Australian Government

Department of Health

Annual Report

2014-2015

RESULTS
Part 2

Key Performance Indicators and Deliverables

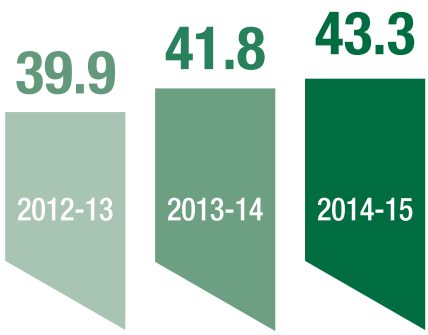
75.45% **met**

19.16% **substantially met**

5.39% **not met**

FINANCE
Part 4

Administered expenses ($ billion)



PEOPLE
Part 3

3,598
EMPLOYEES

69%
FEMALE

31%
MALE

20%
PART TIME

29.7%
EMPLOYEES WITH OVER 10 YEARS SERVICE

86%
GRADUATE RETENTION RATE

Australian Government
Department of Health

Our vision

Better health and wellbeing for all Australians, now and for future generations

Our purpose

Lead and shape Australia's health system and sporting outcomes through evidence based policy, well targeted programmes, and best practice regulation

Our capabilities

- We build leadership at all levels
- We think strategically and make evidence based choices
- We strengthen our key relationships
- We embed innovation in our work
- We manage cost and invest in long term sustainability

Our strategic priorities

Better health outcomes and reduced inequality through:

- An integrated approach that balances prevention, primary, secondary and tertiary care
- Promoting greater engagement of individuals in their health and healthcare
- Enabling access for the most disadvantaged including Aboriginal and Torres Strait Islander people, people in rural and remote areas and people experiencing socio-economic disadvantage

Affordable, accessible, efficient, and high quality health system through:

- Partnering and collaborating with others to deliver health programmes
- Better, more cost-effective patient care through innovation and technology
- Regulation that protects the health and safety of the community

Better sport outcomes through:

- Boosting participation opportunities for all Australians
- Optimising international performance
- Safeguarding integrity in sport

Our values and behaviours

Values	Our behaviours in action
I – Impartial	Collaborate to innovate – work with others to make a difference
C – Committed to Service	Invest in high performance – nurture talent and build capability in others
A – Accountable	Trust and empower – build trust to exercise responsibility
R – Respectful	Listen and appreciate – listen with intent and value contributions
E – Ethical	Walk the talk – lead by example and embrace change

About this Report

This is the Secretary's report to the Minister for Health for the financial year ended 30 June 2015.

This Annual Report relates to the Department of Health's performance for 2014-15 against the measures outlined in the Portfolio Budget Statements and the Portfolio Additional Estimates Statements for the same period. The report forms a primary mechanism of accountability to the Parliament of Australia.

The report has been prepared in line with the *Requirements for Annual Reports for Departments, Executive Agencies and other non-corporate Commonwealth entities* (the Annual Report Requirements). The compliance index (on page 410) will direct you to where information required by the Annual Report Requirements can be found in this report.

In addition to providing key corporate information and mandatory reporting requirements, this report contains details of our performance. Readers will find relevant programme objectives, deliverables and key performance indicators listed for each outcome, together with details of our effectiveness in achieving these outcomes.

Navigation aids include:

- Tables of contents (overarching and also at the beginning of each part)
- Comprehensive index
- Glossary
- List of acronyms and abbreviations
- List of websites

2014-2015 Department of Health Annual Report

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Australian Government
Department of Health

SECRETARY

The Hon Sussan Ley MP
Minister for Health
Minister for Sport
Parliament House
Canberra ACT 2600

Dear Minister

As required under subsection 63(1) of the *Public Service Act 1999*, I provide you with the Department of Health Annual Report for the period 1 July 2014 to 30 June 2015, which reports on the performance and functions of the Department for that period.

This report, for your presentation to the Parliament, reflects the *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (as approved by the Joint Committee of Public Accounts and Audit), updated 25 June 2015.

The report also contains information as required under other applicable legislation including the *Public Governance, Performance and Accountability Act 2013*, the *National Health Act 1953*, the *Environment Protection and Biodiversity Conservation Act 1999*, the *Work Health and Safety Act 2011*, the *Tobacco Plain Packaging Act 2011*, the *Freedom of Information Act 1982* and the *Commonwealth Electoral Act 1918*.

The annual reporting for the National Industrial Chemicals Notification and Assessment Scheme and the Pharmaceutical Benefits Advisory Committee, along with the financial statements for the Australian National Preventative Health Agency, are included in the report as appendices.

The Department has prepared fraud risk assessments and fraud control plans, has in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the Department, and has taken all reasonable measures to appropriately deal with fraud. These fraud control arrangements comply with section 10 of the *Public Governance, Performance and Accountability Rule 2014*.

Yours sincerely

Martin Bowles
Secretary

11 September 2015

CONTENTS

Secretary's Review

My arrival as Secretary, in October 2014, coincided with a period of external and internal reviews of the Department. These reviews have identified opportunities to improve our capability, to match the challenges currently facing the Australian health system.

We have already made significant progress in addressing the recommendations of these reviews and change continues. Organisational re-alignment and improvements in business processes are ensuring that we are best placed to tackle our new strategic agenda.

The executive leadership team and I will continue to focus on building our capability in terms of people leadership, strategic policy, effective governance, proportionate risk management and active stakeholder engagement, while recognising that our people's skills are essential to success. This focus is reflected in the Department's new *Corporate Plan 2015-2016.*

We are also working hard to fulfil our role as the pre-eminent health and sport policy adviser to Government, with the aim of strengthening and preparing the health and sport systems for future generations.

We will continue to identify opportunities for innovation and improvement to ensure that we are well placed to respond to the continually changing health landscape.

While implementing these changes within the Department, we have continued to deliver against the Department's key programmes and initiatives, to support the Government, and improve the health and wellbeing of Australians.

Rebuilding the primary health care system

During 2014-15, the Department undertook the task of implementing a new structure for primary health care, to replace the national network of Medicare Locals. This resulted in a smooth transition from Medicare Locals

to 31 Primary Health Networks (PHNs) on 1 July 2015. The PHNs will guide and enable positive changes in primary health care. They will work closely with GPs, other primary health care providers, secondary care providers and hospitals to improve and better coordinate care for patients across the local health care system. They will particularly assist patients at risk of poor health outcomes and those with complex needs, ensuring they receive the right care in the right place at the right time. PHNs will also use flexible funding and innovative methods to address national and local health priorities.

Improving the sustainability of Medicare

The Medicare Benefits Schedule (MBS) is one of the key ways that the Australian Government supports access to health services. In 2014-15, more than $20 billion was spent on MBS rebates for patients.

During 2014-15, two new expert groups, comprising highly respected health professionals and consumer representatives, were set up to work closely with the Government to improve the operations of Medicare. The Primary Health Care Advisory Group is investigating options for improving primary care, especially in relation to patients with complex and chronic illness, and the treatment of mental health conditions.

The MBS Review Taskforce is undertaking the first comprehensive review of the MBS, which lists more than 5,500 services that are eligible for Medicare subsidies. The Taskforce will work to identify how Australians can receive better value from the health services supported by the MBS, through aligning them with contemporary clinical evidence to improve health outcomes for patients.

Reviewing mental health

In 2014-15, the Department worked towards creating a more effective and efficient mental health system by establishing an Expert Reference Group to provide advice to the Department and the Minister on key system issues identified by the Review of Mental Health Programmes and Services. The Group brings together experts in mental health with extensive experience in primary care, youth mental health, service integration and other key areas. In 2015-16, the Department will hold targeted consultations with a broad range of stakeholders to further inform its advice to the Government on a response to the Review.

Providing high quality essential health services for Indigenous Australians

Closing the gap in health outcomes experienced by Aboriginal and Torres Strait Islander peoples, compared to non-Indigenous Australians, remains a priority for the Department. While the Closing the Gap Report released in February 2015 noted ongoing challenges in relation to life expectancy, there has been a significant improvement in chronic disease mortality (down 19 per cent between 1998 and 2012), and child mortality (35 per cent reduction in the gap between Indigenous and non-Indigenous children from 1998 to 2013).

The Indigenous Australians' Health Programme, established in July 2014, consolidated four existing funding streams, including chronic disease funding. This change enabled better alignment of high quality essential services with need, a greater focus on tangible outcomes, and a reduction in red tape. As part of this, the Tackling Indigenous Smoking Programme was redesigned to make it more effective in reducing the health damage caused by smoking.

Negotiating the Sixth Community Pharmacy Agreement

This year has been a busy year for the Pharmaceutical Benefits Scheme (PBS). The Department undertook extensive and broad-ranging negotiations across the pharmacy and pharmaceutical sectors, other health professional groups and consumers, which culminated in the signing of new five year agreements with both community pharmacy and the generic medicines industry.

The Sixth Community Pharmacy Agreement represents a significant investment ($18.9 billion over five years) in supporting community pharmacies across Australia to deliver both affordable medicines and related professional health care services.

This Agreement is significant in bringing a change to the way in which pharmacists are paid for dispensing PBS medicines. The Agreement will also support an expanded health care role for community pharmacy and pharmacists, which will contribute to patient health outcomes and improve the quality use of medicines in the community. The Agreement also provides efficiencies which ensure that important new medicines can continue to be listed on the PBS. It is a lasting achievement for the Department in assuring the future sustainability of the PBS for all Australians.

Implementing the new Health Star Rating system

With overweight and obesity now serious health issues, the Department has been active on many fronts to help Australians to adopt better lifestyle habits. The Health Star Rating food labelling system, developed through more than two years of collaborative negotiations, makes it easier for shoppers to choose healthier food options by rating the nutrition of packaged foods from half a star to five stars.

In 2014-15, the Department supported implementation of the Health Star Rating system, including through a public education campaign on how to use it. In the first year, the system has been adopted on more than 1,000 products, with more being added each week.

Adopting a new direction for electronic health records

We are working with stakeholders to implement the recommendations from the review of the Personally Controlled Electronic Health Record (PCEHR) in order to maximise the benefits of eHealth to the Australian community. The Review strongly supported maintaining and improving the system.

The recommendations were targeted to deliver the necessary increased usage to deliver tangible benefits and include: renaming the PCEHR to *My Health Record*; the formation of a new governing body – the Australian Commission for eHealth; improvements to usability and clinical content of the records; better targeted communication; training for healthcare providers; trials of participation arrangements, including 'opt-out'; and a review of incentive payments for use of the system. Planning and delivery of the recommendations is currently underway.

Supporting GP training

Supporting and growing our health workforce is critical to the delivery of effective primary health care services across Australia, particularly in rural and remote communities. The closure of General Practice Education and Training Ltd and Health Workforce Australia, provided the opportunity to evaluate and reform the delivery of GP training to meet increasing demand, and improve health workforce distribution while lowering costs. The Department worked closely with the medical profession to align training regions with PHN boundaries, and ensure a mix of urban, regional and rural training opportunities are provided within each region. The changes have freed up resources to be used to provide additional GP training places.

