageing and Minister for Disability and the National Disability Insurance Scheme.

Certification of departmental fraud control arrangements

I, Blair Comley, certify that the department has:

- prepared fraud and corruption risk assessments and fraud control plans
- in place appropriate fraud and corruption prevention, detection, investigation, and reporting mechanisms that meet the specific needs of the department
- taken all reasonable measures to appropriately deal with fraud and corruption relating to the department.



Blair Comley
25 September 2025

Assurance and audit activities

In 2024–25, the department continued to strengthen its assurance and audit function to:

- support effective governance
- promote accountability
- enhance operational efficiency.

The 2024–25 Internal Audit Work Program included 8 assurance maps and 20 internal audits, all of which were completed during the financial year. The audits supported improved oversight, risk management, and accountability by examining the effectiveness of internal controls and processes. The program provided a more strategic and coordinated approach to assurance. This ensures that audit activities are targeted, timely, and aligned with departmental priorities and good public administration practices.



Part 3.2: Executive

As at 30 June 2025.²²⁸



Blair Comley PSM Secretary

Blair commenced as the Secretary of the then Department of Health and Aged Care on 17 July 2023.

Blair has served as the Secretary of the Commonwealth Department of Climate Change and Energy Efficiency and the Secretary of the Commonwealth Department of Resources, Energy and Tourism. Blair has also served as Secretary of the NSW Department of Premier and Cabinet, NSW's most senior public servant.

Prior to these positions, Blair held senior leadership positions in Treasury including General Manager of the Indirect Tax Division, the Business Tax Division, the Macroeconomic Policy Division and the Acting Chief Executive of the Australian Office of Financial Management with responsibility for managing the Commonwealth's debt and derivative portfolio.

Blair also has significant private sector experience as a strategy consultant advising governments, not for profits, and corporates on a wide range of matters including climate, energy, human services, health, organisational leadership and design, governance and economic policy.

In 2012 Blair was awarded the Public Service Medal for outstanding public service in the development of public policy, particularly in the areas of carbon pricing and emissions trading, tax policy design and debt management.

Blair has a Bachelor of Economics (Hons), a Master of Economics and a Graduate Diploma of Legal Studies.

²²⁸ To view the most up to date Executive biographies, visit: www.health.gov.au/about-us/who-we-are/leadership



Professor Anthony (Tony) Lawler

Deputy Secretary of the Health Products Regulation Group

Professor Tony Lawler is Deputy Secretary of the Health Products Regulation Group with the Australian Government Department of Health, Disability and Ageing.

The Health Products Regulation Group works to safeguard and enhance the health of all Australians through effective, timely and risk-proportionate regulation of therapeutic goods, and the control of drug imports, exports and production.

Prior to joining the department in June 2023, Tony was Chief Medical Officer and Deputy Secretary – Clinical Quality, Regulation and Accreditation with the Tasmanian Department of Health. This role included providing leadership to health professionals, system-wide clinical governance oversight and the regulation of private health service establishments.

Having studied medicine at the University of Tasmania, Tony has worked in the health system as a Specialist Emergency Physician, Specialist Medical Administrator, and senior health public servant for almost 30 years. During the COVID-19 pandemic, Tony was the Tasmanian Health Service Emergency Operations Commander.

Tony has previously held positions as a member of the Board of the Australian Commission on Safety and Quality in Health Care and the Council of the National Health and Medical Research Council, President of the Australasian College for Emergency Medicine, and Deputy Head of the Tasmanian School of Medicine.

Tony is a Professor in Health Services with the University of Tasmania.



Professor Michael Kidd AO

Chief Medical Officer

Professor Kidd is a medical leader known for his contributions to public health and primary health care, in Australia and internationally.

He has experience as a general practitioner, primary care researcher, educator and academic and has served as president of the Royal Australian College of General Practitioners and the World Organization of Family Doctors.

Most recently, Professor Kidd has been the Professor of Global Primary Care and Future Health Systems at the University of Oxford, and Director of the International Centre for Future Health Systems at the University of New South Wales.

Professor Kidd served as Deputy Chief Medical Officer and Principal Medical Advisor with the department during the COVID-19 pandemic making a significant contribution to the national primary care response.



Celia Street

Acting Deputy Secretary of the Strategy and First Nations Group

Celia Street is the Acting Deputy Secretary of the Strategy and First Nations Group. The First Nations Group oversees a broad remit of programs and policy across a wide range of topics, covering First Nations Health, Health Economics and Research (including the Office of the Chief Health Economist), as well as public health funding reform, private health insurance and public and private hospital policy.

In early 2025, Celia led the department's Health Reform Taskforce, negotiating a one-year extension to the National Health Reform Agreement and delivering additional funds for public hospitals and health services.

Prior to this, Celia led the Australian Government's health response to COVID-19 through her leadership of the National Incident Centre and the Office of Health Protection and Response.

Celia joined the department in 2012 after various roles across the Australian Public Service.



Penny Shakespeare

Deputy Secretary of the Health Resourcing Group

Penny Shakespeare brings a wealth of expertise and experience to a wide range of policy making across Australia's health and aged care system.

As Deputy Secretary of the department's Health Resourcing Group, she oversees a broad spectrum of health policy. This includes Medicare and Pharmaceutical Benefits Scheme policies and integrity, ensuring Australia has a planned, highly trained and well distributed health workforce advancing digital health solutions and harnessing the potential of genomics.

Penny joined the department in 2006. Since then, Penny has held a number of senior leadership positions, including First Assistant Secretary of the Technology Assessment and Access Division and Health Workforce Division. Penny has been a member of the Workplace Relations Ministers Advisory Council and the National Occupational Health and Safety Commission and represents the Commonwealth on the board of the National Blood Authority.

Before joining the department, Penny was an industrial relations lawyer in the Department of Employment and Workplace Relations and worked in regulatory policy roles, including as head of the Australian Capital Territory's Office of Industrial Relations.

Penny has a Bachelor of Laws, a Master's degree in International Law and is admitted as a Barrister and Solicitor.



Sonja Stewart

Deputy Secretary of the Ageing and Aged Care Group

Sonja Stewart joined the department in December 2024 as the Deputy Secretary of the Ageing and Aged Care Group.

Sonja is a Yuin woman with extensive senior leadership experience across state and Commonwealth governments including as Deputy Secretary at the NSW Department of Premier and Cabinet and as Deputy Commissioner of the NSW Public Service Commission. Her more recent roles include CEO of the Law Society of NSW and CEO of Arrilla Indigenous Consulting.

Sonja has a Bachelor of Commerce and Bachelor of Laws from the University of NSW and the University of Alberta, Canada. Sonja has also completed the Advanced Management Program at Columbia University, New York. As a graduate of the Australian Institute of Company Directors she has been a Director and Chair of Government, Academic and Not for Profit Boards for over 20 years, including Chairperson of the Goodes O'Loughlin Foundation – which aims to improve educational outcomes of Aboriginal children and young people.



Dr Liz Develin

Deputy Secretary of the Primary and Community Care Group

Dr Liz Develin joined the department in January 2024 as Deputy Secretary of the Primary and Community Care Group.

Dr Liz Develin has executive leadership experience across all levels of government in varied portfolios.

Her public service career began in the NSW Government and she has enjoyed executive level roles across NSW Health, Premier and Cabinet, and the Planning portfolio. Her leadership roles have spanned areas such as health promotion, service planning, health infrastructure, national reform and intergovernmental relations, governance, urban planning, housing, energy and water.

Prior to joining the department, Liz has been a CEO of both the Sydney Olympic Park Authority and the Australian Energy Regulator.

Liz has masters qualifications in human movement, public health, and a Doctorate of Business Administration that considered policy implementation in the NSW health system.



Mary Wood

Deputy Secretary, Interim Australian Centre for Disease Control

Senior health executive, Mary Wood, is the head of the Interim Australian Centre for Disease Control (CDC). One of her duties in leading the Interim CDC is the establishment of a new statutory agency, intended to commence on 1 January 2026.

Ms Wood has a broad span of experience in policy, strategy and communications both within the Australian Public Service and in the non-government sector. She joined the department in 2021 from the Business Council of Australia, where she led corporate citizenship and member engagement. Prior to that Mary was Deputy Director-General for Policy and Intergovernmental Relations in ACT Health. Mary has also served as Chief of Staff to a federal minister, as well as several other leadership roles.

Mary's previous work at the department includes leading negotiations for the Commonwealth on the National Health Reform Agreement with state and territory governments, health system reforms, and population health.



Charles Wann

Chief Operating Officer

Charles joined the department in 2016, initially as Chief Budget Officer. In July 2017, he became First Assistant Secretary of the Financial Management Division. In April 2019, he moved to the Aged Care Reform and Compliance Division where he and his team implemented reforms to aged care quality and safety, workforce and the transition of compliance functions to the Aged Care Quality and Safety Commission. Moving into the Chief Operating Officer role in February 2020, Charles was a key lead in enabling the department's work through the COVID-19 pandemic. Since then, Charles has overseen an uplift in the department's digital and IT capability, changed the way the department works through its New Ways Of Working program, and helped drive the department's Closing the Gap agenda.

Prior to joining the department, Charles served as a senior public servant across various areas in government in diverse roles at the Department of Immigration and Border Protection and the Department of Home Affairs where he led teams responsible for introducing risk-based approaches to visa compliance and status resolution, and providing health, income and employment support to asylum seekers living in the community.

Charles holds a Bachelor of Arts (Hons) from the Australian National University, specialising in Classics.



Robyn Shannon

Deputy Secretary of the Disability and Carers Group

Robyn Shannon commenced in the role of Deputy Secretary of the Disability and Carers Group in March 2023. Her responsibilities include leading work on the delivery of Australia's Disability Strategy, reforms to the National Disability Insurance Scheme and oversight of the Commonwealth's response to the Disability Royal Commission.

Robyn has worked in the Australian Public Service for close to 30 years in a range of policy, program and corporate roles after joining the Department of Social Security as a graduate. She has line and central agency experience in leading teams responsible for multi-stage policy reform and implementation processes. This work has spanned a range of social policy areas that include income support, employment assistance, early childhood education and care and school funding.

Robyn has a combined Arts/Law degree from the Australian National University.

Executive changes within the reporting period

- For the period of 1 July 2024 to 21 October 2024, Professor Paul Kelly was the department's Chief Medical Officer.
- For the period of 21 October 2024 to 1 June 2025, Professor Tony Lawler was the department's Chief Medical Officer.
- For the period of 1 July 2024 to 10 December 2024, Michael Lye was Deputy Secretary for Ageing and Aged Care.
- For the period of 1 July 2024 to 14 February 2025, Blair Exell was Deputy Secretary for Health Strategy, First Nations and Sport.²²⁹

²²⁹ The Office for Sport, the National Sports Tribunal and associated corporate staff transitioned to the renamed Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts on 3 July 2025.

Part 3.3: Organisational Chart

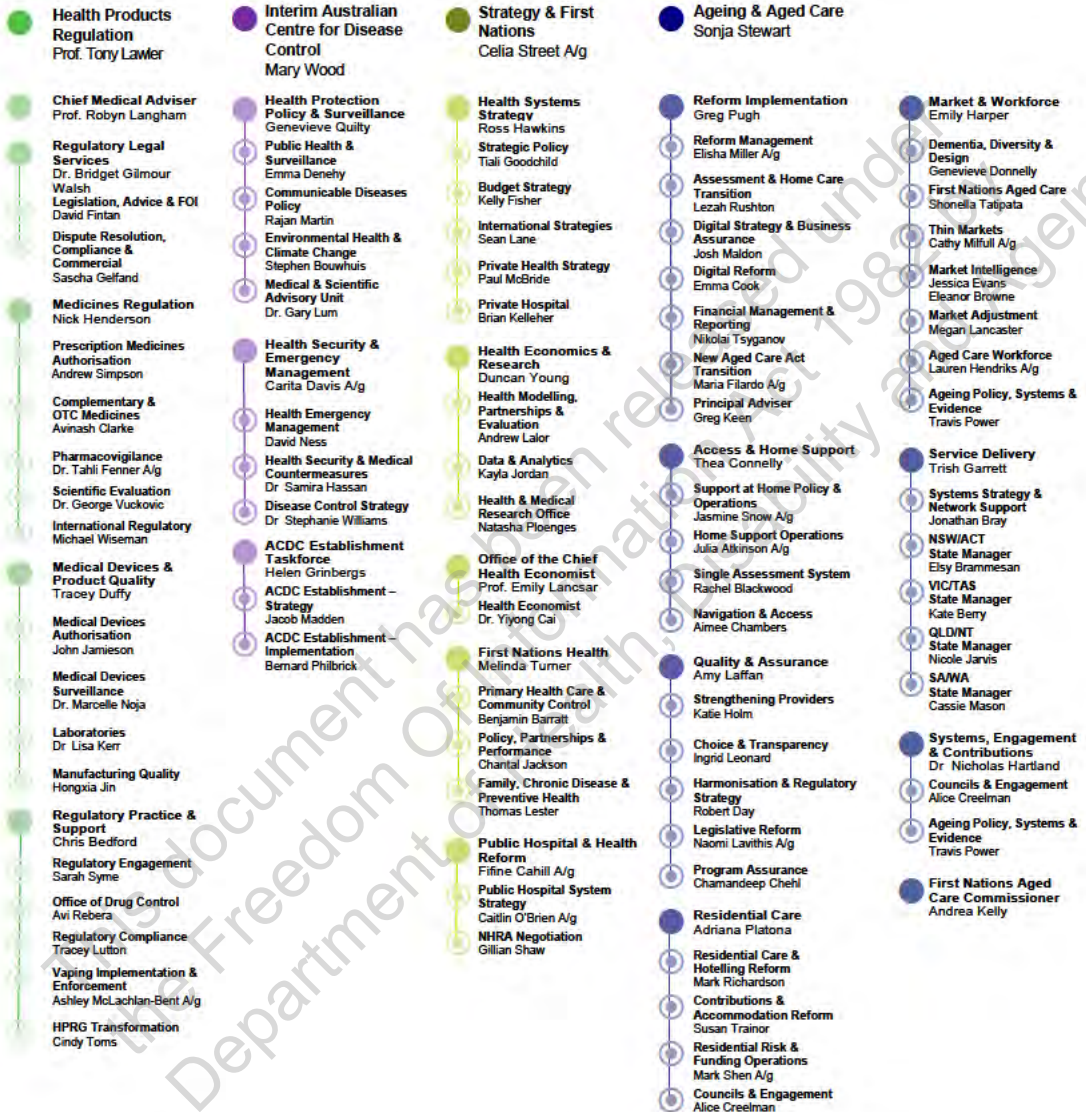


Australian Government
Department of Health, Disability and Ageing

Secretary
Blair Comley PSM

Chief Medical Officer
Prof. Michael Kidd AO

The Hon Mark Butler MP
Minister for Health and Ageing
Minister for Disability and the National Disability Insurance Scheme



Statutory Office Holders – Operating within our Department



Senator the Hon Jenny McAllister
Minister for the National Disability Insurance Scheme

The Hon Sam Rae MP
Minister for Aged Care and Seniors

The Hon Emma McBride MP
Assistant Minister for Mental Health and Suicide Prevention
Assistant Minister for Rural and Regional Health

The Hon Rebecca White MP
Assistant Minister for Health and Aged Care
Assistant Minister for Indigenous Health
Assistant Minister for Women

Mr Dan Repacholi MP
Special Envoy for Men's Health

Health Resourcing
Penny Shakespeare

- Chief Nursing & Midwifery Officer**
Prof. Alison McMillan
- Health Workforce**
Eliza Strapp
- Deputy Chief Medical Officer**
Adj. Prof. Susan Weame A/G
- Workforce Planning & Strategies**
Natalie Bekis
- Workforce Training**
Mike Pope A/G
- Workforce Distribution**
Stewart Webster
- Workforce Incentives & Innovation**
Bronwyn Morrish A/G
- Primary Care & Reviews Taskforce**
Nick Morgan

- Technology Assessment & Access**
Duncan McIntyre
- Office of Health Technology Assessment**
Assoc. Prof. Anne-marie Boxall
Andrew Rintoul
- Health Technology Assessment Policy**
Masha Somi
- Pharmacy**
Sarah Norris
- Pricing & PBS Policy**
Rebecca Richardson
- Prescribed List Reform Taskforce**
Simon Singer A/G
- Genomics Australia**
Renaye Luchese
- Benefits Integrity**
Matthew Williams
- Health Professionals Compliance**
Anthony McEachran
- Compliance Risk & Provider Engagement**
Kim Delacy A/G
- Provider Compliance & Interventions**
Hayley Petrie
- Compliance Enabling**
David Evenden
- Medicare Integrity Reform**
Brigid Dohnt

- Medicare Benefits & Digital Health**
Daniel McCabe
- Medical Officer**
Adj. Prof. Andrew Singer
- MBS Policy & Specialist Programs**
Nigel Murray
- Diagnostic Imaging & Pathology**
Mary Warner
- MBS Policy & Reviews**
Louise Riley
- Digital Health**
Simon Cleverley
- Digital & Service Design**
Sam Peascod

Primary & Community Care
Dr. Liz Develin

- Population Health**
Trish Clancy
- Health Equity**
Rhiannon Box
- Alcohol & Other Drugs**
Ben Mudaliar
- Tobacco & E-Cigarette Control**
Karlie Brown
- Preventive Health & Food Policy**
Anthea Raven

- Cancer, Hearing & Chronic Conditions**
Ariane Hermann A/G
- Cancer Screening Programs**
Perdi Mitchell
- Cancer Policy & Projects**
Georgie Fairhall A/G
- Newborn Screening & Palliative Care**
Mel Caldwell A/G
- Hearing Services & Chronic Conditions**
Gabriela Luksza A/G
- Lung Cancer Screening & Cancer Infrastructure**
Jessica Pratt

- National Immunisation**
Dr. Anna Peatt
- Planning & Assessment Support**
Dave McNally
- Access & Engagement**
David Laffan
- Transformation, Supply & Distribution**
Rachelle Davis

- Primary Care**
Mark Roddam
- Chief Allied Health Officer**
Anita Hobson-Powell
- Primary Health Networks & Partnerships**
Tracy Creech
- Access & Integration**
Nisette Anderson
- MyMedicare & Bulk Billing Clinics**
Jo Da Rocha
- Primary Care Strategy**
Amber Shuhyta
- Urgent Care**
Sarah Sinclair

- Mental Health & Suicide Prevention**
Gavin Matthews
- Chief Psychiatrist - Mental Health**
Dr. Sophie Davison
- Child, Youth & Priority Populations**
Matthew Short
- System Enablers**
Krista Vanderheide
- Services**
Darius Everett
- System Policy**
Emma Gleeson
- Suicide Prevention**
Kristen Price

- National Mental Health Commission**
David McGrath
- National Suicide Prevention Office**
Alex Hains A/G

Disability & Carers
Robyn Shannon

- NDIS Markets & Safeguards**
- Quality & Safeguards Policy**
- Markets & Workforce Policy**
- Disability Evidence**
- Disability & Carer Programs**
- Advocacy & Inclusion Programs**
- Carers & Early Childhood**
- Disability Reforms & Royal Commission**
- Australia's Disability Strategy**
- Foundational Supports & Early Childhood Reform**
- National Disability Data Asset**
- NDIS Participants & Performance**
- NDIS Finance & Performance**
- Commonwealth/State Engagement**
- NDIS Governance, Policy & Legislation**

Corporate Operations
Charles Wann

- Financial Management**
David Hicks
- Finance**
Kris Arnold
- Financial Business Support**
Andrew Slaven A/G
- Corporate Financial Strategy & Services**
Stewart Munro
- Grants**
Craig Chalmers
- Strategic Procurement**
Olivia Mahn A/G
- Legal**
Miriam Moore
- Corporate, Commercial & Litigation**
Danae Paxinos
Melissa Purdy A/G
- Advice & Legislation**
Christina Johnston
- Public Law**
- People, Communication & Parliamentary**
Rachel Balmanno
- Ministerial & Parliamentary Services**
Emma Wood
- People**
Robyn White
- Communication Strategies & Campaigns**
Leanne Ringwood
- Corporate Communication**
Jodie Grieve
- Aged Care Communication & Change**
Jo Hegerty A/G
- Workplace & Change**
Jo Mond
- Campaigns and Strategic Communication**

- Integrity & Assurance**
Narelle Smith A/G
- Assurance**
Leonie Clemson A/G
- Security**
Pat Janek
- Fraud & Integrity**
Stefanie Janiec

- Chief Digital Information Officer**
Fay Flevaras
- Digital Strategy, Architecture & Innovation**
Amanda Chesher
- Enterprise Portfolio Management & Commercials**
Layla Morrow
- Digital Business & Sector Engagement**
Janine Bennett
- Information Technology**
Lisa Tepper
- Health Business Systems**
Jennifer Frisby
- Corporate Systems**
Monique Morgan
- NextEra Digital Taskforce**
Emma Hallam-Wilcock A/G
- Data & Analytics Platform Services**
Damien Hobbin
- Cyber & Assurance**
David Lang
- Service Operations & Infrastructure**
Reid Johnson
- Digital Transformation & Delivery**
Brian Schumacher A/G
- Digital Design & Release**
Toby Burgess A/G
- Aged Care Funding Reform & Systems**
Marguerite Gandini A/G
- Aged Care Transformation & Quality**
Amanda Smith
- Aged Care Services & Sustainability**
Marina Muttukumaru

Organisational Chart

Monday 30 June 2025

Part 3.4: People

The Australian Public Service Commission's (APSC) capability review²³⁰ recognised the department's strong sense of self, clear values, and professional and supportive culture. During 2024–25, the department has worked to maintain and build on this strong foundation, pursuing the opportunities for improvement highlighted in the review. The department has focused on lifting our strategic policy capability, deepening our engagement with the community and stakeholders, and unlocking the potential of its executive leaders.