Delivering world class sporting events

In sport, 2014-15 was a busy year for the Department on and off the field. The Office for Sport played a critical role in coordinating and delivering whole-of-government support to the Asian Cup 2015 and the Cricket World Cup 2015. These major events received significant public support, notably in bringing Australia's diverse cultural groups together through sport. Australia's reputation as a successful host of international sporting events was also showcased, and opportunities to boost tourism, trade and investment outcomes were maximised. Moreover, the success of Australia's national teams in both events has provided a foundation to encourage young people to participate in sport and to lead an active lifestyle.

Reducing regulatory burden and cutting red tape

We are contributing to the Government's priority of reducing the impact of regulation and red tape on business, community organisations and individuals, while maintaining desired health outcomes and upholding public health and safety protections.

In 2014, our actions contributed more than $152 million towards the Government's target of $1 billion in red tape reductions. Benefits from these reforms are already being felt by our key stakeholders. Applications for assistance with hearing aids, from vulnerable people with hearing loss, are now being processed in minutes through the Hearing Services Online portal, compared to up to six weeks previously, and reduced application and reporting requirements for health grants are saving considerable time and effort for many organisations. Opportunities to further streamline and simplify systems for consumers and the health sector will continue to be identified across the Portfolio.

In conclusion

For both the Department and Australia's health system, 2014-15 was a significant year in which foundations were laid for reform and ongoing change and improvement in structures, systems and processes.

These ongoing changes are designed to position the Australian health system to maintain its world-class reputation and deliver high quality health care to Australians now and for future generations.

The changes within the Department will enable us to fulfil our roles as key adviser to Government on health issues, and chief steward of the nation's health system. We are now better equipped to address future challenges in the health environment and to fulfil our vision of *'better health and wellbeing for all Australians, now and for future generations'.*

Martin Bowles PSM

Secretary
September 2015

Chief Medical Officer's Report

Responding to Ebola

Last year I highlighted the current outbreak of Ebola in West Africa, which at that time was already the largest ever reported, with just over 1,000 cases. On 8 August 2014, the World Health Organization (WHO) declared the outbreak a Public Health Emergency of International Concern. As at 22 July 2015, there have been 27,741 cases, and of these 11,284 people have died (Figure 1 refers).[1] Guinea, Liberia and Sierra Leone have been the most affected countries, but there have also been importations and limited transmission in a range of other countries.

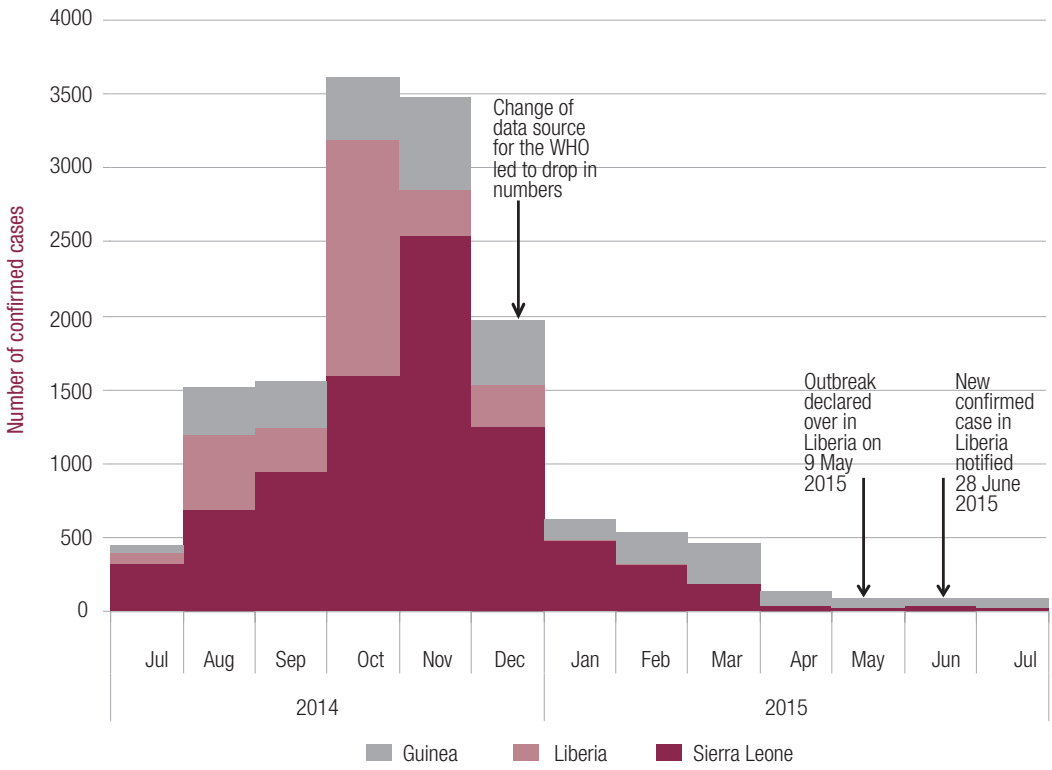
During the past year, I was an active participant in the WHO International Health Regulations Emergency Committee on Ebola. The committee met six times during 2014-15 to provide advice on the Ebola outbreak to the WHO Director-General, in accordance with the *International Health Regulations 2005.*

This humanitarian emergency has damaged and significantly compromised West Africa's already fragile health systems. This is because while energies have focused on managing the Ebola outbreak, people have not had access to routine health services.

The risk of a case of Ebola arriving in Australia remains low. However, with many Australians travelling to West Africa to assist with the crisis, and with the potential consequences of a single undetected case being so high, enhanced border measures were introduced in November 2014. These measures include a new travel history card and screening travellers for fever and risk factors for infection. All States and Territories, in partnership with the Commonwealth, have been working together to ensure that anyone who could be at risk of infection is monitored, so that we can identify any potential cases of Ebola in Australia, early. Further information on Australia's domestic response to the Ebola virus outbreak is available in Part 2*: Outcome 9: Biosecurity and Emergency Response*.

1 World Health Organization, 2015, *Ebola outbreak*, accessed 22 July 2015, www.who.int/csr/disease/ebola/en/

Figure 1: WHO confirmed cases of Ebola in West Africa, as of 22 July 2015



Developing response and preparedness plans for MERS-CoV

In my reports for the last two years, I have indicated that we are actively monitoring the incidence of Middle East Respiratory Syndrome Coronavirus (MERS-CoV). This past year has seen the first significant outbreak of MERS-CoV outside of the Middle East.[2] The Republic of Korea (South Korea) has reported 186 confirmed cases, with a case fatality rate of 19 per cent. As at 15 July 2015, more than 1,300 laboratory confirmed cases of MERS-CoV had been identified world-wide, with more than one third of those people dying. Interestingly, the cases in the South Korean outbreak have generally had a milder disease on presentation, resulting in a lower case fatality rate. I believe that this can likely be attributed to earlier diagnosis and better contact tracing.

MERS-CoV continues to be a significant problem in the Middle East and much is still unknown about the transmission and infectivity of the virus. All cases of MERS world-wide have had a history of residence in or travel to the Middle East, contact with travellers returning from these areas, or can be linked to an initial imported case.

To date, no cases have been detected in Australia but I continue to liaise with senior public health officials from around the globe on this issue, through my role as chair of the WHO International Health Regulations Emergency Committee on MERS-CoV.

As part of Australia's preparedness measures, the Department has revised existing guidelines for health professionals on the management of MERS-CoV, supported a strengthening of infection control and public health management in Australia, and contributed to a more consistent management approach across the country.

[2] World Health Organization. Middle East Respiratory Syndrome Coronavirus – updates 23 September 2012 to 15 July 2015.

Foodborne illness knows no borders

In early February 2015, an outbreak of hepatitis A in Australia was thought to be linked to the consumption of a particular brand of imported frozen mixed berries. Frozen berries have been associated with a number of hepatitis A outbreaks internationally in recent years, and investigating these outbreaks has proved difficult, due to the complex nature of the modern international food supply.[3,4,5] The outbreak was first detected by Victorian public health authorities and rapid action was taken by the Victorian Department of Health and Human Services, Food Standards Australia New Zealand (FSANZ), the National Food Safety Network and the affected company to withdraw all potentially contaminated product from the market via voluntary recalls.

OzFoodNet, Australia's enhanced surveillance system for foodborne illness, commenced a multi-jurisdictional outbreak investigation in February 2015, and I activated the Department's National Incident Room to coordinate the national public health response and interagency communications. OzFoodNet is funded by the Australian Government in conjunction with the States and Territories to ensure that there are epidemiologists in every State and Territory dedicated to the surveillance and investigation of foodborne illness. The Department also worked closely with FSANZ, the Department of Agriculture, and with State and Territory health authorities throughout the outbreak investigation. OzFoodNet's investigation was closed on 27 May 2015, with a total of 33 cases linked to the outbreak. All 33 people reported eating the same brand of imported frozen mixed berries. The hepatitis A virus for 28 of these cases was confirmed to be genetically identical, indicating that it came from a common source.

The rapid, coordinated, multi-agency response to this multi-jurisdictional hepatitis A outbreak demonstrated the value of Australia's strong foodborne disease surveillance and response network, and the commitment of all Australian Governments and the food industry to maintain Australia's safe and clean food supply.

Combatting antimicrobial resistance

Antimicrobial resistance occurs when microorganisms such as bacteria, viruses, fungi and parasites change in ways that render the medications used to cure the infections they cause, ineffective. Antimicrobial resistance is a significant global health priority, largely driven by the misuse of antibiotics in human health, agriculture and animal health.

On 2 June 2015, the Government released Australia's First National Antimicrobial Resistance Strategy (the Strategy). The Strategy takes a OneHealth approach, meaning we recognise that human, animal and ecosystem health are inextricably linked, and that achieving optimal health outcomes for people and animals requires cooperation across health communities. The Strategy focuses activity on antibiotic resistance and identifies broad areas for action, recognising the need for actions in all sectors where antimicrobials are used.

We recognise that the high rate of consumption of antibiotics in Australia is an area of immediate concern. Through the Strategy, efforts will be focused on ensuring that coordinated actions are implemented to promote more appropriate use of antimicrobials. While approaches to support the appropriate use of antimicrobials are well established in acute care settings (for example in hospitals), more needs to be done to support antimicrobial stewardship in other settings such as general practice. To address this gap, the Department has engaged a consortium led by the University of Queensland to develop and pilot an integrated, multifaceted set of interventions in Australia to evaluate their potential to reduce antibiotic prescribing rates in primary care by GPs.

Our efforts are now focusing on the development of a detailed Implementation Plan which will identify concrete, measurable actions in response to antimicrobial resistance in Australia, as well as stakeholder responsibilities for implementation and associated timeframes. The Implementation Plan will be developed throughout 2015-16, in consultation with stakeholders.

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3 Gillesberg Lassen et al. Ongoing multi-strain food-borne hepatitis A outbreak with frozen berries as suspected vehicle: four Nordic countries affected, October 2012 to April 2013. *Eurosurveillance* 2013 18(17):pii=20467

4 Fitzgerald et al. Outbreak of hepatitis A infection associated with the consumption of frozen berries, Ireland, 2013 – linked to an international outbreak. *Eurosurveillance* 2014 19(43):pii=20942

5 Rizzo et al. Ongoing outbreak of hepatitis A in Italy: preliminary report as of 31 May 2013. *Eurosurveillance* 2013 18(27):pii=20518

The work of the Australian Commission on Safety and Quality in Health Care, in its Antibiotic Use and Resistance in Australia (AURA) project, has a substantial number of elements, which will feed into the Implementation Plan.

Protecting our borders – *Biosecurity Act 2015*

On 16 June 2015, the *Biosecurity Act 2015* received Royal Assent and became Australian law. The Biosecurity Act, which came out of the Beale Review of Biosecurity in 2008, is the culmination of many years of effort by the Department. We have developed the human health aspects of the Biosecurity Act in close partnership with the Department of Agriculture.

The Biosecurity Act fully replaces the 107 year old *Quarantine Act 1908* in managing biosecurity threats posed by people, goods and conveyances at Australia's international borders and within Australia, supplementing and assisting State and Territory measures where and as needed. The new legislation will modernise and streamline Australia's biosecurity processes, and help to manage the risk of diseases and pests entering and becoming established in Australia. Powers and measures under the Biosecurity Act will be largely similar to those currently available under the Quarantine Act, but with an increased focus on human rights and the flexibility to manage a range of unique risks.

The Biosecurity Act will come into effect 12 months after Royal Assent, on 16 June 2016. During this period, the Department will be working with State and Territory health departments and the Department of Agriculture on detailed implementation arrangements and subordinate legislation.

Continuing to improve immunisation rates

Australia has high childhood immunisation rates, with over 90 per cent of children fully immunised at one, two and five years of age. However, we need to stay vigilant to maintain or improve this high rate to achieve community immunity, especially for those who are too young to be immunised or those that are not able to be immunised for medical reasons.

Immunisation remains the safest and most effective way to stop the spread of many of the world's most infectious diseases. The Department's National Immunisation Program (NIP) funds the purchase of vaccinations to protect millions of Australians from vaccine-preventable diseases.

From 2015, Aboriginal and Torres Strait Islander children aged from six months to less than five years were added to the group of people who can receive free seasonal influenza vaccines under the NIP. Aboriginal and Torres Strait Islander children are five times more likely than non-Indigenous children to die from the flu, and are much more likely to be hospitalised. Further information on the NIP is available in Part 2: *Outcome 1: Population Health*.

Expanding bowel cancer screening

Bowel cancer is Australia's second biggest cancer killer. In the 2014-15 Budget, the Government committed $95.9 million to accelerate the implementation of biennial screening in the National Bowel Cancer Screening Program (the Program) for Australians aged 50 to 74 years by 2020.

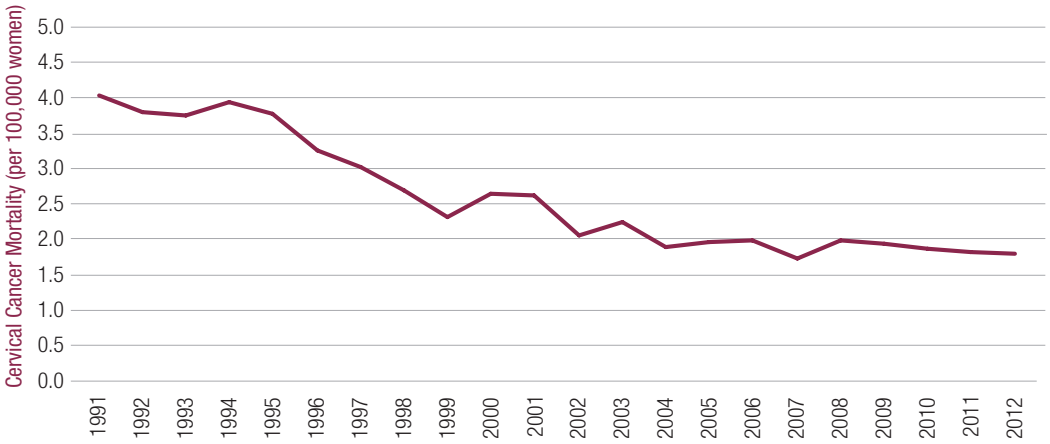
As part of this expansion, in January 2015, the Department started inviting 70 and 74 year olds to undertake screening, in addition to those turning 50, 55, 60 and 65 years of age. Other age groups will be added over the next four years, with full implementation of the expanded Program expected to be completed by 2020.

Once fully implemented, the Program will invite around 4 million Australians to screen each year and could detect approximately 3,500 potential bowel cancers each year.

Evidence shows the Program saves lives. A recent report found that the risk of death from bowel cancer was over two times higher in those who did not participate in the Program but later had a bowel cancer diagnosed.[6] The report also found that bowel cancers detected through the Program are more likely to be diagnosed at an earlier stage.

[6] AIHW 2014. Analysis of bowel cancer outcomes for the National Bowel Cancer Screening Program. Cat no. CAN 87. Canberra: AIHW.

Figure 2: Reduction in deaths from cervical cancer[7]



In April 2015, the Government launched the *A Gift for Living* campaign to increase awareness of the Program and increase participation rates. The latest data shows an increase in participation in 2013-14 to 36 per cent from 33.4 per cent and for those receiving their second invitation, a re-participation rate of more than 70 per cent.[8]

Further information on the Department's cancer screening programmes is available in Part 2: *Outcome 1: Population Health*.

Renewing Cervical Cancer Screening

Australia has a two-pronged approach to the prevention of cervical cancer: the National Cervical Screening Program and the Human Papillomavirus (HPV) Vaccination Program. This approach has proven very successful, as Australia has one of the lowest rates of cervical cancer in the world. Since the introduction of the National Cervical Screening Program in 1991, incidence and deaths from cervical cancer have halved (Figure 2 refers).

Over the last 20 years, new evidence and technologies on cervical cancer and screening have emerged and HPV vaccination has become available. To ensure Australia continues to reduce the number of women dying of, or being diagnosed with, cervical cancer, a review of cervical screening was undertaken. In 2014-15, the Government accepted the evidence-based Medical Services Advisory Committee recommendations to replace the current two yearly Pap test with a five yearly HPV test. Australia will be one of the first countries in the world to introduce the HPV test as a primary cervical screening test.

The renewed National Cervical Screening Program will commence from 1 May 2017, when the HPV screening test becomes available on the Medicare Benefits Schedule. Together with HPV vaccination, it is predicted to reduce the incidence and deaths from cervical cancer by an additional 15 per cent.

Professor Chris Baggoley AO

Chief Medical Officer
September 2015

7 Australian Institute of Health and Welfare 2014. Australian Cancer Incidence and Mortality (ACIM) books: Cervical cancer. Canberra: AIHW. www.aihw.gov.au/acim-books/

8 AIHW 2015. National Bowel Cancer Screening Program: monitoring report 2013-14. Cancer series no. 94. Cat no. CAN 92. Canberra: AIHW.

Chief Operating Officer's Report

The Department is investing in our strategic policy capability to assist in meeting the challenges facing the health system. This includes greater investment in data and analytics, and ensuring effective and efficient services to enable the delivery of key policy, programmes and regulatory activity.

In 2014-15, we have considered our business support mechanisms in light of the recommendations of several reviews, and made significant changes to provide more effective business support, including:

- Changing our ICT service model to an outcomes based partnership model;
- Aligning our organisational structure to better enable achievement against our strategic priorities;
- Improving and streamlining our governance arrangements; and
- Building our organisational capability and a more positive culture.

This reform work has been undertaken with whole-of-government imperatives, such as Digital Transformation and Smaller Government agendas in mind, and will be consolidated in 2015-16 as we develop a single operating model for corporate service delivery.

As part of our continued efforts to improve our efficiency and respond to the findings of key reviews, this corporate service delivery model will be based around three key principles: understanding the needs of the business; understanding the costs of our services; and professionalisation. We will continue to invest in business improvement initiatives that will increase our efficiency and consider means of reducing regulatory burden.

Our corporate priorities for the year ahead include:

- Development of a new people strategy to build an improved evidence base for workforce planning;
- Streamlining and improving of grants management processes to reflect a more risk-proportionate approach;

- Shifting our ICT enabling strategy to a business partnership model; and
- Undertaking a strategic property review to ensure our investment is matched to our needs.

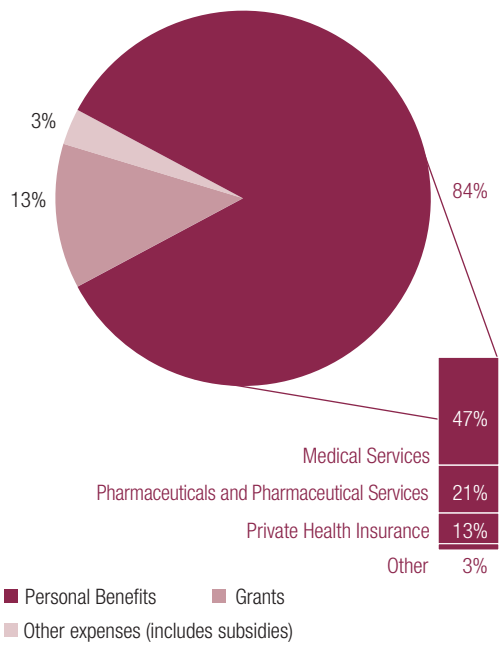
In the year ahead, we will continue to improve our capabilities to ensure we are well positioned to deliver against our strategic priorities whilst operating within our agreed resources and ensuring ongoing financial sustainability.

2014-15 financial results

In 2014-15 the Department oversaw 31 programmes on behalf of Government. Administered expenses totalled $43.3 billion, comprised primarily of payments for personal benefits of $36.6 billion (84 per cent of the total), including those for medical services, pharmaceutical services and private health insurance rebates. Grants expenditure was $5.4 billion (13 per cent of the total), with the majority of which ($4.0 billion) was paid to non-profit organisations.

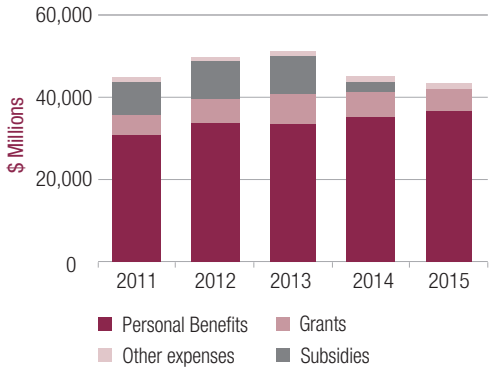
Key administered expenditure is illustrated in Figures 3 and 4.

Figure 3: Breakdown of administered expenditure



2014-15 Financial year
Total funds administered by the Department of Health: $43.3 billion

Figure 4: Administered expenditure by category 2011 to 2015



Note: Financial year ending 30 June 2014 includes expenditure administered for aged care programmes to 11 October 2013. These programmes were transferred to the Department of Social Services under Machinery of Government changes.

The Department's administered assets totalled $1.3 billion, including investments in health related entities of $0.4 billion and inventories of $0.2 billion (predominantly the National Medical Stockpile). Administered liabilities of $2.7 billion principally related to personal benefits of $2.0 billion and provisions for subsidies of $0.4 billion.