In 2024–25 the department focused on implementing our Workforce Strategy and improving our workforce planning capability, with division level workforce plans completed as part of the business and risk planning cycle. This has enabled a holistic understanding of workforce risks, critical roles and capabilities to inform targeted strategies.

Workforce composition

At 30 June 2025, the department had a workforce of 7,429 ongoing and non-ongoing Australian Public Service (APS) staff (including staff on leave and secondment). This is an increase from 7,135 at 30 June 2024, due to several factors including:

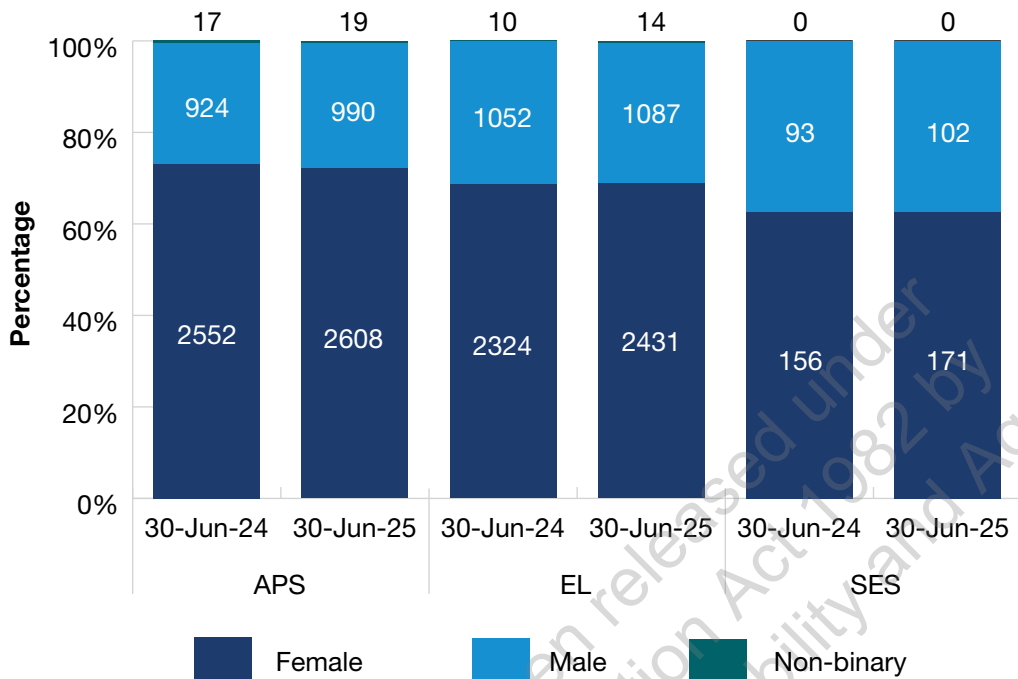
- the transfer of the National Mental Health Commission into the department
- implementation of aged care and strengthening Medicare reforms
- delivering more Medicare Urgent Care Clinics
- additional investments in mental health and women and families
- work supporting the Review of the Medicare Benefits Schedule.

At 30 June 2025:

- 96% of staff were ongoing and 4% were non-ongoing
- 15.3% of staff were employed on a part-time basis
- 70.2% of staff identified as Women/Female – **Figure 3.4.1** shows our gender profile by classification range compared to 2024
- 2.2% of staff identified as Aboriginal or as Torres Strait Islander
- 4.7% of staff identified as having a disability.

The ongoing staff turnover rate in 2024–25, excluding voluntary redundancies, was 8.9%. This represented a decrease from 10% in 2023–24. Including voluntary redundancies, the ongoing staff turnover rate was 9.10%.

²³⁰ Available at: <https://www.apsc.gov.au/initiatives-and-programs/workforce-information/research-analysis-and-publications/capability-review-department-health-and-aged-care>

Figure 3.4.1: Comparison of gender profile at 30 June 2024 and 30 June 2025²³¹

Employment arrangements

The department's employment arrangements are consistent with the *Public Service Act 1999*, the *Fair Work Act 2009* and the *Public Sector Workplace Relations Policy 2023*.

Enterprise Agreement

The department's Enterprise Agreement 2024–2027²³² commenced operation on 25 January 2024 and nominally expires on 28 February 2027.

Since implementation, the department has focused on embedding the new conditions into practice. This included updating policies and processes, enhancing manager and employee understanding of entitlements and supporting consistent application of these across the organisation.

The department is also maturing its approach to change consultation to meet and exceed the Enterprise Agreement obligations, ensuring consultation is timely, inclusive and aligned with best practice.

A recent example of the department's commitment to supporting staff is the use of miscellaneous leave provisions to assist employees affected by natural disasters. This enabled staff who were impacted to access paid leave quickly and compassionately, reinforcing the department's values and responsiveness.

²³¹ 'Prefers not to answer' is reported as zero in 2024–25. Refer to **Appendix 2: Workforce Statistics** in this Annual Report for more information on the department's workforce statistics.

²³² Available at: www.health.gov.au/resources/publications/enterprise-agreement-ea

Since the commencement of the Enterprise Agreement 2024–2027, the department has progressed a range of initiatives to embed the new conditions and support their effective implementation. During 2024–25, this included:

- **Flexible work arrangements** – The department has focused on upskilling managers to ensure they understand their responsibilities and how to support flexible work arrangements, including updated processes and guidance materials.
- **Learning and development** – A clear commitment to supporting the learning, development, and career progression of staff, with increased Studybank support and improved access to continuing professional development. The Secretary has reinforced this commitment through providing visible support for employee development initiatives.
- **Governance of Individual Flexibility Arrangements (IFAs)**²³³ – Strengthened through the development of the Enhanced Remuneration Principles, ensuring IFAs are applied transparently, consistently, and in alignment with business needs.

Executive remuneration and performance pay

During 2024–25, the department's remuneration for SES employees was consistent with equivalent public sector entities. Base salaries and inclusions complied with government policy and guidelines.

Remuneration for SES officers considers parameters set out in the Public Sector Workplace Relations Policy 2023 and the APS Executive Remuneration Management Policy. Comprehensive terms and conditions of employment for departmental SES staff are set out in individual determinations made under section 24(1) of the *Public Service Act 1999*.

Individual SES salaries are negotiated on commencement, with remuneration thereafter determined through the SES Performance Framework. A variety of factors, including the employee's performance and contribution to the department's culture and capability are considered in determining an SES employee's performance rating, which is linked to incremental salary progression.

The department's Secretary and Deputy Secretaries moderated all SES performance outcomes and salaries in September 2024. In addition to performance-based increases, a 3.8% pay increase was applied in January 2025 in line with the increase delivered to non-SES officers under the Enterprise Agreement. No departmental staff received performance pay in 2024–25.

Refer to **Appendix 2: Workforce Statistics** in this Annual Report for more information on the department's staffing numbers, workplace arrangements, remuneration, and salary structures.

²³³ The Enterprise Agreement contains a flexibility term, enabling the department to make an Individual Flexibility Arrangement with a non-SES staff member. An Individual Flexibility Agreement varies specified terms and conditions provided under the Enterprise Agreement for an individual where necessary and appropriate.

Organisational performance

Measures of leadership and culture

The 2025 APS Employee Census (the Census) was conducted during May and June 2025.²³⁴ Our response rate in 2025 was 75%, a decrease from 79% in 2024. Our responses include our APS employees and contractor staff.

Our 2025 results show continued strong staff engagement (**Figure 3.4.2**). This included 83% of respondents indicating they would recommend the agency as a good place to work, and 85% who were proud to work in the department (+2%p to 2024). Results also show 85% believe the culture in our agency supports people to act with integrity (+3%p to 2024), and 81% indicated the people in their workgroup demonstrate stewardship.

Satisfaction with the department's leadership performance remains strong (**Figure 3.4.3**). The Executive Level 2 (Director) cohort continues to receive the highest leadership performance satisfaction scores. Immediate supervisor index questions remained high, with 90% of staff agreeing their supervisor ensures that their workgroup delivers what they are responsible for. There were 81% of staff that agreed that their SES manager ensures that work effort contributes to the strategic direction of the agency and the APS.

Sentiment around flexible working remains positive. Results show that 93% of respondents were confident that if they request a flexible work arrangement, their request would be given reasonable consideration. The department has also seen an improvement in our corporate health and wellbeing promotional efforts, with 69% of staff agreeing the agency does a good job of communicating what it can offer (+5%p from 2024). Results indicated 75% of staff were satisfied with the policies/practices in place to help manage health and wellbeing (+4%p from 2024).

A focus of our 2024 Census Action Plan was Enabling Innovation and in 2025 we saw improvements in every question in our Innovation Index. Results show 87% of respondents believed that one of their responsibilities is to continually look for new ways to improve the way we work. Improvements in this focus area have increased our Enabling Innovation Index score from 2024 (**Figure 3.4.4**).

The department will use these results to inform departmental initiatives and monitor the implementation of actions under the department's Workforce Strategy and Capability Review Response.

²³⁴ 2025 APS Employee Census results will be available in November 2025 at: <https://www.apsc.gov.au/initiatives-and-programs/workforce-information/research-analysis-and-publications/aps-employee-census-2025>

Figure 3.4.2: Engagement Index

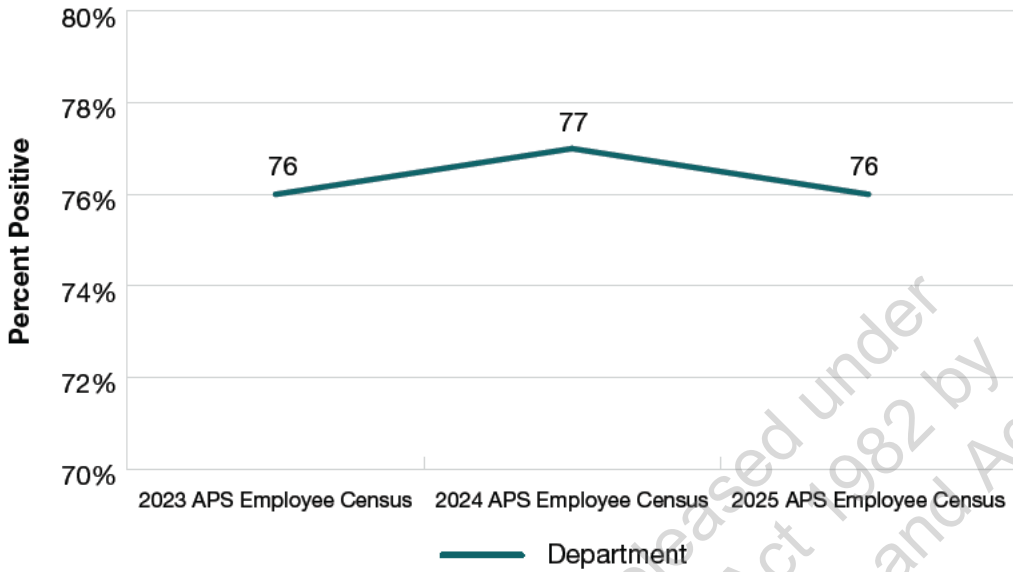


Figure 3.4.3: Health senior leadership perception, proportion of staff satisfied and very satisfied by leadership cohort

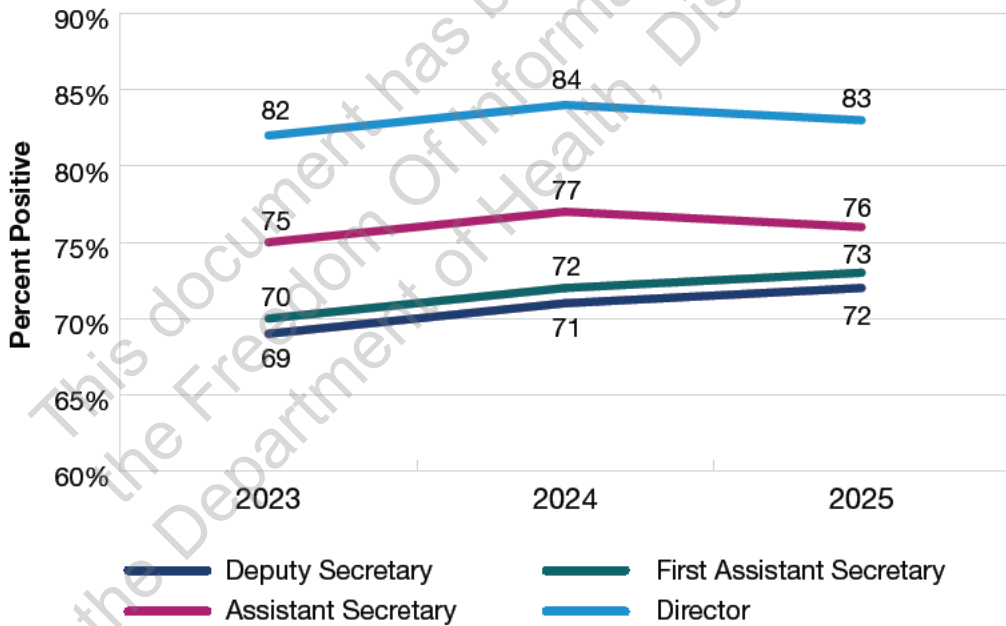
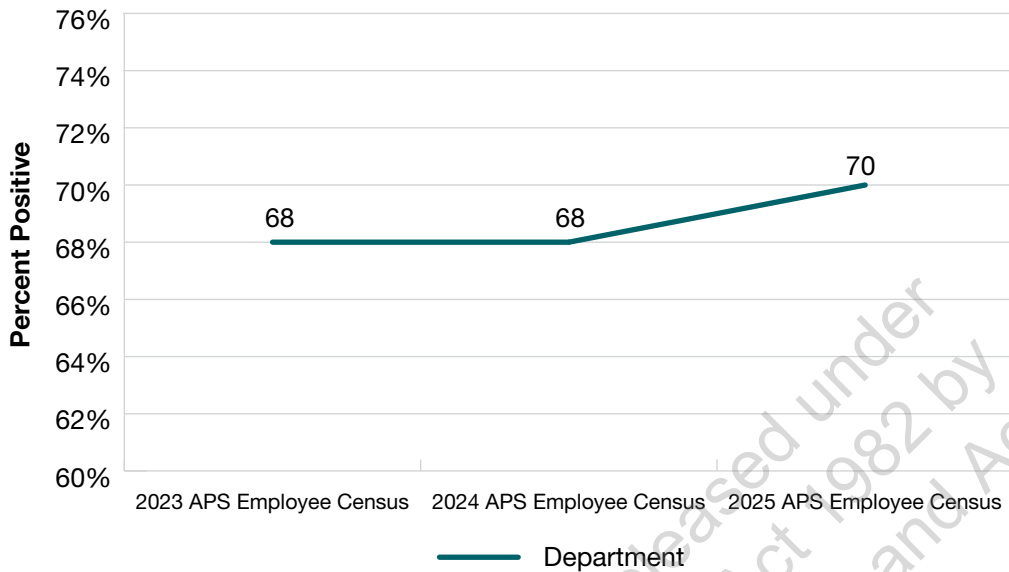


Figure 3.4.4: Enabling Innovation Index

Workforce Capability

The department's Workforce Strategy (the Strategy) outlines how we will navigate changes in our environment and attract, retain, engage and develop a highly capable workforce.

Annual implementation plans under the Strategy prioritise the actions we take to understand, grow, support and mobilise the capability we need for a high performing, diverse and agile workforce.

The Strategy has 4 strategic focus areas:

- Compete for Talent
- Support and Build Agility
- Grow our Own
- Leadership and Culture

This strategic focus on the department's workforce ensures the department can deliver on our strategic objectives as outlined in the Future Direction placemat. The priorities and focus areas outlined in the Strategy and its implementation plan align with APS Reforms, the APS Workforce Strategy 2025, the APS Values, and our Capability Review Response.

In 2024–25, during the second full year of the Strategy, the People Committee was established²³⁵ to oversee strategic workforce matters and the implementation of the Strategy.

The implementation plan for 2024–25 focused on:

- launching the Inclusion Framework Action Plan implementing our Employee Value Proposition
- developing the Stretch Reconciliation Action Plan
- building foundations to support more strategic workforce management
- further refinement of our operational workforce planning approach
- understanding the impacts and opportunities of Artificial Intelligence (AI) on our workforce
- implementing Optimal Management Structure reporting to support organisational design and decision making at the lowest possible levels
- implementing psychosocial audit outcomes.

²³⁵ The People Committee was established in February 2025 and forms part of the department's Senior Governance Committees.

Learning and development

In 2024–25, the department continued to enhance its learning and development offerings to support the implementation of the Strategy and respond to the Capability Review. Staff across the department were provided with learning opportunities that were accessible, timely, and tailored to their needs. A variety of delivery methods were used to meet individual preferences, including online classrooms, bite-sized videos, quick reference guides, toolkits, and other resources.

The department maintained its partnership with the APS Academy to grow APS Craft capability, through access to programs, seminars, resources and networking opportunities. The People Branch continued the in-house delivery of centrally-funded APS Academy courses, reducing financial barriers to learning and overall departmental costs.

The department also supported the continued professional development of medical officers, nursing officers and other staff with mandatory qualifications through financial support and paid leave, as outlined in the Enterprise Agreement 2024–2027. The Studybank scheme provided eligible staff with financial or with leave support for approved study, with significantly increased allowances under the Enterprise Agreement. Additional leave was available to First Nations staff, staff from non-English speaking backgrounds, and staff with disability.

Key initiatives and achievements included:

- partnered with internal policy experts to design and procure strategic policy capability building initiatives
- developed and commenced implementing the Indigenous Cultural Capability Action Plan
- developed and implemented the Observing Welcome to and Acknowledgement of Country protocols
- delivered an in-house leadership development program to 260 Executive Level 2 (EL2) officers, with 350 EL2s now having completed the program since its inception
- increased access to bite-sized learning via LinkedIn Learning to support timely, just-in-time learning
- continued in-depth evaluation of learning initiatives to understand individual experience, impact, and organisational outcomes
- used the insights from evaluations to inform updates to the learning catalogue and planning for 2025–26.

The department's Learning and Development Roadmap 2024–25 guided these initiatives, aligning with identified capability needs. The 2025–26 roadmap will focus on:

- addressing barriers to learning uptake for senior staff
- enhancing leadership pathways
- updating offerings based on evaluation data
- uplifting strategic policy and cultural capability offerings
- conducting a training needs analysis to support AI capability uplift.

Flexible working arrangements

The department has continued to support the flexible work arrangements in the current Enterprise Agreement by giving managers the tools and knowledge they need to support their teams and apply these arrangements fairly and confidently. Staff can access a variety of flexible working options, assisting them to balance their professional and personal commitments. The majority of the department's staff work in a hybrid model, combining office-based and remote work on a regular basis. The department's approach to flexible work is central to our Employee Value Proposition and supports attraction and retention.

The department has continued to see a significant shift in the geographic distribution of its staff, with an increasing proportion located outside of Canberra.

Given these changes, building the capability of staff and managers, and providing them with the tools they need to work efficiently, effectively and collaboratively, has been a departmental priority. This has been achieved through a range of initiatives, including:

- improving technical resources, infrastructure, and digital collaboration tools and supporting staff to use these effectively
- expanding the policies, guidance and training for staff and their managers regarding hybrid and geographically dispersed teams
- guidance and support for staff and managers to maintain work health and safety when working remotely.

At 30 June 2025, the department had 6,314 staff (85%) with formal working from home agreements in place.

The 2025 APS Employee Census showed 84% of staff accessed working from home as a flexible work practice.



Workforce inclusivity and diversity

The department values how workplace diversity and inclusion enrich our workplace, helping us deliver better health and wellbeing outcomes for all Australians.

In 2024–25, the department demonstrated its commitment to provide a culturally safe, accessible, inclusive and respectful workplace for all employees through the launch of an Inclusion Framework 2025–30 (the framework).²³⁶ The framework articulates an ongoing commitment to foster a diverse workforce that reflects the community the department serves and an inclusive workplace for all staff. Annual action plans will underpin implementation of the framework, with the first commencing in 2025–26.