The Department generated an operating surplus, prior to unfunded depreciation, of $0.8 million and remains in a positive net asset position as at 30 June 2015.

2014-15 financial statements

Part 4 of this report contains information on the Department's financial results including an analysis of our current year financial performance. The Department's combined financial statements include the financial statements of the Therapeutic Goods Administration and two Departmental special accounts, the Office of the Gene Technology Regulator and the National Industrial Chemicals Notification and Assessment Scheme.

The Auditor-General has provided the Department with an unmodified audit opinion for the 2014-15 financial statements, noting that we have in place appropriate and effective financial controls.

Liz Cosson AM CSC
Chief Operating Officer
September 2015

PART 1

About the Department

Executive

From left to right

Back row:	Professor Chris Baggoley AO Adjunct Professor John Skerritt Paul Madden
Middle row:	Elizabeth (Liz) Cosson AM CSC Andrew Stuart Dr Wendy Southern PSM
Front row:	Secretary, Martin Bowles PSM Mark Cormack

Martin Bowles PSM
Secretary

Martin Bowles PSM was appointed as Secretary of the Department of Health on 13 October 2014.

As lead policy adviser to Government, Martin is responsible for ensuring the Department achieves the Australian Government's priorities for health. Martin is also responsible for the overall management and operation of the Department.

Previously, Martin was Secretary of the Department of Immigration and Border Protection, overseeing the management of migration, humanitarian, citizenship and visa policy and programmes. Martin has also held Deputy Secretary positions in the Department of Climate Change and Energy Efficiency and the Department of Defence, and senior executive positions in the education and health portfolios in the Queensland and New South Wales public sector.

Martin has a Bachelor of Business, a Graduate Certificate of Public Sector Management, and is a Fellow of the Australian Society of Certified Practising Accountants.

Professor Chris Baggoley AO
Chief Medical Officer

Professor Chris Baggoley AO is Chief Medical Officer for the Australian Government and is the principal medical adviser to the Minister and the Department of Health. Chris also has responsibility for the Department's Health Protection Group, and represents Australia on the World Health Organization's International Agency for Cancer Research.

Prior to his appointment as Chief Medical Officer in 2011, Chris was the Chief Executive of the Australian Commission on Safety and Quality in Health Care. He is a former Chief Medical Officer and Executive Director with the South Australian Department of Health. His clinical career has been in emergency medicine.

In addition to his medical degrees, Chris holds a degree in Social Administration from Flinders University, an Honours degree in Veterinary Science from the University of Melbourne, and has been awarded the Order of the International Federation for Emergency Medicine. Chris was made an Officer of the Order of Australia (AO) in 2013.

Elizabeth (Liz) Cosson AM CSC

Chief Operating Officer
Deputy Secretary, COO Group

Liz Cosson AM CSC joined the Department in 2014 to lead the work in responding to and implementing the Australian Public Service Commission's Department of Health Capability Review Report. Since this time, Liz has assumed the role of Chief Operating Officer. This important and critical work provides the opportunity to take the Department forward and build our capacity for the future.

Liz came to the Department from the Department of Immigration and Border Protection, where she had responsibility for implementing the findings of the Immigration Capability Review. Prior to this, Liz spent 31 years in the Australian Army before joining the APS to work with the Department of Veteran's Affairs.

In 2007, Liz was the first female to attain the rank of Major General in the Australian Army. She was awarded a Conspicuous Service Cross in 2001, and in 2011 was appointed a Member in the Military Division of the Order of Australia for her contributions to Army, and for delivering profound organisational reform. In 2014, Liz was awarded the ACT Award for Excellence in Women's Leadership.

Mark Cormack

Deputy Secretary
Strategic Policy and Innovation Group

Mark Cormack joined the Department in February 2015. Mark is responsible for strategic national health policy, as well as major programmes including primary health, mental health, research and acute care. Mark is Co-Chair of the Strategic Policy Committee (with Liz Cosson).

Prior to joining the Department, Mark held the position of Deputy Secretary in the Department of Immigration and Border Protection, and was the Department's senior executive responsible for implementation of Operation Sovereign Borders. Mark has also held the role of Chief Executive Officer of Health Workforce Australia and Chief Executive, ACT Health.

Mark has worked in and for the public healthcare sector for over 30 years in various capacities as a health professional, senior manager, policy maker, planner, agency head and industry advocate, and has held a number of senior roles in the public healthcare system.

Andrew Stuart

Deputy Secretary, Health Benefits Group

Andrew Stuart is responsible for Medical Benefits including Medicare financing and listing, medical specialist services, primary care and pathology, private health insurance and the Office of Hearing Services.

Andrew also has responsibility for Pharmaceutical Benefits and community pharmacy including policy, evaluation and access. Andrew is Chair of the Department's Finance and Resource Committee.

Previously, Andrew was Deputy Secretary leading the Department's internal change management programme, including its corporate functions, grants management reform and deregulation.

Adjunct Professor John Skerritt

Deputy Secretary, Regulatory Services Group
National Manager, Therapeutic Goods Administration

Adjunct Professor John Skerritt joined the Therapeutic Goods Administration in May 2012. As National Manager, John is responsible for the regulation of therapeutic goods including prescription, over the counter and complementary medicines, medical devices, blood and blood products. The position changed to Deputy Secretary, Regulatory Services on 1 July 2015, with wider oversight of chemical and gene technology regulation.

John is formerly a Deputy Secretary in the Victorian Government, and has extensive experience in medical, agricultural and environmental policy, regulation, research management, technology application and commercialisation. He is the former Deputy CEO of the Australian Centre for International Agricultural Research, and a Ministerial appointee on the Gene Technology Technical Advisory Committee.

John is an Adjunct Full Professor of the Universities of Queensland and Canberra, has a PhD in Pharmacology from the University of Sydney, and is a graduate of the Senior Executive Programs of London Business School and of IMD, Switzerland. He was elected a Fellow of the Academy of Technological Sciences and Engineering and a Fellow of the Institute of Public Administration of Australia (Victoria).

Dr Wendy Southern PSM

Deputy Secretary
National Programme Delivery Group

Dr Wendy Southern PSM joined the Department of Health in February 2015. Wendy is responsible for national delivery of population health (including sport), Indigenous health, and health workforce programmes and initiatives. Wendy is Chair of the People, Values and Capability Committee.

Wendy joined the Department following her role as Deputy Secretary in the Department of Immigration and Border Protection, leading the development and delivery of policy advice and programme management across the Department.

Wendy has also previously worked for the Department of the Prime Minister and Cabinet and the Department of Immigration and Multicultural Affairs. Before joining the Australian Public Service, Wendy worked in various research, teaching and consultancy positions at the Australian National University, Monash University and the University of the South Pacific.

Paul Madden

Deputy Secretary, Special Adviser, Strategic Health Systems and Information Management

Paul Madden is the Deputy Secretary and Special Adviser, Strategic Health Systems and Information Management. His role includes supporting the Government in leading the national rollout of eHealth initiatives including foundation technologies and related services across Australia, including the continued and improved operation of the *My Health Record.* This also includes the setting and operation of governance policies and processes.

Paul is a member of the Departmental Executive Committee, the chair of the National EHealth Working Group and the Personally Controlled eHealth Records Operations Management Committee, and chair of the Department of Health Data Governance Council.

Department Overview

The Department has begun an ambitious change process during the 2014-15 financial year, guided by recommendations from two major organisational reviews, the Health Capability Review and the Functional and Efficiency Review, as well as a range of subject specific reviews.

The Health Capability Programme was established to guide the development of capability in key areas which will enable the Department to better position itself as the pre-eminent advisor to Government on health and sporting issues, and chief steward of the health system.

Through a consolidated change programme, we will enhance our ability to address future challenges and realise our vision of *'better health and wellbeing for all Australians, now and for future generations'.*

Capability and efficiency reviews

In October 2014, the Australian Public Service Commission completed a Capability Review of the Department, which focused on leadership, strategy and delivery capabilities. The Review highlighted the Department's strengths, particularly the commitment of our people to helping improve Australian health outcomes. It outlined improvement opportunities in five key areas:

- Positive leadership and culture;
- Improved strategic capability;
- Effective governance and delivery frameworks;
- Relative risk management; and
- Active stakeholder engagement.

A Functional and Efficiency Review, undertaken as part of the 'Efficiency through Contestability' Programme, reported to the Department in March 2015 and was then announced as part of the 2015-16 Budget. The Review examined the efficiency and effectiveness of the Department's operations, programmes and administration. It considered our structure, delivery mechanisms and current capabilities in terms of how well we are positioned to deliver our current outcomes and the Government's future priorities.

The Review's recommendations centred on the Department's critical responsibility to provide leadership to the health system as a whole, identifying four key action areas:

- Building capability;
- Engaging with stakeholders;
- Focusing on core business; and
- Strengthening culture.

The Review also made specific structural recommendations to improve the Department's organisational alignment, delivery models and performance.

Through our action to address the recommendations of these reviews, the Department has established an organisational change agenda with a mission to embed a culture of high performance. 2014-15 has been a year of engagement, planning and consolidation as we have given all staff opportunities to participate in an open and transparent internal engagement process, and sought views from key external stakeholders to ensure our efforts take account of health system context.

We have examined our strategic priorities and organisational culture. What we will do to achieve our organisational vision and the way will conduct ourselves in doing so are articulated in:

- The *Health Capability Blueprint,* which outlines our proposed actions to guide the improvement of our organisational capability in accordance with the key themes identified by the Capability Review;
- The *Strategic Intent 2015-19,* which defines our vision, purpose and strategic priorities; and
- The *Behaviours in Action,* which distils the ICARE values into a set of expected

behaviours for staff in the Department to commit to and expect from one another.

The *Strategic Intent 2015-19* and *Behaviours in Action* underpinned the development of the Department's new *Corporate Plan 2015-16,* which was published in August 2015. The Plan outlines the path we will take to enhance our capability and achieve our strategic priorities:

- Better health outcomes and reduced inequality;
- Affordable, accessible, efficient, and high quality health care; and
- Better sport outcomes.

The *Corporate Plan 2015-16* has been prepared in accordance with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and replaces the previous 2014-2017 Corporate Plan.

Portfolio structure

The Health Portfolio consists of:

- Department of Health (refer to structure chart on page 22).
- 16 Portfolio entities (refer to portfolio entities on page 28)
- 3 statutory office holders:
  - National Health Funding Pool Administrator
  - Gene Technology Regulator
  - Director, National Industrial Chemicals Notification and Assessment Scheme.

Organisational alignment

In order to better position the Department to meet our future challenges and drive health system performance, we have put a new organisational structure in place from 1 July 2015. The organisational chart on page 22, represents the structure at the end of 2014-15. A copy of the Department's current structure chart is available at: www.health.gov.au/internet/main/publishing.nsf/Content/health-struct.htm

This annual report is for the 2014-15 financial year, based on the Department of Health's structure as at 30 June 2015, and reports on the Department's activities during 2014-15.