The department developed a Stretch Reconciliation Action Plan (RAP) 2025–2028 to replace the Innovate RAP 2021–24. Staff consultation throughout 2024–25 shaped the plan, which will be the sixth RAP for the department. Each plan has been built on the last, reflecting the department's journey towards embedding reconciliation in our everyday work. The Stretch RAP will be launched in 2025–26.

The department endorsed a new First Nations Recruitment and Retention Strategy 2025–2028, implementation of which is an action under the Stretch RAP. The aim of this strategy is to achieve a 5% representation across our workforce.

The 6 staff-led diversity networks are:

- Culturally and Linguistically Diverse Network
- Disability and Carers Network
- Gender Equality Network
- Health Pride (LGBTIQA+) Network
- National Aboriginal and Torres Strait Islander Staff Network (NATSISN), including Friends of the NATSISN
- Neurodiversity Network.

These staff-led diversity networks provide representation, networking opportunities, information and peer support to staff. Each network continues to receive support from Diversity Champions and days of significance are observed across departmental sites.

During 2024–25 the Culturally and Linguistically Diverse Network:

- hosted an APS-wide panel discussion to acknowledge International Day for Tolerance in November 2024
- arranged online and in-person events for Harmony Week in March 2025
- contributed to improvements to existing Multi-Faith rooms and design of Multi-Faith spaces for new and refurbished Health office spaces
- celebrated Eid al-Fitr in April 2025
- established a working group to support the department's response to the APS Culturally and Linguistically Diverse Employment Strategy and Action Plan.

The Disability and Carers Network reviewed and recommended improvements to internal departmental policies and physical workspaces, while supporting staff with digital transformation changes related to accessibility software. The network also held a watch party during the 2024 Paralympic Games where staff were able to come together in support of Paralympic athletes.

²³⁶ Available at: www.health.gov.au/resources/publications/inclusion-framework-2025-30?language=en

Throughout 2024–25, various LGBTIQ+ inclusion initiatives were implemented, including:

- maintaining membership with Pride in Diversity and the Diversity Council of Australia
- continuing participation in the Australian Workplace Equality Index, the definitive national benchmark on LGBTIQ+ workplace inclusion in Australia, against which the department achieved Gold Employer status for the second time in May 2025.

The department continued to build staff capability in diversity and inclusion by delivering training sessions focused on building awareness and manager capability in LGBTIQ+ and neurodiversity. This additional training complemented our participation in the Special Broadcasting Service (SBS) Inclusion Program, and in-house learning options to build cultural capability.

From 8 to 12 July 2024, the department celebrated NAIDOC Week²³⁷ with a range of activities, including annual NAIDOC Staff Awards, hosting the annual cross-APS NAIDOC Touch Football Competition, and activities in departmental offices around the country.

From 27 May to 3 June 2025, the department commemorated National Reconciliation Week with events and activities held across departmental locations. On 29 May 2025, the department hosted its second online Aboriginal art workshop, where over 300 staff across the country participated.

Following the launch of the Neurodiversity Network, the network released a “Let’s Talk” series. The series features staff members speaking to their lived experiences of being neurodivergent.

The New Ways of Working Program continues to design and deliver new workspaces that emphasise the importance of how we connect to the land, family, community and culture. Meeting rooms were renamed to strengthen staff sense of belonging and reflect the diverse public the department serves. Meeting room names were selected in consultation with staff, including the department’s staff-led diversity networks.

Disability reporting

Australia’s Disability Strategy 2021–2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life. The Strategy sets out, where practical, changes that will be made to improve the lives of people with disability in Australia. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia’s policies and programs that affect people with disability, their families, and carers. All levels of government have committed to deliver more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy’s actions and outcome areas will be published on the Disability Gateway.²³⁸

Disability reporting is included in the Australian Public Service Commission’s State of the Service reports and the APS Statistical Bulletin.²³⁹

²³⁷ More information about NAIDOC Week is available at: www.naidoc.org.au/about/history

²³⁸ Available at: www.disabilitygateway.gov.au/ads

²³⁹ Available at: www.apsc.gov.au

Our values and behaviours

Together the APS Values, Employment Principles, and Code of Conduct contained in the *Public Service Act 1999* set out the standard of behaviour expected of all APS employees. The APS Values are the foundation for everything we do and are brought to life for our staff through the department's Behaviours in Action, which provide practical guidance to staff about what the expected behaviours look like in the workplace. The APS Values are embedded into performance agreements, which are revisited during the year to ensure staff are familiar with the expected behaviours.

In 2024–25 the department focused on building awareness of obligations to support a culture where integrity is central to everything we do and all decision making. The department also promoted stewardship as a new APS Value, which is now embedded in performance agreements.

The department is committed to creating a positive working environment that values diversity and is safe and free from all forms of workplace bullying, harassment, and discrimination.

The department has a suite of resources which set out the responsibilities of staff and managers and provide user-friendly and practical tools to prevent, address or report bullying, discrimination and harassment incidents. There are multiple ways for staff to report incidents and access support, including a network of Harassment Contact Officers. The department's framework is consistent with the Respect@Work²⁴⁰ recommendations and work health safety laws.

Consistent with the department's commitment to a positive and safe workplace, all alleged breaches of the APS Code of Conduct are treated seriously and managed in accordance with best practice. Most bullying, harassment and discrimination complaints received were resolved through local management action or preliminary assessments.

Results from the 2025 APS Employee Census (the Census) show that staff perception of our overall culture remains positive. Most staff (88%) reported that the department supports and actively promotes an inclusive workplace. There were 84% of staff that said they receive the respect they deserve from colleagues, and 82% stated their director demonstrates strong people management behaviour.

In 2025, 6% of respondents experienced discrimination (-2%p from 2024) and 8% were subjected to bullying or harassment (-1%p from 2024). We have seen a slight improvement on reporting of these behaviours, however most staff that experienced these behaviours did not report the behaviour (79% and 60% respectively).

²⁴⁰ Further information available at: www.respectatwork.gov.au

Career and succession

Performance management and development

The department continues to focus on high-performance by building knowledge, confidence and capability in our staff.

All staff participate in the department's Performance Development Scheme. Through the scheme, each staff member works with their manager to develop goals for the year, and how these will be measured for effective performance. Formal performance discussions and assessments between managers and staff occur at least twice a year, with regular informal discussions strongly encouraged to provide genuine feedback, direction, and support development. Staff and their managers discuss individual development objectives to ensure staff have the right capability to meet their agreed goals.

In 2024–25, the department continued to foster a high-performance environment and a focus on managing for outcomes through:

- training to build manager capability and confidence to engage with, and provide effective feedback to, staff about performance and a range of other employment matters
- workplace coaching for SES and EL cohorts to support managers to create an environment that optimises high-performance
- toolkits for human resources practitioners and line area managers, which include reference material, guidelines and practical tips to manage and lead effectively
- a diagnostic approach to preparing and conducting meaningful conversations, aimed at building a high-performance environment where teams can deliver quality work, and individuals are supported to reach their full potential.

In 2024–25, the department continued to strengthen SES performance leadership by embedding behaviours and outcomes-based performance management practices. The department prepared to introduce 360-degree feedback for all SES in 2025–26. This will complement biannual upwards feedback for SES and provide deeper performance insights and inform individual development priorities.

To support fair and consistent evaluations, more robust moderation processes were introduced across the SES cohort, ensuring alignment with organisational priorities and leadership expectations.

The department's revised SES Performance Framework, introduced in 2023–24, was fully implemented during the 2024–25 performance cycle, reinforcing a culture of high performance and leadership excellence.

The department recognises the need to effectively manage underperformance. Where there are identified performance concerns, managers and staff are supported to ensure:

- expectations are clearly expressed
- capability gaps are addressed
- regular actionable feedback is provided with the goal of closing identified performance gaps.

Where performance is not restored, the department may initiate its formal underperformance process.

Entry level programs

Entry level recruitment programs assist the department to engage a diverse group of employees with both general and specific capabilities. During 2024–25, the department participated in the following Career Pathways programs:

- Australian Government Graduate Program – Human Resources (HR) Graduate stream
- Australian Government Graduate Program – Digital Graduate stream
- Australian Government Graduate Program – Data Graduate stream
- Australian Government Graduate Program – Legal stream
- Australian Government Graduate Program – Accounting and Financial Management stream
- Australian Government Graduate Program – Economist stream
- Australian Government Graduate Program – Indigenous Graduate Pathway
- Australian Government School Leaver Program
- Data Cadet Program
- Indigenous Apprenticeship Program
- Australian Government Apprentice Program.

The department also delivered:

- the Department of Health and Aged Care Graduate Program, which included recruitment through an Affirmative Measures process for First Nations people
- an Indigenous Internship Program.

In 2024–25 we implemented improvements to Entry Level Programs based on a review in 2023–24. Changes included improving the alignment of participant experience with the department's employee value proposition.

Work Health and Safety

For information on the department's work health and safety performance, refer to **Appendix 7: Work Health and Safety** in this Annual Report.

Part 3.5: Financial Management and Procurement

Financial accountability responsibilities

The department's financial accountability responsibilities are set out in the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and subordinate legislation, collectively known as finance law.

In support of the finance law, the department's Accountable Authority Instructions are issued in accordance with section 20A of the PGPA Act. The department also issued Finance Business Rules that clearly set out the rules and processes required for the financial administration of the department. Together these documents provide a framework to ensure efficient, effective, economical, and ethical use of public resources.

The Executive Committee is responsible for monitoring and addressing performance and risks. Advice on financial matters, including administered, departmental, and capital expenditure is provided through monthly reports from the Chief Financial Officer. This process is supported by the Finance Committee. Further, the department's Audit and Risk Committee provides independent advice to the Accountable Authority (the Secretary).

Finance law also mandates the production of audited financial statements prepared in accordance with the Australian Accounting Standards. The department's 2024–25 financial statements are provided in **Part 4: Financial Statements** in this Annual Report.

Managing our assets

The department holds financial and non-financial assets. Financial assets include cash and receivables, which are subject to internal controls and reconciliations.

Non-financial assets are held for operational purposes and include computing software and hardware, building fit-out, right-of-use assets, furniture and fittings, and inventory. Decisions about whole-of-life asset management are undertaken in the context of the department's broader strategic planning to ensure investment supports cost-effective achievement of the department's objectives.

Effective management of the department's capital budget and non-financial assets was achieved by:

- including whole-of-life consideration in proposals for capital expenditure
- whole of department prioritisation of capital projects and major purchases by the department's Executive Committee
- whole of department oversight, advice and assurance by the department's Digital, Data and Implementation Board and, more recently, Digital Committee of digital, data and information and communications technology work programs. This ensures the department is leveraging existing technologies, patterns, and capabilities to effectively deliver while ensuring alignment with the digital transformation agenda
- undertaking regular stocktakes of physical assets and inventory
- annually reviewing assets for indications of impairment and changes in expected useful lives.

Procurement

Purchasing

The department's approach to procurement activity is driven by the core principles of the Commonwealth's financial management framework. The framework encourages competition, value for money, transparency and accountability, as well as the efficient, effective, ethical, and economical use of Commonwealth resources.

During 2024–25, the department purchased goods and services with 2 major focuses:

- Supporting the government's continued implementation of the response to recommendations of the Royal Commission into Aged Care Quality and Safety
- Improving technology to maintain and deliver new and emerging priorities of the government, while supporting a digital and flexible working environment for the department's staff.

Initiatives to support small business

Small and medium enterprises (SMEs) make up the majority of all Australian businesses, contribute billions of dollars to the economy and provide employment for millions of Australians. In addition to using mandatory whole-of-Australian Government panels, the department supports small business participation in the Australian Government procurement market. SME participation statistics are available on the Department of Finance's website.²⁴¹

To support SMEs the department:

- promoted and applied the Indigenous Procurement Policy, on which detailed information is included on the following page
- ensured Small Business Engagement Principles were clearly communicated in simple language and in an accessible format, as outlined in the Government's Industry Innovation and Competitiveness Agenda
- incorporated the supplier pay on-time policy, mandating 20-day payment terms for standard contracts, and 5-day payment terms for e-invoicing contracts
- used the Commonwealth Contracting Suite (CCS) to reduce burden on businesses contracting with the government
- provided internal guidance and advice to support the Indigenous Procurement Policy, Small Business Engagement Principles and the CCS
- used whole-of-government arrangements to ensure the inclusion of new and emerging suppliers in key industries
- incorporated the Commonwealth Procurement Rules, Appendix A – exemption 17, allowing direct engagement of SMEs for procurements valued at up to \$200,000 (including GST), provided value for money can be demonstrated.

In November 2021, the department's Invoice Management System was upgraded to receive e-invoices. In April 2024, further upgrades were made to the system to reduce invoice processing times. In 2024–25 e-invoices received from suppliers totalled 2,701, compared to 1,194 in 2023–24. The department is continuing to encourage supplier use of e-invoices and continues to consult with the Australian Taxation Office on strategies for supplier engagement and increasing e-invoice volumes. The Department of Health, Disability and Ageing recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: www.treasury.gov.au/small-business/pay-time-survey-performance-reports

²⁴¹ Available at: www.finance.gov.au

Indigenous Procurement Policy

Indigenous businesses are vital to creating jobs for, and employing more, First Nations people. The Indigenous Procurement Policy aims to support these businesses to grow and create opportunities for First Nations people.

The value-based target, designed to help Indigenous businesses win higher value contracts, increased from 2% in 2023–24 to 3% in 2024–25 of the department's average relevant procurement spend over the previous 3 years. This target will increase 0.25% annually, reaching 4% by 2030.

In 2024–25, the department entered into 212 new contracts with Indigenous businesses, worth a combined \$51.15 million. This represents a lower volume than the 313 contracts entered into in 2023–24. However, the department exceeded its value-based target of \$49.4 million by \$1.7 million.

The department continued to promote awareness of opportunities to procure goods and services from Indigenous businesses. The department's Reconciliation Action Plan includes developing awareness and recognition of Indigenous suppliers and the benefits of their involvement in the department's procurements. The department is committed to building awareness of, and connections with, relevant Indigenous businesses. It achieves this through promotion of success stories, reviewing and strengthening procurement practices, and attending industry events such as the Department of Finance Management Advisory Services 'meet the supplier' events. The department's ongoing membership of Supply Nation (Australia's leading database of verified Indigenous businesses) also strengthens First Nations engagement and provides greater opportunities for Indigenous businesses.

Reportable consultancy contracts

The department engages consultants to provide specialist expertise and undertake independent research or assessments in relation to:

- investigating or diagnosing a defined issue or problem
- carrying out defined reviews or evaluations
- providing independent advice, information, or creative solutions to assist the department in decision making.

The department considers the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. Decisions to engage consultants are made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and internal policies.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website.²⁴²

During 2024–25, 417 new reportable consultancy contracts were entered into, involving total expenditure of \$84.1 million in 2024–25. In addition, 268 ongoing reportable consultancy contracts entered into in prior years continued into the period 2024–25. This involved total expenditure of \$77.8 million for those ongoing contracts in 2024–25 but does not include contracts commenced in 2024–25.

²⁴² Available at: www.tenders.gov.au

Table 3.5.1: Reportable consultancy contracts 2024–25

	Number	Expenditure \$
Health new contracts entered into during the reporting period	396	80,889,173
Disability and carer new contracts entered into during the reporting period	20	3,168,077
Sport-related new contracts entered into during the reporting period	1	7,553
Total	417	84,064,803
Health ongoing contracts entered into during a previous reporting period	257	75,926,302
Disability and carer ongoing contracts entered into during a previous reporting period	10	1,807,492
Sport-related ongoing contracts entered into during a previous reporting period	1	48,325
Total	268	77,782,119
Combined Total	685	161,846,922

Table 3.5.2: Organisations receiving a share of reportable consultancy contract expenditure in 2024–25

Organisations receiving a share of reportable consultancy contract expenditure in 2024–25	Australian Business Number (ABN)	Expenditure \$ (Inc. GST)	Percentage of total spend
Ernst & Young	75288172749	14,674,119	9.1%
Nous Group Pty. Ltd.	66086210344	10,387,004	6.4%
Monash University	12377614012	8,244,224	5.1%
Australian Health Practitioner Regulation Agency	78685433429	7,469,469	4.6%
Scyne Advisory Pty Ltd	20607773295	5,515,820	3.4%

Reportable non-consultancy contracts

The department considers the scope, scale, and risk associated with any procurement activity in line with its internal policies and procedures. Decisions to engage a particular supplier are made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and other internal policies.

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.²⁴³

During 2024–25, 1873 new reportable non-consultancy contracts were entered into, involving total expenditure of \$1.6 billion in 2024–25. In addition, 1849 ongoing reportable non-consultancy contracts entered into in prior years continued into the period 2024–25. This involved total expenditure of \$1.5 billion for those contracts in 2024–25 but does not include contracts commenced in 2024–25.

²⁴³ Available at: www.tenders.gov.au

Table 3.5.3: Reportable non-consultancy contracts 2024–25

	Number	Expenditure \$
Health new contracts entered into during the reporting period	1,811	1,590,985,477
Disability and carer new contracts entered into during the reporting period	32	3,252,833
Sport-related new contracts entered into during the reporting period	30	71,615
Total	1,873	1,594,309,925
Health ongoing contracts entered into during a previous reporting period	1,796	1,510,817,087
Disability and carer ongoing contracts entered into during a previous reporting period	52	25,154,379
Sport-related ongoing contracts entered into during a previous reporting period	1	12,540
Total	1,849	1,525,984,006
Combined Total	3,722	3,120,293,931

Table 3.5.4: Organisations receiving a share of reportable non-consultancy contract expenditure in 2024–25

Organisations receiving a share of reportable non-consultancy contract expenditure in 2024–25	Australian Business Number (ABN)	Expenditure \$ (Inc. GST)	Percentage of total spend
Glaxosmithkline Australia Pty Ltd	47100162481	437,302,937	14.0%
Seqirus (Australia) Pty Ltd	66120398067	174,066,056	5.6%
Pfizer Australia Pty Ltd	50008422348	144,695,694	4.6%
Datacom Systems (AU) Pty Ltd	39135427075	101,141,706	3.2%
Australian Healthcare Associates Pty Ltd	82072790848	98,525,852	3.2%

*Machinery of Government changes took effect from 13 May 2025. Data provided for reportable consultancy and reportable non-consultancy contracts includes both disability and carer-related data and sport-related data.

Strategic Commissioning Framework

In 2024–25, the department took steps to bring core work in-house in line with the APS Strategic Commissioning Framework (the Framework). Our targets for 2024–25 aimed to bring \$8,948,250 of core work in-house in the job families of Accounting and Finance; Administration; Communications and Marketing; Compliance and Regulation; Policy; Portfolio, Program and Project Management; and Service Delivery.

The department did not reach its ambitious reductions target for 2024–25, primarily due to temporary high staffing demands. However, the department is able to celebrate the following results which support the Framework's objectives:

- exceeded the outsourcing reduction target of grants management by 100%
- exceeded the outsourcing reduction target of regulatory compliance by 67%
- 50% reduction in targeted outsourcing of stakeholder/relationship management
- conversion of 44 contractors into APS roles, including 16 roles delivering core work.

The department has implemented measures to address lessons learned from the 2024–25 Framework implementation. These measures will support more appropriate resourcing and reporting of core work in 2025–26 in line with the Framework's intent.

Exempt contracts and Australian National Audit Office (ANAO) access

Exempt contracts

In 2024–25, 76 contracts were exempt from reporting on AusTender on the basis that publishing contract details would disclose exempt matters under the *Freedom of Information Act 1982*. This represents an increase from 2023–24, where 67 contracts were exempt from reporting.

ANAO access clauses

The department's standard contract and standing offer templates include provisions to allow the ANAO access to a contractor's premises. In 2024–25, there were no identified reportable contracts that excluded this provision.

Grants

Consistent with other Commonwealth agencies, the department gives effect to government policy decisions through the provision of grant funding. In practice, the department is the largest granting agency in the Commonwealth by grant value, with 15,239 grant activities funded in 2024–25 at a value of \$10.04 billion.

Key grants programs funded in 2024–25 included:

- \$3.1 billion for the Commonwealth Home Support Programme
- \$620 million for Indigenous Comprehensive Primary Health Care
- \$558 million for Mental Health and Suicide Prevention Operational and Flexible Support
- \$374 million for Disability Support for Older Australians.

The department's approach to grant administration follows the mandatory requirements set out in the Commonwealth Grant Rules and Principles (CGRPs). The CGRPs are a legislative instrument established by the Minister for Finance under section 105D of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). They detail the key legislative and policy requirements relating to grants as well as better practice principles for grants administration. The department must administer grants in accordance with the CGRPs. The department has established, and continuously maintains, a comprehensive suite of policy and procedural guidance – the Grant Toolkit.

The Toolkit supports policy and program areas across the department undertaking grants administration activities in accordance with the CGRPs. This is complemented by a quarterly grants assurance program which tests for compliance with the CGRPs and the broader grants framework.

In 2024–25, the department continued to strengthen its grant administration framework. These efforts build on previous reforms aimed at enhancing governance, transparency, and efficiency in grant management. Guided by key insights identified through an external review of financial controls and assurance processes, the department made significant progress, including:

- implementing a Grants Assurance Framework to reflect a more strategic, risk-based approach to oversight and compliance
- launching a grants administration eLearning module to support capacity development across the department
- maintaining strong engagement with the Modernising Grant Administration program led by the Department of Finance to align whole-of-government reforms.

The department also advanced a significant reform to centralise grants administration. All new grant opportunities are now assessed and administered through a central function, improving consistency, embedding stronger controls, and enhancing assurance across the grant lifecycle.

Information on grants awarded by the department during the period 1 July 2024 to 30 June 2025 is available on the Australian Government’s grant information system, GrantConnect.²⁴⁴



²⁴⁴ Available at: www.grants.gov.au; Data is subject to change due to mandatory reporting timeframes.

Part 3.6: External Scrutiny and Compliance

External Scrutiny

Parliamentary scrutiny²⁴⁵

During 2024–25, the department appeared before parliamentary committees to answer questions about the administration of health, aged care, and sport programs and policies.

During 2024–25, the department provided evidence and/or submissions to 32 Parliamentary Inquiries and received a total of 3,076 Senate Estimates Questions on Notice.

Joint Committee of Public Accounts and Audit (JCPAA) reviews

In 2024–25, the department contributed to 4 reports by the JCPAA:

- **Report 505** – *Inquiry into Policy and Program Design and Implementation*
- **Report 506** – *Inquiry into Commonwealth Financial Statements*
- **Report 509** – *Inquiry into Public Sector Information Technology Procurement and Projects*
- **Report 512** – *Inquiry into the Administration of Commonwealth Regulations.*

Additionally, the department participated in hearings relating to Report 509 and Report 512 during this period.

Senate Estimates hearings

During 2024–25, the Health, Disability and Ageing Portfolio appeared before the Finance and Public Administration Committee for the Cross Portfolio Indigenous hearings, and the Community Affairs Committee on the following occasions:

Finance and Public Administration Committee

- Supplementary Budget Estimates – 8 November 2024
- Additional Budget Estimates – 28 February 2025

Community Affairs Committee

- Supplementary Budget Estimates – 7 November 2024 and 27 November 2024
- Additional Budget Estimates – 26 February 2025

²⁴⁵ While Machinery of Government changes commenced from 13 May 2025, parliamentary information (including questions on notice and parliamentary committee records) excludes disability and carer-related data. However, sport-related matters are included in the data as part of the health and aged care portfolio prior to May 2025. Please note Parliament did not reconvene sitting until July 2025.

During 2024–25, the Portfolio received 13 Questions on Notice from the Finance and Public Administration Committee hearings and 3,063 Questions on Notice from the Community Affairs Committee hearings.

Due to the 47th Parliament being discontinued on Friday 28 March 2025, the Budget Estimates hearings scheduled 28 March 2025 to 4 April 2025 were cancelled.

Parliamentary Committee inquiries

The department provided evidence and/or submissions to the following parliamentary committee inquiries over 2024–25:

Committee	Inquiry Name
Senate Select Committee on PFAS (per and polyfluoroalkyl substances)	Preliminary Invitation – Canberra Public Hearing – 10 June 2025
Senate Finance and Public Administration Legislation Committee	Inquiry into the Remuneration Tribunal Amendment (There For Public Service, Not Profit) Bill 2025
Senate Legal and Constitutional Affairs Legislation Committee	Commonwealth Workplace Protection Orders Bill 2024 [Provisions]
Community Affairs Legislation Committee	Inquiry into the provisions of the Health Legislation Amendment (Improved Medicare Integrity and Other Measures) Bill 2025
Senate Standing Committee on Rural and Regional Affairs and Transport	Inquiry into Australia's preparedness to host Commonwealth, Olympic and Paralympic Games
Senate Standing Committees on Community Affairs	Australian Government Response to the FASD Inquiry report
House Standing Committee on Industry, Science and Resources	Inquiry into food and beverage manufacturing in Australia (FSANZ Public Hearing Invitation)
Senate Community Affairs References Committee	Inquiry into issues related to menopause and perimenopause
Senate Rural and Regional Affairs and Transport Legislation Committee	Invitation to make a Submission – National Organic Standard Bill 2024
The House Select Committee on Nuclear Energy	Invitation to appear as witness: Inquiry into the consideration of nuclear power generation in Australia
The House Standing Committee on Health, Aged Care and Sport	Inquiry into the health impacts of alcohol and other drugs in Australia
Standing Committee on Community Affairs Legislation Committee	Inquiry into the Health Legislation Amendment (Modernising My Health Record – Sharing by Default) Bill 2024 [Provisions]
Senate Foreign Affairs, Defence and Trade References Committee	Inquiry into the National Volunteer Incentive Scheme
Senate Community Affairs Legislation Committee	Aged Care Bill 2024 [Provisions] Public hearing invitation – 3 October 2024
Community Affairs Legislation Committee	Inquiry into Aged Care Bill 2024 [Provisions] – Public hearing invitation – 21 October 2024
House Standing Committee on Regional Development, Infrastructure and Transport	Inquiry into local government sustainability – Invitation to attend public hearing
Joint Select Committee on Northern Australia	Request to provide a private briefing on 12 September 2024 in relation to the significant health issues impacting people living in Northern Australia
Senate Community Affairs References Committee	Inquiry into the access to diagnosis and treatment for people in Australia with tick-borne diseases

Committee	Inquiry Name
Joint Committee of Public Accounts and Audit	Inquiry into the administration of Commonwealth regulations
Senate Legal and Constitutional Affairs Committee	Inquiry into the Legalising Cannabis Bill 2023 – Public hearing 21 February 2024
Senate Community Affairs References Committee	Inquiry into Excess Mortality
Joint Committee of Public Accounts and Audit	Inquiry into Public Sector Information Technology Procurement and Projects
Joint Committee of Public Accounts and Audit	Inquiry into Commonwealth Financial Statements
Joint Committee of Public Accounts and Audit	Inquiry into Policy and Program Design and Implementation
Commonwealth Government COVID-19 Response Inquiry	COVID-19 Response Inquiry – Government Response
Senate Standing Committees on Community Affairs	Government Response to the Senate Inquiry into universal access to reproductive healthcare
Senate Standing Committees on Community Affairs	Government response to the Senate Inquiry into issues related to menopause and perimenopause
Senate Environment and Communications Committee	Middle Arm Inquiry
Joint Select Committee on Social Media and Australian Society	Submission from National Mental Health Commission
Select Committee on Measuring Outcomes for First Nations Communities	Submission from National Suicide Prevention Office
Senate Legal and Constitutional Affairs Committee	Inquiry into Australia's youth justice and incarceration system (The National Mental Health Commission did not provide a submission specifically for this inquiry but shared a copy of a submission made to the Australian Human Rights Commission's justice and child wellbeing reform across Australia project, which was relevant to the inquiry's terms of reference)
Joint Committee of Public Accounts and Audit	Inquiry into the administration of Commonwealth regulations

Freedom of Information

The department received 840²⁴⁶ Freedom of Information requests in 2024–25, an increase of 39% on the previous year. This total includes 32 FOI requests received by the Department of Social Services that were transferred to the department as part of machinery of government arrangements.

Under Part II of the *Freedom of Information Act 1982* (FOI Act), agencies subject to the FOI Act are required to publish certain information as part of the Information Publication Scheme (IPS). This requirement replaces the requirement to publish a section 8 statement in an annual report.

As part of the IPS, each agency must display on its website a plan showing what information it publishes in accordance with IPS requirements. The department's IPS Agency Plan (the Agency Plan) outlines the mechanisms and procedures the department is required to undertake in managing and making information available. The Agency Plan is available on the department's website.²⁴⁷

The Agency Plan includes a link to the department's Freedom of Information disclosure log, which is also available on the department's website.²⁴⁸

Australian National Audit Office (ANAO) audits

During 2024–25, the ANAO tabled 3 performance audit reports which were designated to the department. The department agreed to all 18 of the recommendations arising from the audit reports, with implementation activities either underway or already completed.

The Auditor-General reports tabled in Parliament during 2024–25 included:

- **No.7 of 2024/25** - *Fraud Control Arrangements in the Department of Health and Aged Care*
- **No.19 of 2024/25** - *Administration of the Pharmaceutical Benefits Scheme*
- **No.37 of 2024/25** - *Administration of the Future Fit Program.*

The ANAO also published reports into the:

- *Performance Statements Auditing in the Commonwealth – Outcomes from the 2023–24 Audit Program* (cross entity) report on 19 February 2025. The department received a qualified audit conclusion.
- audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2024 on 6 February 2025. The department received one significant, 3 moderate and 6 minor findings.

The final audit reports are available at: www.anao.gov.au

²⁴⁶ The department's FOI team also reports figures to the Office of the Information Commissioner (OIAC) on a quarterly basis. As the Disability function FOI requests had not been transferred into the department at the time of reporting requirements, OIAC had confirmed that these figures were not to be included in the OIAC report. This will leave a discrepancy between figures in this Annual Report and the OIAC return for the 2024–25 period.

²⁴⁷ Available at: www.health.gov.au/resources/publications/information-publication-scheme-ips-agency-plan

²⁴⁸ Available at: www.health.gov.au/resources/foi-disclosure-log. The Therapeutic Goods Administration (TGA) publishes a separate disclosure log, available at: www.tga.gov.au/foi-disclosure-log

Judicial decisions, decisions of administrative tribunals and decisions of the Information Commissioner

Notable decisions involving the department handed down in 2024–25

Commonwealth of Australia v Sanofi [2024] HCA 47

On 11 December 2024, by a 3:2 majority, the High Court delivered judgement dismissing the Commonwealth's appeal. The case concerned the Commonwealth's application to recover compensation for losses to the Pharmaceutical Benefits Scheme (PBS). The Commonwealth's application for compensation was made on the basis that an interlocutory injunction, granted to Sanofi in an unsuccessful patent infringement action against Apotex, delayed the listing of Apotex's generic clopidogrel products on the PBS thereby delaying statutory and price disclosure price reductions. The Commonwealth's significant compensation claim was made pursuant to an undertaking as to damages given by Sanofi when obtaining the interlocutory injunction. This undertaking related to the payment of compensation to any person adversely affected by the operation of the interlocutory injunction.

The High Court held that absent circumstances such as plain injustice or clear error, it will not engage in a detailed review of concurrent factual findings of lower courts. The majority held that the concurrent findings of fact of the primary judge and the Full Court were not clearly wrong. The High Court also affirmed that no rigid legal rule may be applied to constrain how the evidential onus may shift in a proceeding assessing compensation on an undertaking as to damages. The majority rejected the Commonwealth's proposed approach to the onus of proof in a claim on an undertaking as to damages.

During 2024–25, the department was involved in:

- 2 matters in the High Court of Australia
- 7 matters in the Full Federal Court of Australia
- 24 matters in the Federal Court of Australia
- 2 matters in the Federal Circuit and Family Court of Australia
- One matter in the Supreme Court of Western Australia
- One matter in the Supreme Court of South Australia
- 2 matters in the Magistrates Court of South Australia
- One matter in the Magistrates Court of the Australian Capital Territory
- 28 matters in the Administrative Appeals Tribunal
- 118 reviews with the Office of the Australian Information Commissioner
- One matter in the Queensland Civil and Administrative Tribunal
- One matter in the State Administrative Tribunal Western Australia.

Reports by the Commonwealth

The department continued to engage with the Office of the Commonwealth Ombudsman (the Office) regarding complaints related to its administrative activities.

In 2024–25, the department received:

- 10 preliminary inquiries under section 7A of the *Ombudsman Act 1976*
- 2 investigations under section 8 of the *Ombudsman Act 1976*.

The Office finalised 11 matters under section 12 of the *Ombudsman Act 1976* during the 2024–25 reporting period, none of which resulted in a finding of administrative deficiency.

Individuals who have concerns about the department's actions or decision-making may lodge a complaint with the Office. The Office assesses whether the department's conduct was wrong, unjust, discriminatory, or unfair. Further information is available at: www.ombudsman.gov.au

The Public Health (Tobacco and Other Products) Act 2023

The department has responsibility to investigate and enforce on behalf of the Commonwealth the *Public Health (Tobacco and Other Products) Act 2023*, which:

- prohibits the advertising and sponsorship of tobacco and e-cigarette products (with limited exceptions)
- regulates the appearance, contents and functions of tobacco products, tobacco packaging and tobacco product accessories
- permanently bans certain tobacco products, such as chewing tobacco or oral snuff
- requires mandatory reporting from certain entities relating to tobacco product ingredients, tobacco product volumes, and marketing and promotional expenditure.

Pursuant to section 184 of the *Public Health (Tobacco and Other Products) Act 2023*, the department reports the following potential contraventions, and the action taken in response to those contraventions, have occurred since the commencement of the Tobacco Act on 1 April 2024:

	Contraventions Identified	Actions taken in response
Chapter 2 – Advertising and sponsorship prohibitions.	63 potential contraventions identified 13 cases carried forward from previous year	76 cases still under investigation
Chapter 3 – Tobacco product requirements.	1,058 potential contraventions identified 4 cases carried forward from previous year	1,052 warning letters sent 1,013 cases closed 49 cases still under investigation
Chapter 4 – Permanent bans on certain tobacco products.	2 alleged contraventions identified	One case still under investigation One case closed
Chapter 5 – Reporting and information disclosure.	Nil	Nil

A copy of this report has been provided to the Minister for Health and Ageing.

The Human Services (Medicare) Act 1973

The *Human Services (Medicare) Act 1973* provides the Chief Executive Medicare to authorise the exercise of powers requiring a person to give information or to produce a document that is in the person's custody or under the person's control, and the power to obtain a statutory report under Section 42 of the *Human Services (Medicare) Act 1973*. The table below outlines the number of times such powers were exercised in 2024–25.

Section 42(1) paragraphs (a) to (h)		
(a)	the number of signed instruments made under section 8L	7
(b)	the number of notices in writing given under section 8P	40
(c)	the number of notices in writing given to individual patients under section 8P	0
(d)	the number of premises entered under section 8U	0
(e)	the number of occasions when powers were used under section 8V	0
(f)	the number of search warrants issued under section 8Y	0
(g)	the number of search warrants issued by telephone or other electronic means under section 8Z	0
(h)	the number of patients advised in writing under section 8Z	0

Legal services expenditure

The table below outlines the department's legal services expenditure²⁴⁹ for 2024–25, in compliance with paragraph 11.1(ba) of the Legal Services Directions 2017.

Description	2024–25 cost \$'000 (excluding GST)
Total external legal services expenditure	18,965
Total internal legal services expenditure	30,575

²⁴⁹ Noting machinery of government changes in the relevant reporting period, for clarity the above legal expenditure figures include expenditure in relation to the disability and carers function but exclude expenditure related to the sports function.

This document has been released under the Freedom of Information Act 1982 by the Department of Health, Disability and Ageing





04

Part 4: Financial Statements

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the Department of Health, Disability and Ageing

Chief Financial Officer's Report

Departmental operating result

In 2024–25 the department recorded a consolidated operating loss of \$40.8 million. After adjusting for unfunded depreciation, the net cash operating surplus was \$7.9 million.

During 2024–25, revenue from government increased by 31.7% to \$1,744.7 million (\$1,325.1 million in 2023–24). Revenue from other sources, including fees charged to industry by the Therapeutic Goods Administration (TGA) and the Australian Industrial Chemicals Introduction Scheme (AICIS), increased by 13.5% to \$263.9 million (\$232.5 million in 2023–24).

Departmental operating expenses increased by 22.8% to \$2,060.9 million (\$1,677.9 million in 2023–24). Employee expenses increased by 18.3% to \$1,035.2 million (\$875.1 million in 2023–24). This reflected average staffing level growth during the year as the department continued to invest in Aged Care Reform, TGA Public Good Activities, Vaping Reform and Strengthening Medicare.

Departmental assets and liabilities

The department's total assets increased by \$79.2 million to \$1,443.3 million (\$1,364.1 million in 2023–24). Trade and other receivables increased by \$147.4 million to \$454.1 million (\$306.7 million in 2023–24), with all receivable balances expected to be settled within 12 months of the reporting date. Computer software decreased by \$45.6 million to \$262.2 million, primarily driven by internally developed software being primarily delivered through Software as Service (SaaS) arrangements, and therefore being expensed rather than capitalised.

The department's total liabilities decreased by \$25.3 million to \$949.3 million. This decrease was primarily due to decreases in supplier and other payables.

Administered revenue

In 2024–25 total administered revenue was \$54.4 billion, compared to \$55.5 billion in the prior year. Major items included:

- special accounts revenue, which primarily comprises revenue appropriated via special account to facilitate payments in relation to the Medicare Guarantee Fund (\$46.0 billion) and the Medical Research Future Fund (\$0.6 billion)
- recoveries, including \$6.8 billion recovered under cost sharing arrangements with pharmaceutical companies and \$0.5 billion recovered from aged care activities.



Figure 1: Breakdown of administered expenditure

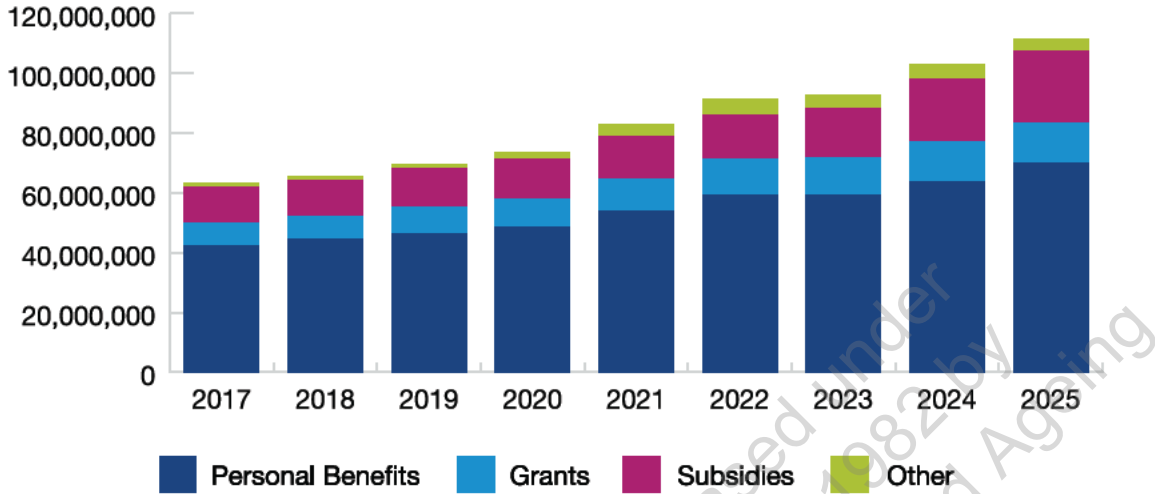
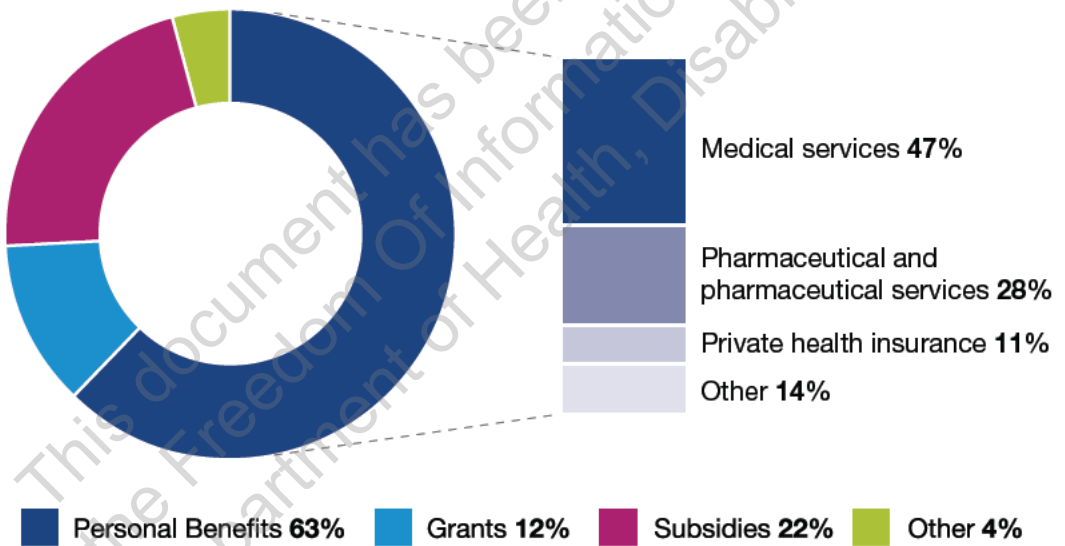


Figure 2: Administered expenditure by category



Administered expenses

During 2024–25, the department administered expenses on behalf of the Commonwealth of \$111.7 billion, an increase of 6.9% compared to expenses in the prior year of \$104.5 billion.