Portfolio entity changes

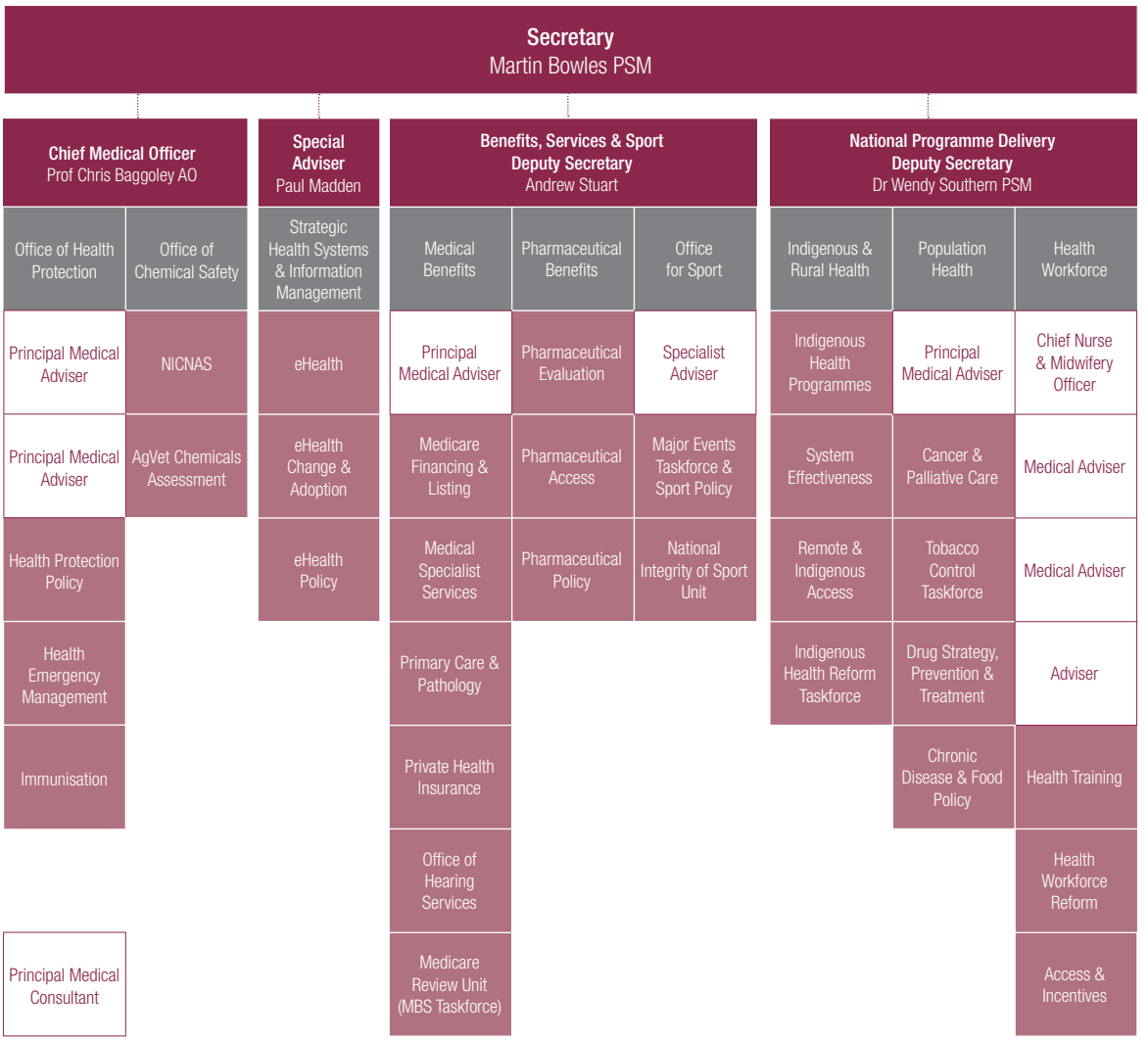
Through its Smaller Government Agenda, the Government has committed to reducing the size of the public sector, and ensuring that Government services are as efficient and well-targeted as possible.

In 2014-15, the Government transferred essential functions from the Australian National Preventive Health Agency, Health Workforce Australia and General Practice Education and Training Ltd to the Department. The Private Health Insurance Ombudsman's responsibilities were transferred to the Office of the Commonwealth Ombudsman. The functions of the Private Health Insurance Administration Council were transferred to the Australian Prudential Regulation Authority and the Department.

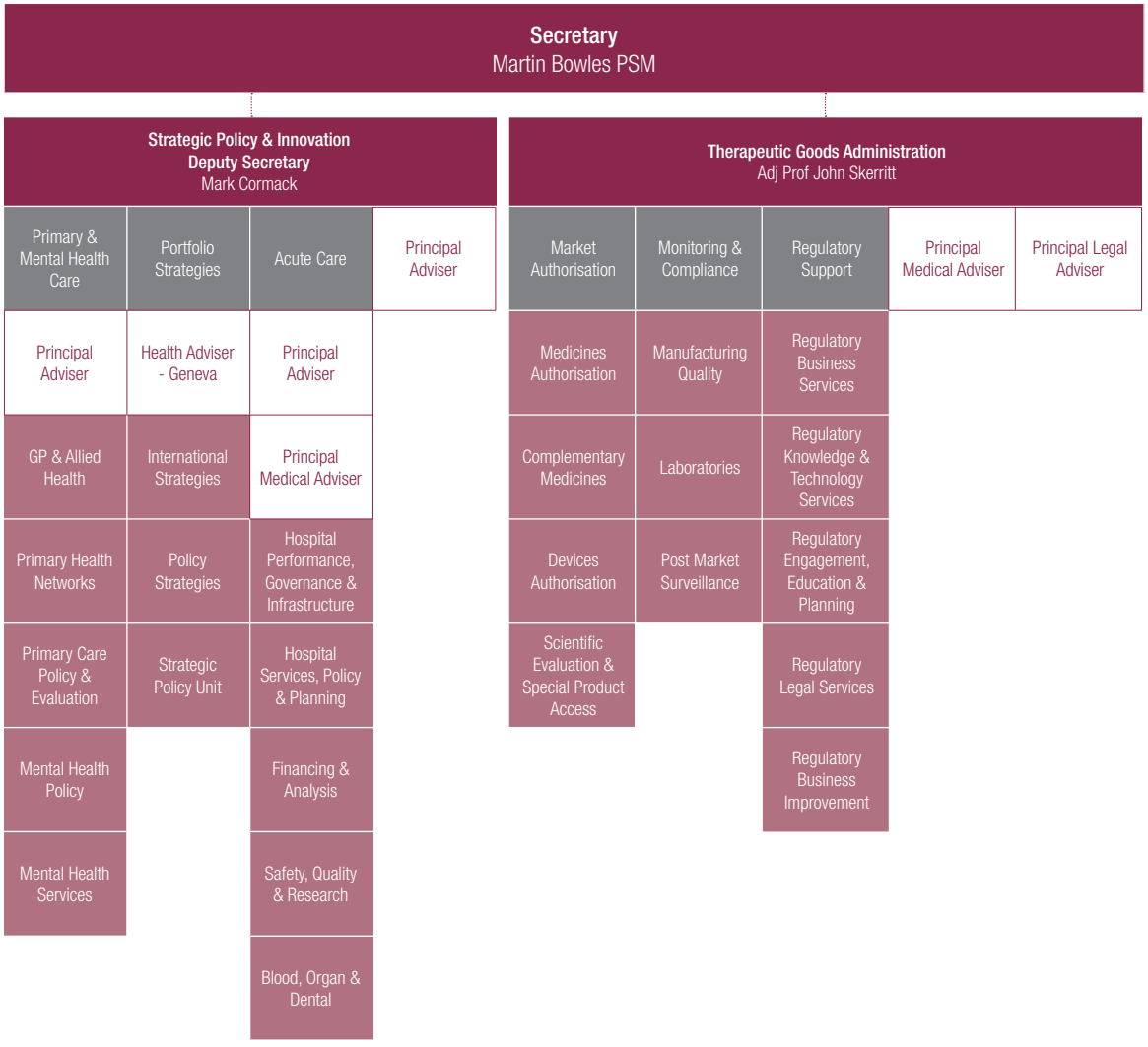
Structure Chart

as at 30 June 2015

The Department's current structure chart is available at:
www.health.gov.au/internet/main/publishing.nsf/Content/health-struct.htm

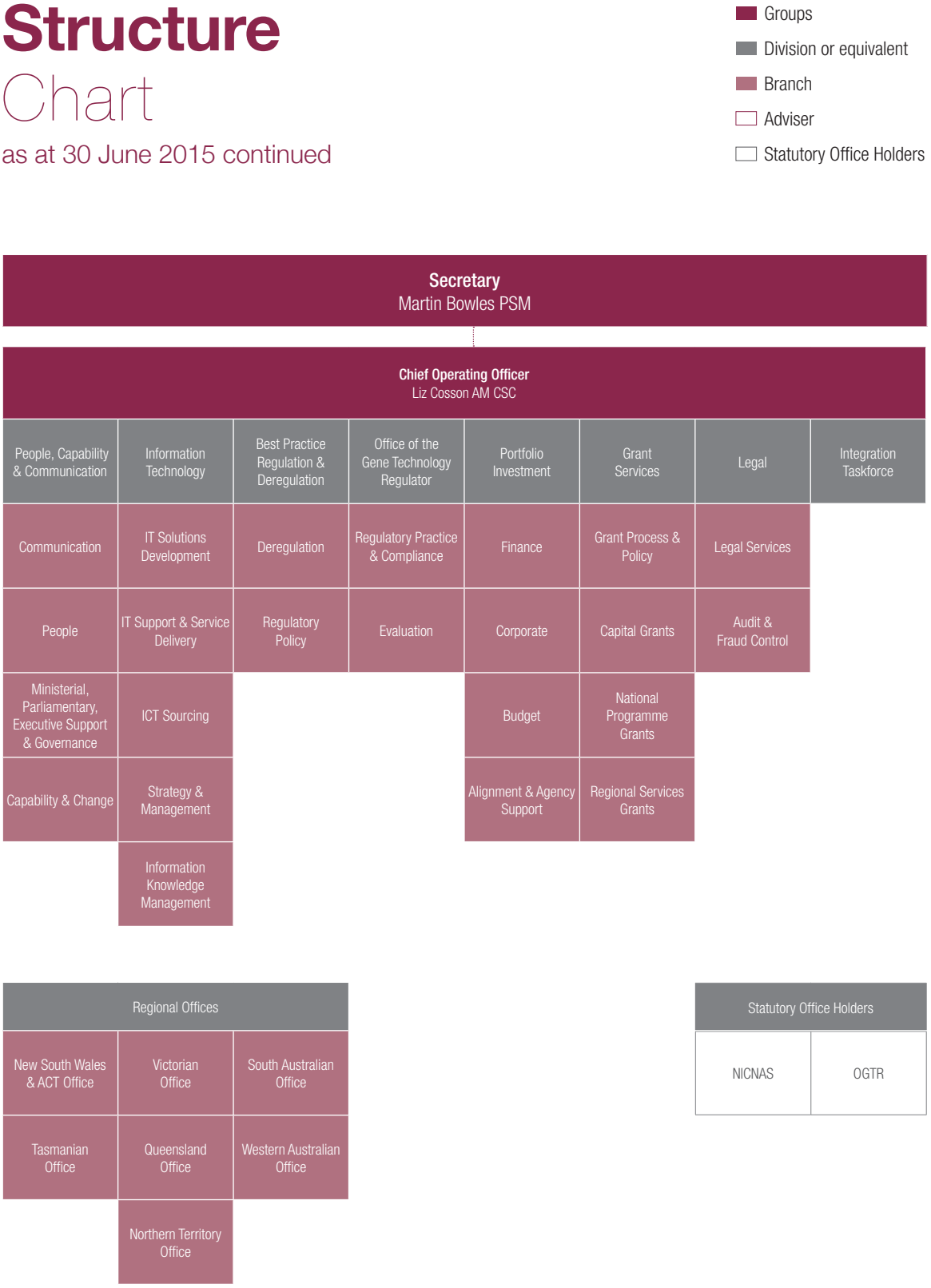


- Groups
- Division or equivalent
- Branch
- Adviser
- Statutory Office Holders



Structure Chart

as at 30 June 2015 continued



Ministerial Responsibilities

as at 30 June 2015

The Hon Sussan Ley MP

Minister for Health and Minister for Sport

As senior Minister and member of Cabinet, Minister Ley holds overall responsibility for the portfolio and its entities and programmes with specific responsibility for:

- Medicare benefits
- pharmaceutical benefits
- pharmacy
- hospitals policy and implementation of funding reforms
- private health insurance
- health workforce capacity
- medical indemnity insurance
- primary health care and preventative health
- eHealth
- health and medical research including human cloning and stem cell research
- mental health policy
- national health priorities
- biosecurity and bioterrorism
- immunisation
- blood borne viruses and sexually transmitted infections including HIV/AIDS
- diagnostic and technology
- sport and recreation
- deregulation

Senator the Hon Fiona Nash

Assistant Minister for Health

As the Assistant Minister for Health, Senator the Hon Fiona Nash, has responsibility for:

- rural and regional health services
- multipurpose services
- indigenous health services
- palliative care
- tobacco
- illicit drugs including National Drug Strategy
- alcohol
- food policy
- hearing services
- blood and organ donation
- gene technology regulation
- Therapeutic Goods Administration
- Office of Chemical Safety
- Office of the Gene Technology Regulator
- National Industrial Chemicals Notification and Assessment Scheme
- Oversight of the following Portfolio entities:
  - Australian Radiation Protection and Nuclear Safety Agency
  - Food Standards Australia New Zealand
  - National Blood Authority
  - Australian Organ and Tissue Donation and Transplantation Authority

Department-Specific Outcomes

Outcomes are the Government's intended results, benefits or consequences for the Australian community. The Government requires entities, such as the Department, to use Outcomes as a basis for budgeting, measuring performance and reporting. Annual administered funding is appropriated on an Outcomes basis.

Listed below are the Outcomes relevant to the Department and the programmes managed under each Outcome.

Outcome 1
Population Health

1.1: Public Health, Chronic Disease and Palliative Care

1.2: Drug Strategy

1.3: Immunisation

Outcome 2
Access to Pharmaceutical Services

2.1: Community Pharmacy and Pharmaceutical Awareness

2.2: Pharmaceuticals and Pharmaceutical Services

2.3: Targeted Assistance – Pharmaceuticals

2.4: Targeted Assistance – Aids and Appliances

Outcome 3
Access to Medical and Dental Services

3.1: Medicare Services

3.2: Targeted Assistance – Medical

3.3: Pathology and Diagnostic Imaging Services and Radiation Oncology

3.4: Medical Indemnity

3.5: Hearing Services

3.6: Dental Services

Outcome 4
Acute Care

4.1: Public Hospitals and Information

Outcome 5
Primary Health Care

5.1: Primary Care Financing, Quality and Access

5.2: Primary Care Practice Incentives

5.3: Aboriginal and Torres Strait Islander Health

5.4: Mental Health

5.5: Rural Health Services

Outcome 6
Private Health

6.1: Private Health Insurance

Outcome 7
Health Infrastructure, Regulation, Safety and Quality

7.1: eHealth

7.2: Health Information

7.3: International Policy Engagement

7.4: Research Capacity and Quality

7.5: Health Infrastructure

7.6: Blood and Organ Donation

7.7: Regulatory Policy

Outcome 8
Health Workforce Capacity

8.1: Workforce and Rural Distribution

8.2: Workforce Development and Innovation

Outcome 9
Biosecurity and Emergency Response

9.1: Health Emergency Planning and Response

Outcome 10
Sport and Recreation

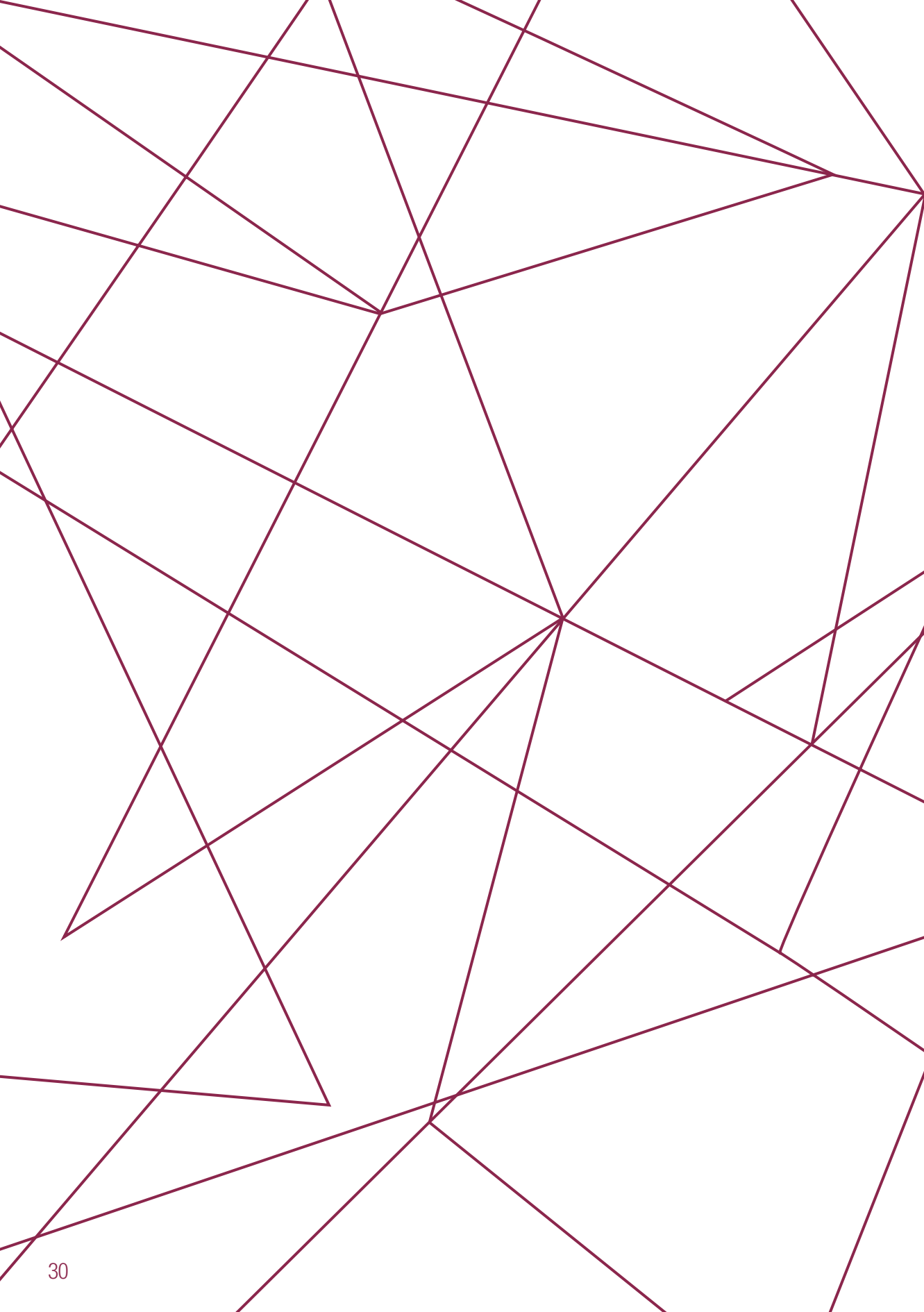
10.1: Sport and Recreation

Portfolio Entity-Specific Outcomes

Listed below is the Outcome(s) belonging to each Health Portfolio entity in 2014-15. Entities' performance against these Outcomes is reported in their respective annual report.

Portfolio Entity	Outcome
Australian Commission on Safety and Quality in Health Care	Improved safety and quality in health care across the health system, including through the development, support for implementation, and monitoring of national clinical safety and quality guidelines and standards.
Australian Institute of Health and Welfare	A robust evidence-base for the health, housing and community sectors, including through developing and disseminating comparable health and welfare information and statistics.
Australian Organ and Tissue Donation and Transplantation Authority	Improved access to organ and tissue transplants, including through a nationally coordinated and consistent approach and system.
Australian Radiation Protection and Nuclear Safety Agency	Protection of people and the environment through radiation protection and nuclear safety research, policy, advice, codes, standards, services and regulation.
Australian Sports Anti-Doping Authority	Protection of the health of athletes and the integrity of Australian sport, including through deterrence, detection and enforcement to eliminate doping.
Australian Sports Commission	**Outcome 1** Improved participation in structured physical activity, particularly organised sport, at the community level, including through leadership and targeted community-based sports activity. **Outcome 2** Excellence in sports performance and continued international sporting success, by talented athletes and coaches, including through leadership in high performance athlete development, and targeted science and research.
Australian Sports Foundation Limited	Improved Australian sporting infrastructure through assisting eligible organisations to raise funds for registered sporting projects.
Cancer Australia	Minimised impacts of cancer, including through national leadership in cancer control, with targeted research, cancer service development, education and consumer support.
Food Standards Australia New Zealand	A safe food supply and well-informed consumers in Australia and New Zealand, including through the development of food regulatory measures and the promotion of their consistent implementation, coordination of food recall activities and the monitoring of consumer and industry food practices.
General Practice Education and Training Ltd	Improved quality and access to primary care across Australia, including through general practitioner vocational education and training for medical graduates. GPET was closed on 31 December 2014, with essential functions transferred to the Department.

Portfolio Entity	Outcome
Independent Hospital Pricing Authority	Promote improved efficiency in, and access to, public hospital services primarily through setting efficient national prices and levels of block funding for hospital activities.
National Blood Authority	Access to a secure supply of safe and affordable blood products, including through national supply arrangements and coordination of best practice standards within agreed funding policies under the national blood arrangements.
National Health Funding Body	Provide transparent and efficient administration of Commonwealth, State and Territory funding of the Australian public hospital system, and support the obligations and responsibilities of the Administrator of the National Health Funding Pool.
National Health and Medical Research Council	Improved health and medical knowledge, including through funding research, translating research findings into evidence-based clinical practice, administering legislation governing research, issuing guidelines and advice for ethics in health and the promotion of public health.
National Health Performance Authority	Contribute to transparent and accountable health care services in Australia, including through the provision of independent performance monitoring and reporting; the formulation of performance indicators; and conducting and evaluating research.
National Mental Health Commission	Provide expert advice to the Australian Government and cross-sectoral leadership on the policy, programmes, services and systems that support mental health in Australia, including through administering the Annual National Report Card on Mental Health and Suicide Prevention, undertaking performance monitoring and reporting, and engaging consumers and carers.
Private Health Insurance Administration Council	Prudential safety and competitiveness of the private health insurance industry in the interests of consumers, including through efficient industry regulation. The functions of PHIAC have been transferred to the Department and the Australian Prudential Regulation Authority.
Private Health Insurance Ombudsman	Public confidence in private health insurance, including through consumer and provider complaint and enquiry investigations, and performance monitoring and reporting. The responsibilities of PHIO have been transferred to the Office of the Commonwealth Ombudsman.
Professional Services Review	A reduction of the risks to patients and costs to the Australian Government of inappropriate clinical practice, including through investigating health services claimed under the Medicare and pharmaceutical benefits schemes.