Major items included:

- Personal benefits expenses, including the Medicare Benefits Scheme and the Pharmaceutical Benefits Scheme, private health insurance rebates, and home care packages for senior Australians (\$70.0 billion)
- Subsidies expenses, which primarily related to residential aged care places for senior Australians (\$24.2 billion)
- Grants expenses attributable to increased investments in Health Research, Mental Health, First Nation Health, Health Protection, Aged Care Services, Aged Care Quality, and Sport and Physical Activity programs (\$13.4 billion)
- Supplier expenses, which primarily related to contract for services (deployments from the National Medical Stockpile) (\$2.2 billion). The department also recognised an additional \$0.8 billion impairment to the balance of non-financial assets (\$1.4 billion in 2023–24), which reflected the value of expired stock and the write-off of a prepayment.

Key administered expenditure is illustrated in **Figures 1** and **Figure 2**.

Administered assets and liabilities

Total administered assets decreased to \$7.9 billion, from \$11.2 billion in the prior year. Cash holdings decreased to \$0.2 billion (\$6.1 billion in 2023–24) largely attributable to the decreased balance of the Medicare Guarantee Special Account. Investments in portfolio entities increased to \$2.8 billion (\$0.6 billion in 2023–24) as a result of the Administrative Arrangements Order of 13 May 2025.

Total administered liabilities remained steady at \$4.7 billion.

Part 4.1: Financial Statements Process

The department is required to prepare annual financial statements to comply with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The statements must comply with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 and Australian Accounting Standards. Additional guidance is provided by the Department of Finance through Resource Management Guide No.125.

In preparing the 2024–25 financial statements, the department applied professional judgement to ensure that the financial statements fairly present the financial position, financial performance, and cash flows of the department.

The department has aligned the format of its financial statements in 2024–25 to the primary reporting information management aid (PRIMA) issued by the Department of Finance, however additional disclosures have been included where, in the opinion of the Chief Financial Officer, these disclosures add value for the reader.

The department's quality assurance framework applied to the financial statements includes independent advice from the Audit and Risk Committee to the Secretary on the preparation and review of the financial statements. This advice is underpinned by a comprehensive program of work supporting the preparation of the financial statements and is overseen by the Financial Statements Sub-Committee.

The financial statements are audited by the Australian National Audit Office.

Readers of the financial statements will be assisted by the colour coding incorporated in the statements, notes and narrative. Grey shaded items are items that the department administers on behalf of the government, unshaded items are departmental in nature and accounting policy has a blue background.

This document has been reviewed under the Freedom Of Information Act 1982 by the Department of Health, Disability and Ageing

Part 4.2: 2024–25 Financial Statements

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- Statement of Financial Position
- Statement of Changes in Equity
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INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Ageing

Opinion

In my opinion, the financial statements of the Department of Health, Disability and Ageing (the Entity) for the year ended 30 June 2025:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2025 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2025 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<p>Key audit matter</p> <p>Accuracy of personal benefits</p> <p><i>Refer to Note 2.1B 'Personal benefits'</i></p> <p>I considered the accuracy of personal benefits related to private health insurance, medical services, and pharmaceuticals and pharmaceutical services to be a key audit matter because these payments are:</p> <ul style="list-style-type: none"> • calculated by multiple, complex information technology systems; and • based on the information provided by the recipients and may be significantly impacted by delays in recipients providing correct or updated information and/or the provision of incorrect information resulting in invalid payments. <p>During the 2024–25 financial year, the Entity recognised personal benefits' expenses of \$70.0 billion.</p>	<p>How the audit addressed the matter</p> <p>I applied the following audit procedures to address this key audit matter:</p> <ul style="list-style-type: none"> • tested the design, implementation and operating effectiveness of key business processes, controls and information technology systems related to the accurate calculation and processing of payments; • assessed the design, implementation and operating effectiveness of internal controls related to the accreditation and registration of medical providers and pharmacies; • evaluated the quality assurance and compliance processes within the Entity that support the integrity of payments; and • assessed, for a sample of benefits, the eligibility of the payment recipients and checked the accuracy of calculations in accordance with the requirements in relevant legislation.
<p>Key audit matter</p> <p>Accuracy of subsidies</p> <p><i>Refer to Note 2.1C 'Subsidies in connection with Aged care'</i></p> <p>The Entity reported \$24.0 billion of subsidies in connection with aged care.</p> <p>I considered the accuracy of subsidies to be a key audit matter due to an increased risk of error as the payments are based on complex regulatory requirements which are calculated by complex information technology systems.</p> <p>In respect of the payment system, I identified weaknesses in relation to the internal controls over the information technology environment. These internal control weaknesses increased the risk that subsidies were not accurately calculated on behalf of residential aged care providers.</p>	<p>How the audit addressed the matter</p> <p>I performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> • performed testing of information technology general and application controls implemented by Services Australia to process subsidies in accordance with the <i>Aged Care Act 1997</i>; • tested the design, implementation and operating effectiveness of internal controls related to confirm payments are made in accordance with legislative requirements; • tested the accuracy of aged care subsidy payments to providers and confirmed the accuracy of calculations in accordance with the requirements in the relevant legislation; and • evaluated the quality assurance and compliance processes that support the integrity of payments.
<p>Key audit matter</p> <p>Valuation of personal benefits' provisions</p> <p><i>Refer to Note 5.4B 'Personal benefits' provisions'</i></p> <p>I considered this area a key audit matter due to the significant actuarial assumptions and judgements involved in estimating the personal benefits' provisions.</p> <p>The significant judgements relate to the amount and timing of future claims, estimating the period over which these provisions are expected to be settled by</p>	<p>How the audit addressed the matter</p> <p>I applied the following audit procedures to address this key audit matter:</p> <ul style="list-style-type: none"> • tested the accuracy and completeness of the claims data used to calculate the provision, including assessing the quality assurance processes used by the Entity to confirm the integrity of data used for estimating the provision; • evaluated the appropriateness of the

the Entity. These judgements rely on the completeness and accuracy of the underlying historical data used in the estimation process.

As at 30 June 2025, the personal benefits' provisions were \$1.2 billion.

methodology used to estimate the outstanding claims liabilities;

- confirmed the appropriateness of the key assumptions by assessing the analysis performed by the Entity for consistency with historical payment data;
- assessed the reasonableness of the results of the valuation including the explanations for the changes in the estimate; and
- evaluated the appropriateness of the disclosure of the significant assumptions applied and of the uncertainties that impact the key assumptions.

Key audit matter

Valuation of inventories

Refer to Note 5.2B 'Inventories'

The Entity had a balance of \$0.7 billion in inventories as at 30 June 2025 which reflects the National Medical Stockpile and COVID-19 vaccines & consumables.

I considered the valuation of inventories to be a key audit matter due to:

- judgement applied by management in determining the estimate of current cost estimate and service potential; and
- prior year weaknesses identified in the internal controls for inventory management that increased the risk that the carrying value of inventory was not accurately recorded.

How the audit addressed the matter

I applied the following audit procedures to address this key audit matter:

- observed and re-performed a sample of the Entity's stocktaking activities at a selection of locations;
- assessed whether the assumptions and judgement used by management to determine the impairment of the inventories was consistent with other available information including the current replacement cost; and
- in response to prior year control weaknesses noted, examined the appropriateness of management's assurance processes for impairment of inventory.

Accountable Authority's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.


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

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

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

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Rona Mellor PSM

Deputy Auditor General

Delegate of the Auditor-General

Canberra

23 September 2025

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2025 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed: Blair Comley PSM
Secretary

Date: 22/9/2025

Signed: David Hicks
Chief Financial Officer

Date: 22/9/2025

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the Freedom Of Information Act 1982 by
the Department of Health, Disability and Ageing

Statement of Comprehensive Income
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	1,035,192	875,096	879,070
Suppliers	1.1B	883,889	671,095	765,805
Depreciation and amortisation	3.2A	108,578	109,751	134,496
Finance costs	1.1C	10,390	10,420	10,325
Impairment loss on financial instruments		404	1,702	-
Write-down and impairment of other assets	1.1D	22,431	9,828	2,372
Other expenses		1	-	2,500
Total expenses		2,060,884	1,677,892	1,794,568
Own-Source Income				
Own-source revenue				
Revenue from contracts with customers	1.2A	235,531	218,862	246,965
Rental income	1.2B	5,180	4,912	-
Other revenue	1.2C	23,167	8,717	1,979
Total own-source revenue		263,877	232,491	248,944
Gains				
Other gains		8,617	669	945
Total gains		8,617	669	945
Total own-source income		272,494	233,161	249,889
Net cost of services		(1,788,390)	(1,444,731)	(1,544,679)
Revenue from government	1.2D	1,744,667	1,325,135	1,479,713
Deficit attributable to the Australian Government		(43,723)	(119,596)	(64,966)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve	3.2A	2,890	8,761	-
Total other comprehensive income		2,890	8,761	-
Total comprehensive loss attributable to the Australian Government		(40,832)	(110,835)	(64,966)

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Statement of Financial Position
as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	141,978	139,929	106,416
Trade and other receivables	3.1B	454,112	306,737	195,519
Other financial assets	3.1C	18,905	11,965	6,892
Total financial assets		614,995	458,631	308,827
Non-financial assets¹				
Land and buildings	3.2A	536,075	555,086	530,122
Plant and equipment	3.2A	6,858	6,465	7,061
Computer software	3.2A	262,192	307,816	891,568
Other non-financial assets	3.2B	23,139	36,054	27,739
Total non-financial assets		828,264	905,421	1,456,490
Total assets		1,443,259	1,364,052	1,765,317
LIABILITIES				
Payables				
Suppliers	3.3A	127,386	145,655	84,337
Employees	3.3B	31,670	25,795	26,608
Other payables	3.3C	1,973	8,997	48,387
Total payables		161,029	180,446	159,332
Interest bearing liabilities				
Leases	3.4A	513,405	548,160	511,839
Total interest bearing liabilities		513,405	548,160	511,839
Provisions				
Employee provisions	4.1A	262,619	233,726	214,731
Other provisions	3.5A	12,205	12,261	14,330
Total provisions		274,824	245,988	229,061
Total liabilities		949,258	974,594	900,232
Net assets		494,001	389,458	865,085
EQUITY				
Contributed equity		1,129,978	976,744	1,321,601
Reserves		43,694	40,803	32,042
Accumulated deficit		(679,671)	(628,089)	(488,558)
Total equity		494,001	389,458	865,085

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

¹ Right-of-use assets are included in the following line items: land and buildings and plant and equipment.

Statement of Changes in Equity
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance as at 1 July				
Balance carried forward from previous period		976,744	734,925	976,582
Adjusted opening balance		976,744	734,925	976,582
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		329,246	227,405	322,855
Departmental capital budget		21,449	19,870	21,449
Restructuring	8.2A	102	-	715
Distributions to owners				
Return of capital	-	(197,563)	-	-
Restructuring		-	(5,456)	-
Total transactions with owners		153,234	241,819	345,019
Lapsing appropriations		-	-	-
Closing balance as at 30 June		1,129,978	976,744	1,321,601
ACCUMULATED DEFICIT				
Opening balance				
Balance carried forward from previous period		(628,089)	(508,493)	(423,681)
Adjustment for errors		875	-	-
Adjusted opening balance		(627,214)	(508,493)	(423,681)
Comprehensive income				
Deficit for the period		(43,723)	(119,596)	(64,966)
Total comprehensive income		(43,723)	(119,596)	(64,966)
Transactions with owners				
Contributions by owners				
Restructuring	8.2A	1,772	-	89
Distributions to owners				
Return of appropriation - prior year	-	(10,506)	-	-
Total transactions with owners		(8,734)	-	89
Closing balance as at 30 June		(679,671)	(628,089)	(488,558)
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		40,803	32,042	32,042
Comprehensive income				
Other comprehensive income		2,890	8,761	-
Total comprehensive income		2,890	8,761	-
Closing balance as at 30 June		43,694	40,803	32,042

Statement of Changes in Equity
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		389,458	258,474	584,943
Adjustment for errors		875	-	-
Adjusted opening balance		390,333	258,474	584,943
Comprehensive income				
Deficit for the period		(43,723)	(119,596)	(64,966)
Other comprehensive income		2,890	8,761	-
Total comprehensive income		(40,832)	(110,835)	(64,966)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		329,246	227,405	322,855
Departmental capital budget		21,449	19,870	21,449
Restructuring	8.2A	1,874	-	-
Distributions to owners				
Return of capital		(197,563)	-	-
Return of appropriation - prior year		(10,506)	-	-
Restructuring		-	(5,457)	804
Total transactions with owners		144,500	241,818	345,108
Lapsing appropriations		-	-	-
Closing balance as at 30 June		494,001	389,458	865,085

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Cash Flow Statement
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		1,892,353	1,450,196	1,596,717
Sale of goods and rendering of services		259,650	231,559	260,490
GST received		65,846	45,611	35,769
Sublease rental income		4,676	4,742	2,847
Total cash received		2,222,524	1,732,108	1,895,823
Cash used				
Employees		999,046	843,178	873,407
Suppliers		871,615	638,056	765,574
GST paid		59,118	54,781	35,769
Section 74 receipts transferred to the Official Public Account		248,746	204,763	138,719
Interest payments on lease liabilities		10,390	10,420	10,325
Other		-	-	2,500
Total cash used		2,188,915	1,751,197	1,826,294
Net cash from / (used by) operating activities		33,609	(19,089)	69,529
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment and intangibles		58,185	111,454	355,604
Total cash used		58,185	111,454	355,604
Net cash used by investing activities		(58,185)	(111,454)	(355,604)
FINANCING ACTIVITIES				
Cash received				
Appropriations - Equity injection		58,656	186,123	323,756
Appropriations - Departmental capital budget		19,772	16,618	21,449
Cash received due to restructuring		-	-	454
Total cash received		78,428	202,741	345,659
Cash used				
Principal payments of lease liabilities		51,804	50,753	61,059
Total cash used		51,804	50,753	61,059
Net cash from financing activities		26,624	151,988	284,600
Net increase/(decrease) in cash held		2,049	21,445	(1,475)
Cash and cash equivalents at the beginning of the reporting period		139,929	118,484	107,891
Cash and cash equivalents at the end of the reporting period	3.1A	141,978	139,929	106,416

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Administered Schedule of Comprehensive Income
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Grants	2.1A	13,385,492	13,231,390	13,779,561
Personal benefits	2.1B	69,974,808	64,279,624	67,122,509
Subsidies	2.1C	24,176,673	21,215,788	24,576,090
Suppliers	2.1D	2,454,401	2,847,723	2,592,886
Payments to corporate Commonwealth entities	2.1E	790,497	673,387	648,035
Impairment loss on financial instruments	2.1F	92,948	818,916	-
Write-down and impairment of assets	2.1G	822,673	1,408,461	16,529
Depreciation and amortisation	5.2A	1,457	1,703	1,442
Other expenses		9,070	3	327,953
Total expenses		111,708,019	104,476,994	109,065,005
Income				
Revenue				
Non-taxation revenue				
Revenue from contracts with customers	2.2A	37,241	31,809	32,313
Special accounts revenue	2.2B	46,681,890	48,412,547	50,258,262
Recoveries	2.2C	7,343,024	6,685,328	6,681,758
Other revenue	2.2D	330,090	410,036	461,469
Total non-taxation revenue		54,392,245	55,539,720	57,433,802
Total revenue		54,392,245	55,539,720	57,433,802
Total income		54,392,245	55,539,720	57,433,802
Net cost of services		(57,315,774)	(48,937,275)	(51,631,203)
Deficit		(57,315,774)	(48,937,275)	(51,631,203)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in administered investment reserves		70,734	50,148	-
Restructuring	8.2	2,006,732	-	-
Total comprehensive loss		(55,238,308)	(48,887,127)	(51,631,203)

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Administered Schedule of Assets and Liabilities
as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	5.1A	245,490	6,111,083	5,031,158
Accrued recoveries revenue	5.1B	1,145,533	612,640	775,707
Trade and other receivables	5.1C	2,455,379	1,453,745	489,814
Investments in portfolio entities	5.1D	2,763,523	626,522	800,503
Other investments	5.1E	190,860	195,208	-
Total financial assets		6,800,785	8,999,197	7,097,182
Non-financial assets				
Plant and equipment	5.2A	-	1,457	8
Inventories	5.2B	727,780	1,135,543	1,356,392
Other non-financial assets	5.2C	413,016	1,040,694	514,623
Total non-financial assets		1,140,797	2,177,694	1,871,023
Total assets administered on behalf of Government		7,941,582	11,176,891	8,968,205
LIABILITIES				
Payables				
Suppliers	5.3A	278,951	214,436	235,745
Subsidies	5.3B	120,681	109,249	97,824
Personal benefits	5.3C	2,184,884	1,998,612	2,002,869
Grants	5.3D	253,172	559,793	632,067
Total payables		2,837,688	2,882,090	2,968,505
Provisions				
Subsidies	5.4A	635,640	600,200	634,446
Personal benefits	5.4B	1,233,289	1,204,819	1,123,107
Total provisions		1,868,929	1,805,019	1,757,553
Total liabilities administered on behalf of Government		4,706,618	4,687,109	4,726,058
Net assets		3,234,964	6,489,782	4,242,147

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Administered Reconciliation Schedule
for the period ended 30 June 2025

Notes	2025 \$'000	2024 \$'000
Opening assets less liabilities as at 1 July	6,489,782	7,344,411
Adjusted opening assets less liabilities	6,489,782	7,344,411
Net cost of services		
Income	54,392,245	55,539,720
Expenses		
Payments to entities other than corporate Commonwealth entities	(110,917,522)	(103,803,607)
Payments to corporate Commonwealth entities	(790,497)	(673,387)
Other comprehensive income		
Revaluations transferred to reserves	70,734	50,148
Restructuring	2,006,732	-
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account (OPA)		
Administered assets and liabilities appropriations		
Payments to entities other than corporate Commonwealth entities	84,974	125,783
Payments to corporate Commonwealth entities	46,128	36,203
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	14,584,511	14,977,492
Payments to corporate Commonwealth entities	790,497	673,387
Special appropriations (limited)		
Refund of receipts (section 77 of the PGPA Act)	1,926	3,283
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	43,172,371	37,961,666
Net GST appropriations	13,734	(42,018)
Appropriation transfers to OPA		
Transfers to OPA	(6,710,651)	(5,703,299)
Closing assets less liabilities as at 30 June	3,234,964	6,489,782

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

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting Policy

Administered Cash Transfers to and from the 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 OPA maintained by the Department of Finance. 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 schedule of administered cash flows and in the administered reconciliation schedule.

Administered Cash Flow Statement
for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
OPERATING ACTIVITIES			
Cash received			
Recoveries		5,831,931	6,360,924
GST received		944,139	973,360
Special accounts receipts		46,681,890	48,412,547
Other		365,127	438,060
Total cash received		53,823,086	56,184,891
Cash used			
Grants		14,675,845	14,240,101
Subsidies		24,222,508	21,471,531
Personal benefits		69,760,065	64,702,818
Suppliers		2,186,190	2,758,108
Payments to corporate Commonwealth entities		790,497	673,387
Total cash used		111,635,105	103,845,944
Net cash used by operating activities		(57,812,018)	(47,661,053)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		18,348	18,434
Total cash received		18,348	18,434
Cash used			
Equity injections to corporate Commonwealth entities		46,128	36,203
Investments		9,285	13,970
Total cash used		55,413	50,173
Net cash used by investing activities		(37,065)	(31,738)
Net decrease in cash held		(57,849,083)	(47,692,791)
FINANCING ACTIVITIES			
Cash from Official Public Account			
Appropriations		58,549,305	53,615,829
Capital appropriations		131,102	161,986
Administered GST appropriations		981,571	936,631
Total cash from Official Public Account		59,661,978	54,714,446
Cash to Official Public Account			
Return of GST appropriations to the Official Public Account		967,837	978,649
Other		6,710,651	5,703,299
Total cash to Official Public Account		7,678,488	6,681,948
Cash and cash equivalents at the beginning of the reporting period		6,111,083	5,771,376
Cash and cash equivalents at the end of the reporting period	5.1A	245,490	6,111,083

This schedule should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Overview

Objectives of the Department of Health, Disability and Ageing

The Department is a not-for-profit Australian Government controlled entity with its principal place of business located at Furzer Street, Phillip ACT. The objective of the Department is to develop and deliver evidence-based policy, well-targeted programs, and best practice regulation to achieve better health and wellbeing for all Australians, now and for future generations.

As at 30 June 2025 the Department was structured to meet the following outcomes:

- Outcome 1: Health Policy, Access and Support
- Outcome 2: Individual Health Benefits
- Outcome 3: Ageing and Aged Care
- Outcome 4: Disability and Carers

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Department's administration and programs.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Government, of items controlled or incurred by the Government.

The Department is responsible for the following administered activities on behalf of the Government:

- a) payment of subsidies for residential, aged care and community programs
- b) payment of personal benefits for Medicare and pharmaceutical services as well as for affordability and choice of health care initiatives, and
- c) payment of grants, with the majority of these made to not-for-profit organisations.

Impact of Restructuring 2024-25

Abolition of the National Mental Health Commission

The National Mental Health Commission (NMHC) was abolished and its functions transferred to the Department, effective 1 October 2024.

Financial reporting and accounting disclosures have been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, which details the reporting and disclosure requirements when a restructure occurs. Accordingly, the Department has prepared a single set of financial statements as if NMHC was part of the Department for the entire 2024-25 reporting period, including the financial results attributable to the NMHC function from 1 July 2024 to 30 September 2024. Refer NMHC's 2023-24 Annual Report for comparative information.

Details of assets and liabilities transferred are included in note 8.2A.

Administrative Arrangements Order of 13 May 2025

The Administrative Arrangements Order (AAO) was re-issued on 13 May 2025. In response:

- the Department was renamed to the Department of Health, Disability and Ageing,
- responsibility for the Disability and Carers function, supporting the independence of, and economic participation by, people with disability and carers by providing targeted support was transferred to the Department from the Department of Social Services (DSS),
- responsibility for the sport and recreation policy and functions was transferred from the Department to the Department of Infrastructure, Transport, Regional Development, Communications, Sports and the Arts (DITRDCA).

As a result of these changes Outcome 4 was revised from Sport and Physical Activity to Disability and Carers.

With the exception of administered investments, no departmental or administered assets and liabilities were transferred during 2024-25. Administered investments relating to these relevant functions were transferred from the date of the AAO, and are reported by the responsible entity in their 2024-25 financial statements. Details of the transferred administered investments are included in notes 5.1D and 8.2B.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements and notes have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR), and
- b) Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 Entities under AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements and notes have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets held 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 statements are presented in Australian dollars.

Items of a similar nature, together with disclosure of the relevant accounting policy, are grouped together in the notes to the financial statements.

The Department's financial statements include the financial records of the departmental special accounts, the Therapeutic Goods Administration (TGA), the Office of the Gene Technology Regulator (OGTR) and the Australian Industrial Chemicals Introduction Scheme (AICIS).

All transactions between the departmental ledgers have been eliminated from the departmental financial statements.

Comparative figures have been adjusted, where required, to conform to changes in presentation of the financial statements in the current year.

New Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The Department adopted all new, revised and amending standards and interpretations that were issued by the AASB prior to the sign-off date and are applicable to the current reporting period. The adoption of these standards and interpretations did not have a material effect, and are not expected to have a future material effect on the Department's financial statements.

No accounting standard has been adopted earlier than the application date as stated in the standard.

Taxation

The Department 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.

Reporting of Administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Breach of Section 83 of the Constitution

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law.

The Department has primary responsibility for administering legislation related to health care. In 2024-25 payments totalling approximately \$95.8 billion were authorised against special appropriations, including special accounts, by the Department in accordance with a range of complex legislation. Most of the payments are administered by Services Australia on behalf of the Department. In the vast majority of cases Services Australia relies on information or estimates provided by customers and medical providers to calculate and pay entitlements. If an overpayment occurs, a breach of section 83 could result despite future payments being adjusted to recover the overpayment. In addition, simple administrative errors can lead to breaches of section 83.

Due to the number of payments made, the reliance that must be placed on external control frameworks and the complexities of legislation governing these payments, the risk of a section 83 breach cannot be fully mitigated. It is likely that any section 83 breaches that have occurred would represent only a very small portion of payments, both in number and in value, and the Department is committed to implementing measures to ensure the risk of unintentional breaches of section 83 is as low as possible.

The Department has developed an approach for assessing the alignment of payment processes with legislation. During 2024-25 the Department:

- a) assessed the risk of program compliance with relevant legislation,
- b) included consideration of processes to minimise the risk of section 83 breaches as part of any review of legislation or administrative processes,
- c) received assurance from Services Australia that action had been undertaken to detect and prevent any potential breaches of section 83,
- d) obtained legal advice, as appropriate, to resolve questions of potential non-compliance, and
- e) identified legislative/procedural changes to reduce the risk of non-compliance in the future.

Special Appropriations

The Department administers 12 pieces of legislation, as disclosed in Note 6.1C, with special appropriations involving statutory requirements for payments. Of this legislation, some payments may have either actual or potential breaches of section 83 of the Constitution and the Department will continue to review these.

Aged Care Act 1997

Aged care subsidies and fees - quarterly review process

During 2022-23, it was identified that the quarterly review process adopted by Services Australia to retrospectively validate recipients' maximum entitlement for aged care subsidies paid in arrears is inconsistent with the relevant provisions of the *Aged Care Act 1997*. Section 83 breaches arise in cases where monthly subsidy payments are made in excess of maximum entitlement due to changes in recipients' circumstances during the preceding quarter.

During 2023-24, Services Australia moved to a monthly review process which reduces the occurrence of breaches, however does not prevent all breaches. At present, the aggregate value of all historic and current overpayments of aged care subsidies to approved providers is estimated at \$368 million. The Department is working with Services Australia to consider further mitigation strategies.

Home care - crediting of unspent funds

The Services Australia system currently credits home care accounts with the value of Commonwealth provider held portion of unspent funds, on behalf of care recipients who transfer between providers. The crediting occurs 70 days after departure. There is no legal authority to credit unspent funds into the accounts of persons who notify their old provider that they have started care with a new provider within 1-56 days and that in some circumstance an overpayment will arise where these funds are invoiced against to pay claim(s). The department has identified 28,089 potentially affected accounts. The value of the overpayment is estimated to be approximately \$17,053,880 from 1 September 2021 to 30 June 2025. Payments will be affected until 31 October 2025. The intention is to remediate affected accounts prior to the *Aged Care Act 2024* starting, subject to the passage of the *Aged Care and Other Legislation Amendment Bill 2025*.

Home care - 70 days rule

The system for claiming home care subsidy automatically 'zeroed-out' claims by providers for individuals who left their care more than 70-days ago. This resulted in overpayment of some claims by later providers, because the balance of the home care account was higher than it should have been had the zeroed-out claims been paid. The department is now undergoing a forensic exercise to manually reassess all claims that were rejected by the payment system. As the department is still in the process of manually reassessing affected claims from September 2021 onwards, the quantum of any overpayments are unknown at this stage. Based on claim reassessments to date, the value of the breach is estimated to be between \$62,885 - \$215,969, with approximately 53 - 80 accounts affected. This issue affects payments under the *Aged Care Act 1997* from 1 September 2021, and will continue until 31 October 2025. The commencement of the *Aged Care Act 2024* remedies this issue from 1 November 2025 (subject to the passage of the *Aged Care and Other Legislation Amendment Bill 2025*).

National Health Act 1953

Supply of complex authority required (CAR) drugs above the maximum quantity

In May 2024, the Department was made aware that some medicines defined as 'Complex Authority Required' (CAR) medicines under the National Health (Highly Specialised Drugs Program) Special Arrangement 2021 (the HSD Special Arrangement) were being prescribed and claimed with increased quantities and/or numbers of repeats above the maximum values for the relevant listings on the Pharmaceutical Benefits Scheme (PBS). This is contrary to section 22 of the HSD Special Arrangement, a legislative instrument made under section 100 of the *National Health Act 1953*. Section 22 of the HSD Special Arrangement overrides regulation 30 of the *National Health (Pharmaceutical Benefits) Regulations 2017* (a provision that enables variations to the maximum quantity or number of repeats for a PBS benefit), stating that 'no variation of application of determination of maximum number of repeats or maximum number or quantity of units' may be made for a HSD pharmaceutical benefit containing a CAR drug.

In 2024-2025, the Department received confirmation that payments to dispensing pharmacies for claims made under the HSD Special Arrangement, and earlier HSD Special Arrangements since at least 1 April 2005, for the supply of quantities of CAR medicines above the applicable maximum quantity and/or number of repeats have breached section 83 of the Constitution. The total aggregate value of the estimated overpayments across the affected years and up to 30 June 2025 is \$1,783,588,204. The total value of program payments over the same period was \$27.968bn. The Department is seeking further advice on options to remediate the overpayments and prevent further prospective breaches in relation to the supply of CAR medicines in contravention of section 22 of the HSD Special Arrangement.

Supply of Complex Authority Required (CAR) Drugs and Rituximab from Medication Chart Prescriptions

In February 2025, the Department received confirmation that medicines defined as 'Complex Authority Required' (CAR) medicines under the National Health (Highly Specialised Drugs Program) Special Arrangement 2021 (the HSD Special Arrangement), and rituximab, were being prescribed and claimed using Pharmaceutical Benefits Scheme Hospital Medication Charts (PBS HMCs). This is contrary to subsection 18(1) of the HSD Special Arrangement, which prohibits the use of medication chart prescriptions for HSD pharmaceutical benefits containing CAR drugs or rituximab. Payments made to dispensing pharmacies for PBS claims for the supply of CAR medicines and rituximab on the basis of a PBS HMC have breached section 83 of the Constitution. The breach arises from the format of the prescription used in these instances, not from the eligibility of patients to receive these pharmaceutical benefits, which is not in dispute.

The total value of the estimated overpayments as at 30 June 2025 is \$870,916. The Department is currently considering options to remediate the identified breaches and prevent future occurrences related to the supply of CAR medicines and rituximab in contravention of subsection 18(1) of the HSD Special Arrangement.

Exemption process for Authority Required prescriptions

During the reporting period, the Department became aware that, over a number of years, exemptions have been granted to PBS Authority Required restrictions contrary to the provisions of the *National Health Act 1953*. These exemptions enabled patients to access subsidised medicines outside the approved PBS criteria. The Department is working to assess the scope of the issue, including the number of affected medicines, and to identify any systemic issues in PBS restriction wording that may have contributed to these outcomes.

Incorrect PBS payment to a pharmacy

During 2023-24, one PBS payment of \$40,583.62 was incorrectly paid into an account nominated by the then approved pharmacy instead of directly to the then appointed external administrator of that pharmacy. This payment has been found to be in breach of section 83 of the Constitution.

Remuneration Tribunal Act 1983

Remuneration of certain National Sports Tribunal members

Members of the National Sports Tribunal are statutory appointments performing the duties of public office on a part-time basis. Members are remunerated by the tribunal on a sessional basis for their work in hearing cases / resolving disputes brought to the tribunal. Members were paid in reliance on the *National Sports Tribunal Act 2019*. The *Remuneration Tribunal Act 1983* prohibits payments for part time office holders who also hold office or employment on full-time basis with the Commonwealth, unless an exception applies. The National Sports Tribunal acted on the mistaken understanding that an exception applied, which has since been corrected by legal advice.

Four payments with a total value of \$4,694 made to two National Sports Tribunal members in 2023-24 were in breach of the *Remuneration Tribunal Act 1983*.

There was one additional payment of \$1,750 during 2024-25 made to a National Sports Tribunal member which was in breach of the *Remuneration Tribunal Act 1983*.

*Private Health Insurance Act 2007*Payment of private health insurance rebates

During 2023-24 the Department became aware that payments of private health insurance rebates to insurers under the Private Health Insurance Act 2007 (PHI Act) could under certain circumstances result in section 83 breaches. Breaches may occur where claims are lodged outside of the 3-year statutory limitation period or where the correctness or reasonableness of the claim was not considered before payment, where those claimed amounts are recoverable under the relevant provisions of the PHI Act. The current electronic system for processing claims does not stop insurers from making claims after 3 years. The Department will address any contraventions identified through the annual Services Australia rebate audit at an individual insurer level. The Department is also seeking to amend the PHI Act to support automation of the payment process and so that the onus is placed on the insurer to self-assess their compliance with the 3-year statutory limitation until future systems upgrades are made.

Special Accounts*Health Insurance Act 1973*Medicare Easyclaim program

Services Australia have advised that during 2024-25, 98 instances have been identified with a total value of \$21,284.95 (2023-24: 162 instances with a total value of \$23,449.90) where the payment made was not authorised by virtue of the *Health Insurance Act 1973* for the Medicare Easyclaim program. Services Australia will work with their relevant business area to determine how to decrease these instances moving forward.

Telehealth assignment of benefits

During 2022-23, in light of the Australian National Audit Office report on the Expansion of Telehealth Services dated 19 January 2023, the Department commenced reform of the assignment of Medicare benefit process, including verbal assignment of Medicare benefit. At present, there are no quantified overpayments of Medicare benefit to health care providers for telehealth services. Medicare benefit is payable to the person who incurs the medical expense for the professional service, unless that person has assigned their entitlement (e.g. to the healthcare provider). Consultation continues with stakeholders on reform of assignment of Medicare benefit processes and record-keeping requirements. Amendments to the *Health Insurance Act 1973* made by the *Health Insurance Legislation Amendment (Assignment of Medicare Benefits) Act 2024* will reform arrangements for the assignment of Medicare benefits to align with industry practice and allow the use of modern technologies. These amendments are due to commence on or before 9 January 2026, enabling time for necessary technical change.

Automated allocation of Medicare Provider Numbers

It has been identified during the implementation of the Independent Review of Overseas Health Practitioner Regulatory Settings (Kruk Review) that the Health Insurance Act 1973 does not currently include express powers to support the automated issuance of Medicare Provider Numbers (MPNs). Some Medicare Provider Numbers (MPNs) have been issued by Services Australia through computer-based decisions since 2009. Payments for dental services made where the dental provider held a MPN issued by computer-based decisions are not supported under the Dental Benefits Act 2008, and are likely in breach of section 83. MBS payments for services rendered where the health professional held a MPN issued by computer-based decisions may not be supported under the Health Insurance Act 1973, and may be in breach of section 83.

Amendments to the *Health Insurance Act 1973* will provide a legislative basis for automation of MPN issuance, and validate previous MPNs issued through computer-based decisions since 2009.

Medicare benefits paid due to administrative error

In September 2024, the Department was made aware that two separate administrative errors involving provider recognition and exemption processing by Services Australia resulted in payments that constituted breaches of section 83 of the Constitution. The first matter involved incorrect assessment of an application for specialist recognition, resulting in a two-year approval period that enabled billing of items under the Medicare Benefits Schedule. The other matter involved a system error which incorrectly applied a section 19AB(3) class exemption allowing billing of Medicare benefit that was not payable. Both errors led to the payment of claims that were not valid under the legislative framework. The Department supported Services Australia's decision to apply to the Department of Finance for a Waiver of Debt in relation to the identified breaches. The total amounts of debt quantified in relation to these matters are \$351,417.90 and \$569,908.40.

Continued Focus

The Department will continue to review legislation and New Policy Proposals that create or modify payment eligibility to determine whether business rules and processes are in place to minimise the risk of breaches of section 83. In addition, special accounts payments may be considered for inclusion in the internal audit work program from time to time.

Events After the Reporting Period*Administrative Arrangements Order of 13 May 2025*

To align with the determinations made under section 72 of the *Public Service Act 1999* to move staff between agencies, and under section 75 of the PGPA Act to transfer appropriation funding between agencies, the transfer of associated departmental and administered assets and liabilities has taken effect as at 3 July 2025 for the DITRDCA MOG and 31 July 2025 for the DSS MoG. Additionally, Sport and Recreation Special Account was transferred to DITRDCA effective 1 September 2025. Further details will be disclosed in the 2025–26 financial statements.

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Financial Performance

This section analyses the financial performance of the Department for the year ended 2025.

1.1 Expenses

	2025 \$'000	2024 \$'000
1.1A: Employee benefits		
Wages and salaries	725,997	624,402
Superannuation		
Defined contribution plans	102,173	82,074
Defined benefit plans	43,358	37,946
Leave and other entitlements	161,791	128,264
Separation and redundancies	1,874	2,410
Total employee benefits	1,035,192	875,096

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Contractors and consultants	287,121	200,627
IT services	189,414	153,631
Contracted services	282,950	185,848
Property	19,858	19,299
Travel	14,498	15,456
Training and other staff related expenses	8,237	8,980
Legal	13,969	12,452
Committees	4,405	4,037
Other	55,383	64,987
Total goods and services supplied or rendered	875,834	665,317

Goods supplied	75,240	84,286
Services rendered	800,594	581,031
Total goods and services supplied or rendered	875,834	665,317

Other suppliers

Workers compensation expenses	6,625	4,700
Short-term leases	757	360
Low value leases	490	569
Variable lease payments	183	149
Total other suppliers	8,055	5,778
Total suppliers	883,889	671,095

The Department has no short-term lease commitments as at 30 June 2025 (2024: Nil).

The above lease disclosures should be read in conjunction with the accompanying notes 1.2B, 3.2A and 3.4A.

Accounting Policy**Short-term leases and leases of low value assets**

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

	2025	2024
	\$'000	\$'000

1.1C: Finance costs

Interest on lease liabilities

10,390	10,420
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Total finance costs

<u>10,390</u>	<u>10,420</u>
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The above lease disclosures should be read in conjunction with the accompanying notes 3.2A and 3.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

1.1D: Write-down and impairment of other assets

Impairment of property, plant and equipment and land and buildings

841	3,589
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Impairment of intangible assets

<u>21,591</u>	<u>6,239</u>
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Total write-down and impairment of other assets

<u>22,431</u>	<u>9,828</u>
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1.2 Own-Source Revenue and Gains

	2025 \$'000	2024 \$'000
Own-Source Revenue		
1.2A: Revenue from contracts with customers		
Sale of goods	-	1,725
Rendering of services	235,531	217,136
Total revenue from contracts with customers	235,531	218,862
Disaggregation of revenue from contracts with customers		
Activity / service line:		
Annual charges / licence fees	115,681	112,828
Application fees	32,672	30,380
Evaluation / assessment fees	57,812	48,191
Service delivery	29,365	27,463
	235,531	218,862
Timing of transfer of goods and services:		
Over time	191,918	175,072
Point in time	43,613	43,790
	235,531	218,862

Accounting Policy

Revenue

Revenue from the sale of goods and rendering of services is recognised when control has been transferred to the customer.

In relation to AASB 15 *Revenue from Contracts with Customers*, the Department has considered each revenue stream to identify the existence of an enforceable contract that requires the completion of sufficiently specific performance obligations in exchange for relevant consideration. If so, revenue is recognised either over time or at a point in time as performance obligations are completed and the Department has an enforceable right to payment for the performance completed to date.

Revenue items that are akin to a Non-Intellectual Property (Non-IP) licence in that they provide the customer with the right to perform an activity that they otherwise would not be entitled to perform are accounted for in accordance with AASB 15. For those activities where the charge relates to a period of 12 months or less, the expedients as they apply to short-term licences have been applied.

Revenue items not meeting the requirements of AASB 15 have been considered under AASB 1058 *Income of Not-for-Profit Entities*. These transactions include those where the Department acquires or receives an asset (including cash) in exchange for consideration that is significantly less than fair value. Examples include cash grants and levies and fees received by the Department to further their objectives. Recognition occurs when the Department becomes entitled to the asset.

The principal activities from which the Department generates its revenue relate to:

- The cost recovery activities of the Therapeutic Goods Administration (TGA). These cover the registration and listing of medicines and inclusion of medical devices, including in vitro diagnostic devices, and biologicals onto the Australian Register of Therapeutic Goods (ARTG) and the ongoing maintenance and surveillance of them.
- Regulatory activities associated with the scientific assessment of new and existing industrial chemicals, monitoring and enforcement of statutory obligations under the *Industrial Chemicals Act 2019*, maintenance of the Australian Inventory of Chemical Substances, and implementing Australia's obligations under international arrangements relevant to industrial chemicals, and

c) The recovery of costs by the Department for the provision of corporate services provided to portfolio agencies.

The transaction price is the total amount of consideration to which the Department expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Receivables for goods and services, which have 30 day terms (TGA: 28 days), are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

TGA special account annual charges

On 1 July 2015 the TGA introduced the Annual Charges Exemption (ACE) scheme to provide relief from annual charges until a product on the ARTG commences generating turnover. Sponsors of an entry on the ARTG (excluding export only entries) which meet the legislated criteria for exemption during a particular financial year will have until 22 July of the following year to apply for an exemption from the annual charges.

To be exempt from annual charges under the ACE scheme, an entry must meet the following criteria:

- (i) the entry was new in the ARTG during the financial year, or
- (ii) the entry was an existing ARTG entry on 1 July, the entry was qualified for ACE in the financial year, and a declaration of \$0 turnover was made in relation to that financial year, and
- (iii) the entry (whether a new or existing entry) did not commence generating turnover.

Sponsors who inadvertently fail to make a declaration of \$0 turnover for an ACE entry during the declaration period 1 July to 22 July, may submit a late declaration between 23 July and 15 September of a financial year.

Under this scheme, some of the charges in respect of a financial year may not be known until the following year. While there is some resulting uncertainty in the revenue calculation for any given financial year, the uncertainty is reducing as the scheme progresses and annual data is accumulated. An estimate of the value of the exemptions is incorporated in each year's annual charges revenue.