PART 2

Performance Reporting

Outcome 1
Population Health

A reduction in the incidence of preventable mortality and morbidity, including through national public health initiatives, promotion of healthy lifestyles, and approaches covering disease prevention, health screening and immunisation

Major Achievements

- Commenced the phased implementation of biennial bowel cancer screening inviting people turning 70 and 74 from January 2015 in addition to those turning 50, 55, 60 and 65 years of age, to undertake free screening through the National Bowel Cancer Screening Program.
- Educated young people and parents through the next phase of the National Drugs Campaign, *Ice destroys lives*, about the risks and harms of drug use. The campaign was effective in increasing negative attitudes towards ice particularly with people in regional areas.
- Expanded the National Immunisation Program (NIP) to include the free annual influenza vaccine for Aboriginal and Torres Strait Islander children aged six months to less than five years, assisting to close the gap in health outcomes.
- Adapted the Australian Guide to Healthy Eating for Aboriginal and Torres Strait Islander peoples. This new resource complements existing Eat for Health educational resources supporting the *Australian Dietary Guidelines,* which can assist to reduce the risk of diet related conditions such as obesity, heart disease and diabetes.
- Commenced funding for the National Palliative Care Projects from 2014-15 to 2016-17.

Challenges

- Consistent with the *National Immunisation Strategy for Australia 2013-2018*, the Department will continue to work with States and Territories to increase immunisation coverage rates through the National Partnership Agreement on Essential Vaccines performance benchmarks.
- The inclusion of targets for the first time in the National BBV and STI Strategies 2014-2017 provides a renewed focus for action and a framework for accountability to address rates of Sexually Transmitted Infection (STI), HIV, hepatitis B, hepatitis C in the broader community, as well as Blood Borne Virus (BBV) and STI in Aboriginal and Torres Strait Islander peoples. Meeting the targets will be a considerable challenge for the Department and all partners to the strategies: requiring the concerted effort of all governments, affected communities, health care providers, the community sector and researchers.

Looking Ahead

In 2015-16, the Department will continue working to reduce preventable disease by providing a range of cancer screening services and fast-tracking the full implementation of biennial bowel screening for all Australians aged 50 to 74 years. The Department will continue to improve immunisation coverage rates including through broader and better immunisation data capture, an incentive to immunisation providers to complete ‘catch-up’ vaccinations, and activities to improve the community’s

understanding and awareness of the NIP. The Department will also work with States and Territories to expand the NIP to include two new programmes – an 18 month booster dose of pertussis (whooping cough) vaccine; and a National Shingles Vaccination Programme for 70 year olds (with a catch-up program for 71-79 year olds).

Work is currently underway to develop a National Strategic Framework for Chronic Conditions (NSFCC), which will supersede the *National Chronic Disease Strategy 2005*. The approach for the NSFCC reflects a shift towards a high-level strategic policy that considers a broad range of chronic conditions and recognises links with an array of relevant national and state-based strategies. The NSFCC will better cater for shared health determinants, risk factors and multimorbidites across a broad range of chronic conditions, recognising that there are often similar underlying principles for the prevention, management and treatment of many chronic conditions. This work will provide the opportunity to consider how best to facilitate coordinated, integrated and multidisciplinary care and recognise patient needs across the continuum of care.

The Department will be involved in the legislative changes associated with the proposed reforms to the framework for country of origin labelling for food. The new framework proposes the regulation of country of origin labelling for food through a mandatory information standard under the Australian Consumer Law, rather than through the existing standard in the *Australia New Zealand Food Standards Code*.

Programmes Contributing to Outcome 1

Programme 1.1: Public Health, Chronic Disease and Palliative Care

Programme 1.2: Drug Strategy

Programme 1.3: Immunisation

Divisions Contributing to Outcome 1

In 2014-15, Outcome 1 was the responsibility of Office of Health Protection, Population Health Division, and Primary and Mental Health Care Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Programme 1.1: Public Health, Chronic Disease and Palliative Care

Programme 1.1 aims to reduce the incidence of chronic disease by: encouraging Australians to lead healthy lifestyles; improving detection, treatment and survival outcomes for people with cancer; reducing the incidence of blood borne viruses and sexually transmissible infections; supporting the development and implementation of evidence-based food regulatory policy; and improving access to high quality palliative care services.

Reduce the incidence of chronic disease and promote healthier lifestyles

Chronic diseases, such as diabetes mellitus, asthma and heart disease, are the leading causes of death and disability in Australia.[9] The Department is working to reduce the incidence and improve the management of chronic disease, in line with evidence-based best practice.

Poor diet is the leading cause of disease burden in Australia and internationally. A dietary pattern consistent with the *Australian Dietary Guidelines* can assist to promote health and wellbeing and reduce the risk of diet-related conditions such as obesity, heart disease and diabetes. The Australian

[9] Available at: www.aihw.gov.au/chronic-diseases/key-indicators

Government provides a suite of educational resources on healthy eating as part of the Eat for Health programme. In 2014-15, a new resource was developed to promote healthy eating amongst the Aboriginal and Torres Strait Islander population. The new *Aboriginal and Torres Strait Islander Guide to Healthy Eating* will be a key education tool for nutrition educators and health workers to use in a range of Indigenous community settings.

In 2014-15, the Diabetes Care Project pilot was completed, with the public release of the Evaluation Report. The pilot tested new models of health care delivery to improve care for adults with either type 1 or type 2 diabetes and involved over 7,500 patients from around 150 general practices in Queensland, Victoria and South Australia.

Findings from the Evaluation Report are already being used by the Department to develop policies that will better support chronic disease management in the future. The findings will support primary care researchers and the new Primary Health Networks to develop their own innovative health care approaches.

The findings from the evaluation will also feed into the work of the new Primary Health Care Advisory Group. This group will consider innovative care and funding models, along with better care for people with complex and chronic illness, better recognition and treatment of mental health conditions, and greater connection between primary health care and hospital care.

Qualitative Deliverable:	**New National Diabetes Strategy in place to support better prevention and management of diabetes.**
2014-15 Reference Point:	National Diabetes Strategy finalised.
▲▲▲△ **Result:**	**Substantially met** The timeframe for public consultation on the National Diabetes Strategy commenced later than initially anticipated, and was subsequently extended to allow the public to review new reports, including the evaluation of the Diabetes Care Project, and the Australian Institute of Health and Welfare report *Incidence of type 1 diabetes in Australia 2000-2013* which were released during the consultation period. There was overwhelming engagement from stakeholders and members of the public with over 400 submissions received. Additional time has been allocated to review the submissions and to inform the Strategy. The Strategy is expected to be finalised by the end of 2015.

Qualitative Deliverable:	**Review the evaluation findings from the Diabetes Care Project pilot to test a more comprehensive, patient-centred approach to improve the care of patients with diabetes.**
2014-15 Reference Point:	Evaluation findings from the Diabetes Care Project are provided to the Australian Government.
▲▲▲▲ **Result:**	**Met** The Evaluation Report of the Diabetes Care Project was publicly released by the Australian Government on 22 May 2015 and is available on the Department's website.[10]

Develop evidence-based food regulatory policy

The Department has continued to work with the States, Territories and New Zealand implementing the outcomes of the independent report *Labelling Logic: Review of Food Labelling Law and Policy*. The ongoing work will endeavour to balance improving the information on food labels to meet consumers' needs, while maintaining marketing flexibility and minimising the regulatory burden on industry and barriers to trade.

[10] Available at: www.health.gov.au

Qualitative Deliverable:	**Develop advice and policy for the Australian Government on food regulatory issues.**
2014-15 Reference Point:	Relevant, evidence-based advice produced in a timely manner.
▲▲▲▲ **Result:**	**Met** The Department provided advice and policy to the Australian Government in relation to food regulation issues such as low Tetrahydrocannabinol hemp in food, labelling of food including health claims, front-of-pack labelling and country of origin labelling.

Qualitative KPI:	**Promote a nationally consistent, evidence-based approach to food policy and regulation.**
2014-15 Reference Point:	Consistent regulatory approach across Australia through nationally agreed evidence-based policies and standards.
▲▲▲▲ **Result:**	**Met** In 2014-15, the Department continued to work with the Food Regulation Standing Committee (FRSC) and the Implementation Subcommittee for Food Regulation (ISFR) to develop and implement consistent food policies and regulations. Both FRSC and ISFR met twice during the year and considered a range of policy and regulatory issues, with the Department providing advice.

Improve detection, treatment and survival outcomes for people with cancer

Bowel Cancer Screening

Bowel cancer is one of the most common forms of cancer in Australia. Screening using faecal occult blood tests can detect asymptomatic early bowel cancers and pre-cancers when treatment is more effective and lives can be saved.

In 2014-15, the Department successfully negotiated variations to contracts and agreements for the delivery of the National Bowel Cancer Screening Program to enable people aged 70 and 74 years to be invited to undertake bowel screening from 1 January 2015. The Department also launched the campaign *A Gift for Living* campaign to inform 50-74 year olds of the Program expansion and increase participation.

Media activities included print (national, regional, community press, consumer magazines), radio (metro and regional), and out of home and online channels. Media activities were also adapted for Aboriginal and Torres Strait Islander and culturally and linguistically diverse audiences by specialist agencies.

Qualitative Deliverable:	**Implement the expansion of the National Bowel Cancer Screening Program to a biennial screening interval.**
2014-15 Reference Point:	Negotiation and execution of appropriate funding contracts and funding agreements to be completed by June 2015 to enable commencement of invitations to 70 and 74 year olds in 2015.
▲▲▲▲ **Result:**	**Met** The National Bowel Cancer Screening Program has previously provided screening to people turning 50, 55, 60 and 65 years. The expansion of the National Bowel Cancer Screening Program to biennial screening for Australians aged 50-74 years has commenced with 70 and 74 year olds being invited to undertake screening from 1 January 2015.

Qualitative KPI:	**Percentage of people invited to take part in the National Bowel Cancer Screening Program who participated.**
2014-15 Target:	41.0%
2014-15 Actual:	Data not available
△△△△ **Result:**	**Data not available**

11-12	12-13	13-14
35%	33.4%	36%

As there can be up to a 12 month time lag between an invitation being sent and a person participating, complete participation rates for 2014-15 are not yet available.

In 2013-14, a participation rate of 36.0% was recorded; an increase from the previous reporting period primarily due to a higher rate (73.5%) of participation in the second screening round.