	2025 \$'000	2024 \$'000
1.2B: Rental income		
Subleasing right-of-use assets	5,180	4,912
Total rental income	5,180	4,912
The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 3.2A and 3.4A.		
1.2C: Other revenue		
Resources received free of charge		
Remuneration of auditors	1,300	1,220
Comcover premium offset	1,039	-
Recovery of costs	20,824	7,319
Other revenue	3	178
Total other revenue	23,167	8,717

Accounting PolicyResources Received Free of Charge

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

	2025	2024
	\$'000	\$'000

1.2D: Revenue from government

Appropriations

Departmental appropriations

	1,744,667	1,325,135
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Total revenue from government

	1,744,667	1,325,135
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Accounting PolicyRevenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue from government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Income and Expenses Administered on Behalf of Government

This section analyses the activities the Department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1 Administered - Expenses

	2025 \$'000	2024 \$'000
2.1A: Grants		
Public sector		
Australian Government entities (related parties)	1,223,643	1,111,396
Private sector		
Profit and Not-for-profit organisations	12,161,849	12,119,802
Overseas	-	192
Total grants	13,385,492	13,231,390

Accounting Policy

The Department administers a number of grant schemes on behalf of the Government. Grant liabilities (and expenses) 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. Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

When the Government enters into an agreement to make these grants and services but services have not been performed or criteria satisfied, this is considered a commitment.

2.1B: Personal benefits

Direct		
Private health insurance	7,379,969	7,078,141
Other	8,440	5,533
Indirect		
Medical services	32,872,892	29,923,617
Pharmaceuticals and pharmaceutical services	19,703,758	18,506,238
Primary care practice incentives	440,368	436,622
Hearing services	562,462	508,944
Targeted assistance	119,043	117,913
Aged care	8,778,113	7,600,257
Other	109,762	102,359
Total personal benefits	69,974,808	64,279,624

Accounting Policy

Personal benefits are the current transfers for the benefit of individuals or households, directly or indirectly, that do not require any economic benefit to flow back to Government. The Department administers a number of personal benefits programs on behalf of Government that provide a range of health care entitlements to individuals. These include, but are not limited to:

- a) pharmaceutical benefits (the primary means through which the Australian Government ensures Australians have timely access to pharmaceuticals, including COVID-19 vaccines)

- b) medical benefits (provide high quality and clinically relevant medical and associated services through Medicare)
- c) private health insurance rebate (help make private health insurance more affordable, provides greater choice and accessibility to private health care options, and reduces pressure on the public health system)
- d) primary care practice incentives (support activities that encourage continuing improvements, increase quality of care, enhance capacity, and improve access and health outcomes for patients)
- e) targeted assistance (support the provision of relevant pharmaceuticals, aids and appliances)
- f) hearing services (reduce the incidence and consequences of avoidable hearing loss in the community by providing access to high quality hearing services and devices), and
- g) home support and care (provide coordinated home support and care packages tailored to meet individuals' specific care needs).

Personal benefits are assessed, determined and paid by Services Australia in accordance with provisions of the relevant legislation under delegation from the Department. All personal benefits liabilities are expected to be settled within 12 months of the balance date. In the majority of cases the above payments are initially based on the information provided by customers and providers. Both the Department and Services Australia have established review mechanisms to identify overpayments made under the various schemes. The recognition of receivables and recovery actions take place once the overpayments are identified.

	2025	2024
	\$'000	\$'000

2.1C: Subsidies

Subsidies in connection with

Aged care	24,004,568	21,058,279
Medical indemnity	143,722	149,811
Other	28,383	7,698
Total subsidies	24,176,673	21,215,788

Accounting Policy

The Department administers a number of subsidy schemes on behalf of the Government. Subsidies expenses and corresponding liabilities are recognised to the extent that (i) the services required to be performed by the recipient have been performed; or (ii) the eligibility criteria have been satisfied, but payments due have not been made.

2.1D: Suppliers

Goods and services supplied or rendered

Consultants	67,941	46,908
Contract for services	2,261,243	2,187,008
Travel	1,323	1,029
Inventory consumed	218	497,406
Communications and publications	14,334	18,962
Committee related expenses	5,838	5,083
Other	103,505	91,327
Total goods and services supplied or rendered	2,454,401	2,847,723
Goods supplied	123,147	611,853
Services rendered	2,331,254	2,235,870
Total goods and services supplied or rendered	2,454,401	2,847,723

2.1E: Payments to corporate Commonwealth entities

Australian Digital Health Agency	286,896	269,304
Australian Institute of Health and Welfare	36,489	35,544
Australian Sports Commission	449,257	351,081
Foods Standards Australia New Zealand	17,855	17,458
Total payments to corporate Commonwealth entities	790,497	673,387

Accounting Policy

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans to the relevant portfolio entity. The appropriation to the Department is disclosed in Note 6.1A.

	2025 \$'000	2024 \$'000
<u>2.1F: Impairment loss on financial instruments</u>		
Impairment of trade and other receivables	92,948	818,916
Total impairment loss on financial instruments	92,948	818,916
<u>2.1G: Write-down and impairment of assets</u>		
Impairment due to the write-off of inventory	626,531	1,408,461
Impairment due to the write-off of prepayments	196,142	-
Total write-down and impairment of assets	822,673	1,408,461

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2.2 Administered - Income

	2025 \$'000	2024 \$'000
Revenue		
Non-Taxation Revenue		
2.2A: Revenue from contracts with customers		
Rendering of services	37,241	31,809
Total revenue from contracts with customers	37,241	31,809
Disaggregation of revenue from contracts with customers		
Activity / Service line		
Evaluation / assessment fees	22,266	20,161
Application fees	10,321	9,374
Listing fee / annual charge	3,721	2,269
Recovery of costs	932	4
	37,241	31,809
Timing of transfer of goods and services		
Over time	29,681	26,828
Point in time	7,560	4,981
	37,241	31,809
2.2B: Special accounts revenue		
Medicare Guarantee Fund (Health) special account	46,000,000	47,521,044
Medical Research Future Fund special account	650,000	650,000
Other special accounts	31,890	241,503
Total special account revenue	46,681,890	48,412,547
2.2C: Recoveries		
Medical and pharmaceutical benefits and health rebate schemes	71,689	580,750
Pharmaceutical Benefits Scheme (PBS) drug recoveries	6,764,176	5,332,544
Aged care recoveries, cross-billings and budget neutrality adjustments	507,063	771,792
Other	96	242
Total recoveries	7,343,024	6,685,328
2.2D: Other revenue		
Levies	11,426	7,699
Interest from loans	7,133	12,728
Recovery of unspent grant funding	148,240	192,756
Debts due to the Commonwealth	67,333	105,767
Other	95,958	91,086
Total other revenue	330,090	410,036

Accounting Policy

All administered revenues are revenues related to the course of ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

Special accounts revenue is recognised when the Department gains control of the relevant amounts.

Financial Position

This section analyses the Department's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1 Financial Assets

	2025	2024
	\$'000	\$'000
3.1A: Cash and cash equivalents		
Cash in special accounts	140,376	128,371
Cash on hand or on deposit	1,602	11,558
Total cash and cash equivalents	141,978	139,929

Accounting Policy

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

- cash on hand
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and
- cash in special accounts, which includes amounts that are banked in the Australian Government's Official Public Account or held in a bank account.

3.1B: Trade and other receivables

Goods and services receivable

Goods and services	15,500	32,485
GST receivable from the Australian Taxation Office	8,591	15,319
Total goods and services receivable	24,091	47,804

Appropriations receivable

Appropriations receivable	433,925	262,944
Total appropriations receivable	433,925	262,944

Total trade and other receivables (gross)

458,016	310,748
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Less expected credit loss allowance

(3,904)	(4,011)
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Total trade and other receivables (net)

454,112	306,737
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All trade and other receivables are expected to be recovered within 12 months of the balance date.

Credit terms for goods and services were: the Department - within 30 days (2024: 30 days), the TGA - within 28 days (2024: 28 days).

Accounting Policy

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

Appropriations receivable are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangements. Appropriations receivable are recognised at their nominal amounts.

Trade and other receivable assets at amortised cost are assessed for impairment at the end of each reporting period. The simplified approach has been adopted in measuring the impairment allowance at an amount equal to lifetime Expected Credit Losses.

	2025	2024
	\$'000	\$'000
3.1C: Other financial assets		
Contract assets	18,905	11,965
Total other financial assets	18,905	11,965

The contract assets from contracts with customers are associated with the activities outlined in detail at Note 1.2A.

All other financial assets are expected to be recovered within 12 months of the balance date.

Refer to Note 3.3A for information relating to contract liabilities.

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2025

	Land and buildings \$'000	Plant and equipment \$'000	Computer Software ¹ \$'000	Total \$'000
As at 1 July 2024				
Gross book value - restated	808,675	6,771	626,801	1,442,247
Accumulated depreciation, amortisation and impairment	(253,589)	(306)	(318,985)	(572,880)
Total as at 1 July 2024	555,086	6,465	307,816	869,367
Additions:				
Purchase	18,797	1,413	-	20,210
Internally developed	-	-	17,917	17,917
Right-of-use assets	22,371	48	-	22,419
Revaluations and impairments recognised in other comprehensive income	2,696	194	-	2,890
Impairments recognised in net cost of services ²	(831)	(9)	(21,591)	(22,430)
Depreciation and amortisation	(8,301)	(1,240)	(42,024)	(51,565)
Depreciation of right-of-use assets	(56,957)	(56)	-	(57,013)
Other movements	769	44	73	885
Other movements of right-of-use assets	6,891	-	-	6,891
Disposals				
Other	(4,447)	-	-	(4,447)
Total as at 30 June 2025	536,075	6,858	262,192	805,125
	Land and buildings \$'000	Plant and equipment \$'000	Computer Software \$'000	Total \$'000
Total as at 30 June 2025 represented by				
Gross book value	821,155	7,171	587,231	1,415,557
Accumulated depreciation, amortisation and impairment	(285,080)	(313)	(325,039)	(610,432)
Total as at 30 June 2025	536,075	6,858	262,192	805,125
Carrying amount of right-of-use assets	448,222	46	-	448,269

1. The carrying amount of computer software included \$119.58m of internally developed software (IDS) and \$0.108m of purchased software. Of the total computer software balance at 30 June 2025, \$142.5m relates to IDS currently under development (2024: \$134.6m).

2. A total of \$28.4m worth of IDS relating to the Core Department (\$20.2m), TGA (\$2.9m) and AICIS (\$5.3m) was impaired during the year. \$6.8m worth of impairment was offset against provisions for IDS identified for impairment in 2023-24.

In 2025 the carrying amount of property, plant and equipment included \$35.11m (2024: \$16.93m) which relates to expenditure incurred in the course of construction. \$87.022m (2024: \$74.032m) of total leasehold improvements refers to fitout assets which may not be disposed of without prior Ministerial approval.

\$0.406m of land & buildings (fitout) is expected to be disposed of within the next 12 months.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.4 as at 30 April 2025 by an independent valuer (Jones Lang LaSalle Public Sector Valuations Pty Ltd (JLL))

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

In 2025, the Department had no significant contractual commitments (2024: Nil) for the acquisition of property, plant, equipment and intangible assets.

Accounting Policy

Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for information technology equipment purchases costing less than \$500 (TGA: \$2,000), leasehold improvements costing less than \$50,000 (TGA: \$10,000), and all other purchases costing less than \$2,000, which are expensed in the year of acquisition (other than when they form part of a group of similar items which are material in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' 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 restoration recognised.

Leased Right-of-Use (ROU) assets

Leased ROU assets are capitalised at the commencement of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by the Department as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 *Leases*, the Department has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any ROU asset that shows indicators of impairment and an impairment loss is recognised against any ROU asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in the Department's financial statements.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value less subsequent 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 at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

The most recent independent valuation of all property, plant and equipment was carried out by JLL as at 30 June 2024. In 2025 a desktop review to assess fair value was conducted as at 30 April 2025. These reviews included qualitative, quantitative and uncertainty analysis. Movements in the underlying balances between 30 April 2025 and 30 June 2025 have been reflected in the reported amounts, and the 30 June 2025 value have been confirmed to be materially correct.

When required, 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 reversed a previous revaluation decrement of the same class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed 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 to the Department 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 made 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:

- a) buildings on freehold land: 20 to 25 years (2024: 20 to 25 years)
- b) leasehold improvements: The lower of the lease term or the estimated useful life
- c) plant and equipment: 3 to 20 years (2024: 3 to 20 years), and
- d) right-of-use assets: 2 to 15 years (2024: 2 to 15 years).

Impairment

All assets were assessed for impairment as at 30 June 2025. Where indicators 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 of disposal 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 entity were deprived of the asset, its value is taken to be its depreciated replacement cost.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise internally developed software (for internal use) and purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. The Department recognises internally developed software costing more than \$100,000 and purchased software costing more than \$500 (TGA: \$100,000).

Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software assets are:

- a) internally developed software: 2 to 10 years (2024: 2 to 10 years), and
- b) purchased software: 2 to 7 years (2024: 2 to 7 years).

All software assets were assessed for indications of impairment as at 30 June 2025.

	2025	2024
	\$'000	\$'000
3.2B: Other non-financial assets		
Prepayments	22,977	35,507
Investment in sublease	163	547
Total other non-financial assets	23,139	36,054
Other non-financial assets expected to be recovered		
No more than 12 months	23,140	35,892
More than 12 months	-	162
Total other non-financial assets	23,140	36,054

No indicators of impairment were found for other non-financial assets.

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3.3 Payables

	2025	2024
	\$'000	\$'000
3.3A: Suppliers		
Trade creditors and accruals	97,391	108,008
Contract liabilities	29,994	37,647
Total suppliers	127,386	145,655

All supplier payables are expected to be settled within 12 months of the balance date.

The payment terms for goods and services were 20 calendar days from the receipt of a correctly rendered invoice (2024: 20 days).

Contract liabilities are primarily associated with unearned income related to the activities outlined in detail at Note 1.2A. Timeframes for the satisfaction of performance obligations are primarily in line with the legislative requirements associated with the various revenue streams and can range from 15 up to 351 days.

Refer to Note 3.1C for information relating to contract assets.

3.3B: Employees

Wages and salaries	25,214	20,617
Superannuation	6,456	5,178
Total employees	31,670	25,795

All employee payables are expected to be settled within 12 months of the balance date.

3.3C: Other payables

Other	1,973	8,997
Total other payables	1,973	8,997

All other payables are expected to be settled within 12 months of the balance date.

3.4 Interest Bearing Liabilities

	2025	2024
	\$'000	\$'000
3.4A: Leases		
Lease liabilities	513,405	548,160
Total leases	<u>513,405</u>	<u>548,160</u>

Total cash outflow for leases for 2025 was \$62.2m (2024: \$61.2m).

The Department has a geographically dispersed lease portfolio related to property leases which are typically long term and contain both extension options and regular increases in rent, usually on the anniversary of the commencement date, for either a fixed amount or based on a market review as required by the contract.

Maturity analysis - contractual undiscounted cash flows

Within 1 year	52,937	56,259
Between 1 to 5 years	268,603	280,045
More than 5 years	226,245	277,554
Total undiscounted leases	<u>547,785</u>	<u>613,858</u>
Discount	(34,380)	(65,698)
Total leases	<u>513,405</u>	<u>548,160</u>

The above lease disclosures should be read in conjunction with the accompanying notes 1.1B, 1.2B and 3.2A.

Accounting Policy

For all new contracts entered into, the Department considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the Department's incremental borrowing rate. The Department's incremental borrowing rate is the rate at which a similar borrowing cost could be obtained from an independent creditor under comparable terms and conditions.

The weighted-average rate applied in 2025 was 2.07% (2024: 1.84%).

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

3.5 Other Provisions

3.5A: Other provisions

	Provision for restoration \$'000	Total \$'000
As at 1 July 2024	12,261	12,261
Amounts used	(56)	(56)
Total as at 30 June 2025	12,205	12,205

All provisions are expected to be settled more than 12 months from the balance date.

The Department currently has 6 (2024: 6) agreements for the leasing of premises which have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation.

Accounting Policy

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.

3.6 Therapeutic Goods Administration

The Therapeutic Goods Administration (TGA) contributes to Outcome 1: Health Policy, Access and Support. The TGA recovers the cost of all activities undertaken within the scope of the *Therapeutic Goods Act 1989* from industry through fees and charges.

Included below is financial information for the TGA special account. The balance of the special account represents a standing appropriation from which payments are made for the purposes of the special account. The TGA special account is reported in Note 6.2: Special accounts.

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.

The TGA receives payment for evaluation services in advance of service delivery, which can extend across financial years. The TGA estimates the stage of service completion and recognises the matching revenue. Revenue reported for 2024-25 includes an estimate for annual charges.

	2025 \$'000	2024 \$'000
3.6A: Therapeutic Goods Administration		
<u>TGA Comprehensive Income</u>		
Expenses		
Employee benefits	181,175	144,954
Contractors and consultants	11,862	13,020
Corporate services	39,585	41,786
Other	45,644	21,125
Depreciation and amortisation	4,928	5,689
Write-down and impairment of assets	3,159	1,994
Total expenses	286,353	228,568
Revenues		
Sale of goods and rendering of services	206,526	188,701
Other revenues and gains	1,267	1,856
Total own-source revenue	207,793	190,556
Revenue from Government	74,327	34,777
Deficit on continuing operations	(4,233)	(3,235)
<u>TGA Financial Position</u>		
Assets		
Financial assets	99,948	83,771
Non-financial assets	28,852	50,457
Total assets	128,800	134,228
Liabilities		
Payables	43,332	50,176
Provisions	40,020	34,563
Total liabilities	83,352	84,740
Net assets	45,448	49,488
Equity		
Contributed equity	2,029	2,029
Asset revaluation reserve	7,581	7,388
Retained surplus	35,838	40,071
Total equity	45,448	49,488

People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

4.1 Employee Provisions

	2025 \$'000	2024 \$'000
4.1A: Employee provisions		
Leave	262,492	233,458
Separations and redundancies	126	268
Total employee provisions	262,619	233,726

Accounting Policy

Liabilities for 'short-term employee benefits' and termination benefits (as defined in AASB 119 *Employee Benefits*) due within 12 months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes 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 Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Department's employer superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination. The liability for long service leave and annual leave expected to be settled outside of 12 months of the balance date has been determined by reference to the work of an actuary as at December 2024. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and considers relevant changes in the employee profile and leave taking patterns.

Separation and redundancy

The Department recognises a payable for separation and redundancy where an employee has accepted an offer of a redundancy benefit and agreed a termination date. A provision for separation and redundancy is recorded when the Department has a detailed formal plan for the payment of redundancy benefits. The provision is based on the discounted anticipated costs for identified employees engaged in the redundancy program.

Superannuation

Under the *Superannuation Legislation Amendment (Choice of Funds) Act 2004*, employees of the Department are able to become a member of any complying superannuation fund. A complying superannuation fund is one that meets the requirements under the *Income Tax Assessment Act 1997* and the *Superannuation Industry (Supervision) Act 1993*.

The Department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other compliant superannuation funds.

The CSS and PSS are defined benefits schemes for the Australian Government. The PSSap and other compliant superannuation funds are defined contribution schemes. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Department makes employer contributions to the employees' superannuation schemes at rates determined by the actuary to be sufficient to meet the current cost to the Government. The Department accounts for the contributions as if they were contributions to defined contributions plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the number of days between the last pay period in the financial year and 30 June.

4.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Department, directly or indirectly. The Department has determined the key management personnel to be the Secretary, the Chief Medical Officer and all Deputy Secretaries and equivalents. Key management personnel also include officers who have acted as the Secretary, CMO or Deputy Secretary and equivalents for a period of at least 4 weeks, and have exercised significant authority in planning, directing and controlling the activities of the Department. Key management personnel remuneration is reported in the table below:

	2025 \$'000	2024 \$'000
Short-term employee benefits	4,180	4,284
Post-employment benefits	578	568
Other long-term employee benefits	138	250
Termination benefits	468	-
Total key management personnel remuneration expenses¹	5,364	5,101

The total number of key management personnel that are included in the above table is 16 (2024: 14).

Remuneration information for executives and other highly paid officials is included in the annual report in part 3.4: People and Appendix 2 Workforce Statistics.

¹The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Ministers. The Portfolio Ministers' remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

4.3 Related Party Disclosures

Related party relationships

The Department is an Australian Government controlled entity. Related parties to the Department are key management personnel including the Portfolio Minister and Executive Government, and other Australian Government entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate, Medicare bulk billing provider payments, pharmaceutical benefits or a zero real interest loan for aged care providers. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- a) the payment of grants or loans
- b) purchases of goods or services
- c) asset purchases, sales transfers or leases
- d) debts forgiven, and
- e) guarantees.

Giving consideration to relationships with related entities and transactions entered into during the reporting period by the Department, it has been determined that there are no related party transactions to be separately disclosed.

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Assets and Liabilities Administered on Behalf of the Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result, which the Department does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

5.1 Administered - Financial Assets

	2025 \$'000	2024 \$'000
5.1A: Cash and cash equivalents		
Cash in special accounts	156,306	5,962,558
Cash on hand or on deposit	89,183	148,524
Total cash and cash equivalents	245,490	6,111,083
5.1B: Accrued recoveries revenue		
Personal benefits		
Pharmaceutical benefits	949,570	2,016,165
Aged care	121,709	131,958
Medicare benefits	13,746	10,386
Other personal benefits	457	453
Subsidies		
Medical indemnity	6,346	5,769
Aged care	421,659	329,530
Other subsidies	49	49
Total accrued recoveries revenue (gross)	1,513,536	2,494,310
Less impairment loss allowance	(368,003)	(1,881,670)
Total accrued recoveries revenue (net)	1,145,533	612,640
All accrued recoveries are expected to be recovered within 12 months of the balance date.		
5.1C: Trade and other receivables		
Goods and services		
Goods and services receivable	2,233,692	1,250,569
GST receivable from the Australian Taxation Office	85,618	48,186
Contract assets	5,946	7,045
Total goods and services receivables	2,325,256	1,305,800
The contract assets represent outstanding amounts relating to the licensing and evaluation services provided by the Department in connection with the Medicinal Cannabis Licensing program and functions of the Pharmaceutical Benefits Advisory Committee.		
Advances and loans		
Aged care facilities		
Nominal value	153,718	172,066
Less: Unexpired discount	(11,348)	(13,776)
Total advances and loans	142,371	158,290
Total trade and other receivables (gross)	2,467,626	1,464,090
Less expected credit loss allowance	(12,248)	(10,345)
Total trade and other receivables (net)	2,455,379	1,453,745

Credit terms for goods and services were within 30 days (2024: 30 days).

Accounting Policy

Loans were made to approved providers under the *Aged Care Act 1997* for an estimated period of 12 years. No security is generally required. Principal is repaid in full at maturity. Interest rates are linked to the Consumer Price Index. Interest payments are due on the 21st day of each calendar month.

	2025	2024
	\$'000	\$'000
5.1D: Investments in portfolio entities		
Australian Commission on Safety and Quality in Health Care	7,833	7,048
Australian Digital Health Agency	156,731	165,833
Australian Institute of Health and Welfare	34,000	37,594
Australian Sports Commission ¹	-	353,186
Australian Sports Foundation Ltd ¹	-	5,942
Food Standards Australia New Zealand	7,382	9,274
Independent Health and Aged Care Pricing Authority	76,040	47,645
National Disability Insurance Agency ¹	2,400,097	-
Hearing Australia ¹	81,440	-
Total investments in portfolio entities	2,763,523	626,522

The principal activities of each of the Department's administered investments in portfolio entities were:

- a) The Australian Commission on Safety and Quality in Health Care works to lead and coordinate national improvements in safety and quality in health care across Australia.
- b) The Australian Digital Health Agency has responsibility for the strategic management and governance for the national digital health strategy and the design, delivery and operations of the national digital healthcare system.
- c) 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.
- d) The Australian Sports Commission manages, develops and invests in sport at all levels. It works closely with a range of national organisations, state and local governments, schools and community organisations to ensure sport is well run and accessible.
- e) The Australian Sports Foundation Ltd assists sporting, community, educational and other government organisations to raise funds for the development of sports infrastructure.
- f) Foods Standards Australia 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.
- g) The Independent Health and Aged Care Pricing Authority determines the national efficient price and national efficient cost each year for healthcare services provided by public hospitals to inform decision makers in relation to funding of public hospitals.
- h) The National Disability Insurance Agency is responsible for implementing and administering the National Disability Insurance Scheme (NDIS), including determining eligibility, developing individualised plans, managing funding and providing information, support and guidance to participants, their families and service providers.
- i) Hearing Australia is a statutory authority constituted under the Australian Hearing Services Act 1991. Hearing Australia is the primary provider of hearing services funded by the Australian government.

1. In accordance with the Administrative Arrangements Order of 13 May 2025, investments in the Australian Sports Commission and the Australian Sports Foundation Ltd were transferred to the Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, and investments in the National Disability Insurance Agency and Hearing Australia were transferred from the Department of Social Services and are included in these financial statements.

	2025	2024
	\$'000	\$'000
5.1E: Other investments		
Biomedical Translation Fund - Brandon Capital Partners	131,215	127,319
Biomedical Translation Fund - OneVentures Management	28,543	28,543
Biomedical Translation Fund - BioScience Managers	31,102	39,346
Total other investments	190,860	195,208

All other investments are expected to be recovered more than 12 months from the balance date.

The Biomedical Translation Fund (BTF) is an equity co-investment venture capital program announced in the National Innovation and Science Agenda to support the development of biomedical ventures in Australia. The BTF Program will help translate biomedical discoveries into high growth potential companies that are improving long term health benefits and national economic outcomes. It is delivered by the Department of Industry, Science and Resources (AusIndustry) on behalf of the Department through licensed private sector, venture capital fund managers.

Funding for the BTF Program is secured through the Biomedical Translation Fund Special Account. The above disclosures should be read in conjunction with note 6.2.

Accounting Policy

Administered investments represent corporate Commonwealth entities and companies within the Health portfolio. Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is only relevant at the whole-of-Government level.

Administered investments other than those held for trading are classified as fair value - other comprehensive income equity instruments and are measured at their fair value as at 30 June 2025. Fair value has been taken to be the Australian Government's proportional interest in the value of the net assets of each licensed investment fund, based on the latest available audited trust accounts increased by the value of new investments acquired during the reporting period.

5.2 Administered - Non-Financial Assets

5.2A: Reconciliation of the opening and closing balances of plant and equipment

	Total \$'000
As at 1 July 2024	
Gross book value	8,555
Accumulated depreciation, amortisation and impairment	(7,098)
Total as at 1 July 2024	1,457
Depreciation and amortisation	(1,457)
Total as at 30 June 2025	-
Total as at 30 June 2025 represented by	
Gross book value	8,555
Accumulated depreciation, amortisation and impairment	(8,555)
Total as at 30 June 2025	-

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5.2 Administered - Non-Financial Assets

	2025	2024
	\$'000	\$'000

5.2B: Inventories**Inventories held for distribution**

National Medical Stockpile (NMS) and COVID-19 vaccines & consumables

Opening balance	1,135,543	2,977,592
Add: Purchases	518,044	474,608
Less: Deployments	(299,602)	(915,396)
Less: Grants to overseas	-	(192)
Less: Write down & impairment	(626,531)	(1,408,461)
Add: Other adjustments	326	7,392
Total Inventories held for distribution	727,780	1,135,543

During 2025 \$926m of inventory held for distribution was recognised as an expense (2024: \$2,324m).

5.2C: Other non-financial assets

NMS and COVID-19 vaccines & consumables prepayments

	413,016	1,040,694
Total other non-financial assets	413,016	1,040,694

All other non-financial assets are expected to be recovered within 12 months of the balance date.

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Accounting Policy

The Department's administered inventories relate to:

- a) The National Medical Stockpile (the NMS). The NMS is a strategic reserve of medicines, vaccines, antidotes and protective equipment available for use as part of the national response to a public health emergency. It is intended to augment state and territory government reserves of key medical items in a health emergency, which could arise from terrorist activities or natural causes. Inventories held for distribution are valued at cost, adjusted for any loss of service potential.
- b) COVID-19 vaccines and consumables. The Commonwealth has entered into multiple agreements to acquire doses of COVID-19 vaccines. Vaccines and consumables are held for distribution prior to being deployed to administration sites.

Not all inventories are expected to be distributed in the next 12 months.

Costs in bringing each item to its present location and condition include purchase costs plus any other reasonably attributable costs, such as overseas shipping and handling and import duties, less any bulk order discounts and rebates received from suppliers.

Inventory is held at cost and adjusted where applicable for loss of service potential. Health considers the current replacement cost is the most appropriate basis for loss of service potential for inventories.

Inventories that are damaged or have passed their use-by dates are written off on the basis that the service potential is nil.

Inventories acquired at no or nominal cost are measured at current replacement cost at the date of acquisition. Any difference between acquisition costs and the value of these inventories is recognised as revenue.

Inventories are measured at weighted average cost, adjusted for obsolescence, other than vaccine stock which is measured using the costs specific for those items.

In determining impairment losses recognised in connection with the Department's inventories, management have applied assumptions and judgment in determining the current cost estimate (CCE). The CCE is used as the basis for measuring impairment losses where the weighted average cost of inventories exceeds the CCE. The CCE is determined based on observable market evidence including prices for comparable products and other market trends impacting supply.

Inventory prepayments represent the value of inventory paid for but not yet delivered by the supplier or accepted by the Department.

5.3 Administered - Payables

	2025 \$'000	2024 \$'000
5.3A: Suppliers		
Trade creditors and accruals	272,700	207,309
Contract liabilities	6,250	7,128
Total suppliers	278,951	214,436

All suppliers are expected to be settled within 12 months of the balance date.

The payment terms for goods and services are 20 calendar days from the receipt of a correctly rendered invoice (2024: 20 days).

The contract liabilities are associated with the unearned portion of licensing and evaluation fee revenue collected predominantly in connection with the Medicinal Cannabis Licensing program and functions of the Pharmaceutical Benefits Advisory Committee.

5.3B: Subsidies

Aged care	103,938	95,050
Medical indemnity	16,743	14,199
Total subsidies	120,681	109,249

All subsidies are expected to be settled within 12 months of the balance date.

5.3C: Personal benefits

Direct personal benefits		
Private health insurance	603,795	561,739
Indirect personal benefits		
Medical services	610,602	652,652
Pharmaceuticals and pharmaceutical services	63,765	33,882
Aged care	828,333	667,603
Other	78,389	82,736
Total personal benefits	2,184,884	1,998,612

All personal benefits are expected to be settled within 12 months of the balance date.

5.3D: Grants

Australian Government entities (related entities)	1,554	5,591
Profit and non-profit organisations	251,618	554,202
Total grants	253,172	559,793

All grants are expected to be settled within 12 months of the balance date.

5.4 Administered - Other Provisions

5.4A: Subsidies

	Balance as at 30 June 2024	Claims paid	Schedule of Administered items impact	Balance as at 30 June 2025
	\$'000	\$'000	\$'000	\$'000
Medical Indemnity Liabilities				
Incurred but not reported scheme	5,000	(1,231)	2,307	6,076
High cost claims scheme	354,000	(72,745)	67,902	349,157
Run-off cover scheme	207,000	(17,317)	59,319	249,002
Total Medical Indemnity Liabilities	566,000	(91,293)	129,528	604,235
Midwife Professional Indemnity Liabilities	6,700	(605)	1,605	7,700
COVID-19 Vaccine Claims Liabilities	27,500	(23,945)	20,150	23,705
Total	600,200	(115,843)	151,283	635,640

Accounting Policy**Medical Indemnity Schemes**

The Department administers the following medical indemnity schemes under the *Medical Indemnity Act 2002*:

- Incurred But Not Reported Scheme (IBNRS)
- High Cost Claims Scheme (HCCS)
- Exceptional Claims Scheme (ECS)
- Run-Off Cover Scheme (ROCS)
- Premium Support Scheme (PSS)
- Allied Health High Costs Claims Scheme (AHHCCS), and
- Allied Health Exceptional Claims Scheme (AHECS).

The payments for medical indemnity are managed by Services Australia, the service delivery entity, on behalf of the Department through its Medicare program.

The Australian Government Actuary (AGA) estimated the provision for future payments for the medical indemnity schemes administered by the Department. At the reporting date, provision for future payments was recognised for IBNRS, HCCS, and ROCS. No provision was recognised for ECS, as to date no payment has been made against this scheme and it could not be reliably measured, and is therefore reported as a contingent liability in Note 7.1B. No provision was recognised for the PSS as the nature and timing of payments associated with the scheme are based on a relatively predictable pattern of annual payments that must be settled within 12 months of the end of the premium period.

AHHCCS and the AHECS were only implemented from 1 July 2020. There is currently insufficient information to estimate their liabilities separately and the schemes are expected to be immaterial. Any associated liabilities of these new schemes are currently included in the liability estimates of the HCCS and the ECS respectively, until there is sufficient information to separately assess the liabilities of the new schemes.

The methods used by the AGA to estimate the liability under the different schemes are as follows:

General

The AGA has relied on projections that have been prepared by the appointed actuaries to the five medical indemnity insurers (MIIs) and provided to the Commonwealth under the relevant provisions of the *Medical Indemnity Act 2002*. Payment information from the Medicare program complemented the projection. Where appropriate, adjustments have been made to those projections as described below.

IBNRS

The IBNRS provides for payments to Avant Mutual Group for claims made in relation to its IBNR liability at 30 June 2002. Some claims that will be payable under the IBNRS may also be eligible for payment under the HCCS.

The AGA has carried out chain ladder modelling using the payments data. The results of this analysis have been compared to the projections prepared by the industry actuaries. The results closely match and, as a result, the AGA has largely relied on industry projections to estimate the liability.

ROCS

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 MIs.

The AGA has developed an independent ROCS actuarial model which estimates the total annual accruing ROCS cost to the Australian Government. The model output is used to check against industry actuaries' projections. For the estimate of the outstanding ROCS liability as at 30 June 2025, the AGA has relied on the projections from the actuary of each of the MIs, but has adjusted the IBNRS component on comparison with the projections from its own ROCS internal model. Given that the majority of the claims anticipated under this scheme have not yet been made, the AGA noted a relatively high level of uncertainty in the estimate.

HCCS

Under HCCS, the Government pays 50% of the cost of claims made to all MIs that exceed a specified threshold, up to the limit of the practitioner's insurance. The threshold to be applied depends on the date of the notification of the claim as follows:

- a) from 1 January 2003 to 21 October 2003 - \$2m
- b) from 22 October 2003 to 31 December 2003 - \$0.5m
- c) from 1 January 2004 to 30 June 2018 - \$0.3m, and
- d) on or after 1 July 2018 - \$0.5m.

The AGA has relied on the projections of the industry actuaries but has made adjustments in respect of claims which are also eligible for the IBNRS and/or ROCS to ensure overall consistency of the estimates.

Material accounting judgements and estimates

The nature of the medical indemnity liability estimates is inherently, and unavoidably, uncertain. The uncertainty arises for the following reasons:

- a) it is not possible to precisely model the claims process, and random variations in both past and future claims have or will have adverse consequences on the model
- b) there can be a long delay between incident occurrences, to notification and settlement, making the projection of timing very uncertain
- c) the nature and cause of injury is difficult to determine and prove
- d) the claims experience can be very sensitive to the surrounding factors such as technology, legislation, attitudes and the economy
- e) in general, these schemes have a small number of large claims which account for a substantial part of the overall cost. This is associated with large expected random variation. It follows that a wide range of results can be obtained with equal statistical significance which differs materially in the context of a schedule of assets and liabilities. This is a common situation with liabilities of this nature
- f) medical indemnity claims costs tend to increase at a faster rate than general inflation, and
- g) economic assumptions have not been adjusted for the impacts of COVID-19, because their effect is indirect and likely to be short-term.

The experience of the medical indemnity claims cycle indicates that claims and subsequent payments can take a number of years to mature and settle. The Department used a 3.5% per annum discount rate in the calculation of the estimate for the current year. This discount rate was derived from the information provided by the Australian Office of Financial Management based on the average observed liability duration of 4.5 years for the medical indemnity payments. A discount rate of 4.1% was used last year, which was derived using the same method.

A sensitivity analysis was undertaken by moving the discount rate either up or down to the nearest full percentage point. Increasing the discount rate to 4% would result in a discounted liability estimate which is about 2.2% (\$13m) less than the base estimate. On the other hand, decreasing the discount rate to 3% would result in a liability estimate which is about 2.3% (\$14m) higher than the base estimate.

	2024-25			2023-24
	discounted 3.0% \$m	discounted 3.5% \$m	discounted 4.0% \$m	discounted 4.1% \$m
Incurring But Not Reported Scheme	6	6	6	5
High Cost Claims Scheme	355	349	343	354
Run-Off Cover Scheme	257	249	242	207
Total	618	604	591	566

1. 4.1% was used as the basis of the estimation in 2023-24.

Midwife Professional Indemnity Schemes

The Department administers the following midwife professional indemnity schemes under the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*:

- Midwife Professional Indemnity (Commonwealth Contribution) Scheme (MPIS), and
- Midwife Professional Indemnity Run-off Cover Scheme (MPIRCS).

Under the MPIS, the Commonwealth reimburses a specified percentage of the costs of claims notified to Medical Insurance Australia Pty Ltd (MIGA) on or after 1 July 2010. Reimbursements are calculated under a tiered approach where the Commonwealth reimburses MIGA for:

- 0% of costs for claim costs up to \$100,000
- 80% of costs for claim costs over \$100,000 and up to \$2,000,000, and
- 100% of costs exceeding \$2,000,000.

A small number of payments have been made to date by Services Australia under MPIS. There have been no payments or claims notified under MPIRCS. The AGA used the claims lodged with MIGA, adjusted for the actual payments made under MPIS, as the basis for calculating the provision. A discount rate of 3.5% per annum was used in the calculation of the estimate for the current year, consistent with the medical indemnity schemes.

No provision was recognised for MPIRCS, as to date no claims have been lodged with MIGA and a reliable estimate cannot be made in relation to the future claims.

COVID-19 Vaccine Claims

The Vaccine Claims Scheme is designed to operate on a no-fault basis for eligible Australians to claim compensation for certain recognised moderate to severe vaccine-related adverse events that involve losses or expenses of at least \$1,000 as a direct result of an administered COVID-19 vaccine.

The potential liability for claims under the scheme was estimated by the AGA using the claims data provided by Services Australia, categorised into tiers based on the severity of eligible losses being claimed as follows:

- a) Tier 1 - claims in the range of \$1,000 - \$20,000
- b) Tier 2 - claims in excess of \$20,000, and
- c) Tier 3 - claims involving a loss of life.

A tailored modelling approach was developed for each tier, reflective of the perceived level of subjectivity associated with the relevant claim type, with higher tiers requiring specialist assessment on a case-by-case basis, and the potential claim amount.

The scheme has closed to new applications in September 2024.

Material accounting judgements and estimates

Due to a surge in claims in the lead-up to the scheme's closure in September 2024, a high number of claims remain unfinalised as at 30 June 2025. This results in a heightened level of uncertainty associated with the estimates. The uncertainty arises for the following reasons:

- a) the number of applications which are yet to be finalised remains high
- b) the payment amount can vary significantly from the claim amount stated on the application; no reliable pattern can be derived from the data
- c) the assessment of claims is subject to a significant level of judgement, as each application is considered on a case-by-case basis; Level 2 claims and some level 1 claims are referred to an expert panel, with no information being available around how decisions are made by the panel
- d) claims data includes limited variables to assist with the valuation process, and
- e) hospitalisation data lacks the granularity required to be of use in the valuation process.

Key assumptions and sensitivities

Certain assumptions were applied to the available data. The effects of discounting and inflation were assumed to offset each other, consistent with prior year's methodology. The claims administration costs incurred are funded separately to this scheme and are outside the scope of this valuation. There is also no allowance for the Department's costs of managing the scheme.

Due to the prevalent uncertainties, the liability estimate is particularly sensitive to the acceptance rate and the payment to claim ratio for Tier 2 claims. A sensitivity analysis was undertaken on these factors to understand the overall impact on the ultimate liability being recognised:

Scenario	<u>Liability</u> <u>Estimate</u> <u>(\$'m)</u>	<u>Change</u>
Baseline (excluding prudential margin)	23.7	
Increase Tier 2 acceptance rate by 5%	30.3	27.7%
Decrease Tier 2 acceptance rate by 5%	15.6	-34.2%
Double payment to claim ratio for Tier 2	36.4	53.6%
Halve payment to claim ratio for Tier 2	15.9	-32.9%

	2025 \$'000	2024 \$'000
5.4B: Personal benefits		
Outstanding claims		
Medical services	925,202	911,034
Pharmaceuticals and pharmaceutical services	308,087	293,785
Total personal benefits	1,233,289	1,204,819

All personal benefits are expected to be settled within 12 months of the balance date.

Accounting Policy

Material accounting judgements and estimates

Medicare payments processed by Services Australia on behalf of the Department are either reimbursements to patients, made after medical services have been received from a doctor, or payments made directly to doctors through the bulk billing system. At any point in time, there are thousands of cases where a medical service has been rendered, but the Medicare payment has not yet been made. Services Australia has been using the 'Winters' methodology to estimate the value of these outstanding claims.

Under the 'Winters' methodology, a number of models are used to estimate the outstanding Medicare claims liabilities. The model preferred by the industry, and consistently applied in past financial statements of the Department, is Model 5. Model 5 comprises two major components: chain ladder modelling and time series modelling.

Under Model 5, user defined parameters are applied to smooth the time series observations and make predictions about future payment values. As the parameters are user defined it is reasonable to assume that different users of the model may make different choices, and therefore arrive at different estimates of the outstanding liability. In order to validate the parameters used, actual payment data has been compared to previous estimates using various parameters to predict the liability. The model weighs recent payment experience more heavily and is therefore self-adjusting for emerging trends.