Breast Cancer Screening

Breast cancer is the most common form of cancer affecting Australian women (after non-melanoma skin cancer). Age, not family history, is the biggest risk factor in developing breast cancer. Expanding the BreastScreen Australia Program target age range by five years from women aged 50-69 years to women aged 50-74 years will ensure more Australian women are screened. This will increase the chances of detecting breast cancer early, and through this, save more lives.

In 2014-15, the Department continued to work with the States and Territories to provide free screening in the expanded age range of women 50-74 years of age.

Qualitative Deliverable:	**Support the expansion of BreastScreen Australia to invite Australian women 70-74 years of age through the implementation of a nationally consistent communication strategy.**
2014-15 Reference Point:	Delivery of communication activities such as print, radio and online promotion.
▲▲▲▲ **Result:**	**Met**

In April 2015, the Australian Government launched the campaign *An invitation that could save your life* to support the expansion of the BreastScreen Australia Program target age to include women aged 70-74.

Media activities included print (national, regional, community press, consumer magazines), radio (metro and regional), and out of home (static panel of mainstream advertisement in female bathrooms across State and Territory Returned Services League facilities) and online channels. Media activities were also adapted for Aboriginal and Torres Strait Islander and culturally and linguistically diverse audiences by specialist agencies.

Quantitative KPI:	**Percentage of women 50-69 years of age participating in BreastScreen Australia.**
2014-15 Target:	55.2%
2014-15 Actual:	Data not available
△△△△ **Result:**	**Data not available**

10-11	11-12	13-14
54.6%	54.6%	53.7%

As there is a time lag between an invitation being sent, test results and collection data from registries, participation rates for 2014 and 2015 are not yet available.

From 2013 to 2014, 53.7% of women in the target age group participated in the programme. This compares to 54.6% in 2011-12 and 2010-11.

Quantitative KPI:	**Percentage of women 70-74 years of age participating in BreastScreen Australia.**
2014-15 Target:	51.0%
2014-15 Actual:	Data not available
△△△△ **Result:**	**Data not available**
	As there is a time lag between an invitation being sent, test results and collection data from registries, participation rates for 2014 and 2015 are not yet available. Participation rates will not be available until 2016.

Breast Cancer Nurses

The Department funds the McGrath Foundation to provide specially trained breast care nurses to assist and care for women diagnosed with breast cancer, their families and carers. This programme aims to improve the quality of care received by Australians experiencing breast cancer, in particular for Australians residing in rural and regional areas. Around 86 per cent of the nurses funded by the Department are situated in rural and remote communities.

Quantitative Deliverable:	**Number of breast care nurses employed through the McGrath Foundation.**			
2014-15 Target:	57			
2014-15 Actual:	57			
▲▲▲▲ **Result:**	**Met**	**11-12**	**12-13**	**13-14**
		30	44	53
	In 2014-15, the Department funded the employment of 57 breast care nurses through the McGrath Foundation. These nurses provide information, care, practical and emotional support, and are predominantly located in rural and regional areas.			

Cervical Screening

In 2014-15, the Department continued work in the areas of early detection and prevention of cervical cancer through the National Cervical Screening Program. Since the introduction of this programme in 1991, there has been a 50 per cent reduction in deaths from cervical cancer.[11]

A review of cervical screening policy was completed in April 2014 and resulted in recommendations to replace the Pap smear with a new cervical screening test. The Australian Government has accepted these recommendations and the new programme will commence on 1 May 2017 when the new cervical screening test will become available on the Medicare Benefits Schedule. The new cervical screening test detects human papillomavirus (HPV) infection and has been found to be more effective, and just as safe, as the Pap smear. The new test is expected to further reduce cervical cancer incidence and deaths by at least 15 per cent.

Quantitative KPI:	**Percentage of women in the target age group participating in the National Cervical Screening Programme.**			
2014-15 Target:	57.0%			
2014-15 Actual:	Data not available			
△△△△ **Result:**	**Data not available**	**10-11**	**11-12**	**13-14**
		57.3%	57.7%	57%
	As there is a time lag between invitations being sent, test results and collection of data from registries, participation rates for 2014 and 2015 are not yet available. In 2013-14, 57% of women aged 20-69 participated in the National Cervical Screening Programme. The target for the 2013-14 reporting period was 58.6%.			

[11] AIHW 2014. Cervical screening in Australia 2012-13. Cancer series no. 93. Cat. no. CAN 91. Canberra: AIHW.

Reduce the incidence of blood borne viruses and sexually transmissible infections

In 2014-15, the Department supported education and prevention activities to reduce the incidence of Blood Borne Virus (BBV) and Sexually Transmissible Infection (STI). These activities aim to improve knowledge, attitudes and behaviours among target groups including Aboriginal and Torres Strait Islander people, culturally and linguistically diverse Australians, youth, people in rural and regional areas, and people who inject drugs.

The Department continued implementing the National Blood Borne Virus and Sexually Transmissible Infection Strategies 2014-2017. These strategies guide policies and programmes related to the prevention, testing, management and treatment of BBV and STI.

The Department has continued to work closely with State and Territory health departments and the sector to maximise efforts towards achieving the targets in the National Strategies. The Department developed the Implementation and Evaluation Plan for the Australian Health Ministers' Advisory Council and the National Surveillance and Monitoring Plan for BBV and STI, which will assist in monitoring and measuring progress towards the targets.

Qualitative Deliverable:	**Implement priority actions contained in the National BBVs and STIs Strategies 2014-17.**
2014-15 Reference Point:	Commence implementation of programmes which support delivery of priority action areas to reduce BBVs and STIs.
▲▲▲▲ **Result:**	**Met** Priority actions contained in the National BBV and STI Strategies 2014-2017 and the Implementation and Evaluation Plan continued to be implemented in 2014-15 by non-government organisations representing communities affected by HIV, hepatitis B, hepatitis C and sexually transmissible infections. Funds have supported education and awareness programmes to increase testing and treatment, and provide information on prevention measures.

Qualitative KPI:	**Provide funding to non-government organisations to support programmes which are effective in reducing the spread of communicable disease and achieving the national strategy targets.**
2014-15 Reference Point:	Organisations funded in accordance with the priorities outlined in the National BBVs and STIs Strategies 2014-17. Progress reports from contracted organisations indicate that activities are being implemented in accordance with contractual arrangements and are achieving expected outcomes.
▲▲▲▲ **Result:**	**Met** Funding contracts with non-government organisations have been aligned to the 2014-2017 National Strategies and the corresponding Implementation and Evaluation Plan. Regular reports on key milestones from funded organisations indicate activities are being implemented effectively in accordance with contractual arrangements. Progress reports for 2014-15 have been evaluated and expected outcomes have been achieved to date.

Improve palliative care in Australia

To enhance the quality of palliative care service provision and support for people who are dying, their families and carers, the Department funds a range of national palliative care projects primarily focusing on education, training, quality improvement and advance care planning.

In 2014, the Department undertook a competitive grants round for national palliative care projects over a three year period from 2014-15 to 2016-17. In May 2015, the Assistant Minister for Health, the Hon Fiona Nash MP, announced the successful organisations to undertake several projects to address health professional skill development, service quality improvement, research and benchmarking, advance care planning, and knowledge building and awareness.

In 2014-15, the Department commenced a review of the *Guidelines for a Palliative Approach in Residential Aged Care* and the *Guidelines for a Palliative Approach in Aged Care in the Community Setting*. This review is expected to be completed in 2016.

Programme 1.2: Drug Strategy

Programme 1.2 aims to reduce the harm to individuals and communities from tobacco use and from the misuse of alcohol, pharmaceuticals and use of illicit drugs.

Reduce harm to individuals and communities from misuse of alcohol, pharmaceuticals and use of illicit drugs

The Department has continued to support service delivery and education initiatives aimed at minimising the harmful effects of alcohol consumption, misuse of pharmaceuticals and use of illicit drugs.

In 2014-15, the Department continued to promote responsible alcohol consumption through increased education using the National Health and Medical Research Council's *Australian Guidelines to Reduce Health Risks from Drinking Alcohol*. The Department also continued to support the Good Sports Programme, which aims to change behaviour and attitudes around alcohol consumption through partnerships with more than 6,500 sporting clubs. In addition, the Department continued to undertake activities outlined in the Fetal Alcohol Spectrum Disorders (FASD) Action Plan to reduce the prevalence and impact of FASD.

In 2014-15, the National Drugs Campaign focused on the drug 'ice', targeting young people aged 18-25 years, who are at greater risk of 'ice' use, young people aged 14-17 years who are beginning to be exposed to illicit drugs and parents of 14-25 year olds. The campaign included digital/online, television and cinema advertising. The campaign supported public consultations for the National Ice Taskforce by encouraging people to provide feedback.

The Review of the Alcohol and Drug Treatment Services Sector was completed in 2014-15. The Department is progressing the outcomes from this review in consultation with the States and Territories to inform the approach to future funding, improve planning, address reporting and accountability, and improve the quality of services delivered.

Qualitative Deliverable:	**Provide up-to-date information to young people on the risks and harms of illicit drug use.**
2014-15 Reference Point:	Dissemination of materials and delivery of the National Drugs Campaign including provision of resources for parents, teachers and students.
▲▲▲▲ **Result:**	**Met** The National Drugs Campaign *Ice destroys lives* was implemented in May 2015 running through to the end of June. The campaign aims to raise awareness of the harms associated with 'ice' use in an effort to reduce the uptake of 'ice' by young Australians. The campaign delivery had a significant online element to provide easy access to information to the target audiences.

Qualitative KPI:	**Availability of prevention and early intervention substance misuse resources for teachers, parents and students.**
2014-15 Reference Point:	Enhanced access to materials on the National Drugs Campaign website.
▲▲▲▲ **Result:**	**Met** An illicit drugs resource package was developed for use by teachers (primary users), parents and students (secondary users). This includes the development of information booklets for teachers, parents and students as well as an interactive game for young people. Hardcopies of resources were sent to over 3,000 secondary schools in Australia. As part of the package, the Positive Choices website[12] was developed to provide curriculum specific materials aimed at preventing drug and alcohol harms, which can be used by schools in an Australian context. The website includes a menu of age appropriate options for school teachers, students and their parents and provides information, tools, and access to evidence-based programmes on illicit drugs and related harms.

Quantitative KPI:	**Percentage of population 14 years of age and older recently (in the last 12 months) using an illicit drug.**
2014-15 Target:	<13.4%
2014-15 Actual:	Data not available
△△△△ **Result:**	**Data not available**

2007	2010	2013
13.4%	14.7%	15.0%

The National Drug Strategy Household Survey (NDSHS) is undertaken every three years and is the primary data source used to report on this KPI.

Reduce the harmful effects of tobacco use

Smoking remains one of the leading causes of preventable death and disease in Australia. In 2014-15, the Australian Government continued significant efforts to reduce tobacco use in Australia, including through a broad range of national tobacco control measures, including the National Tobacco Campaign (the Campaign).

In 2014-15, compliance and enforcement activities under the *Tobacco Plain Packaging Act 2011* continued. The Department is required to report on contraventions of the *Tobacco Plain Packaging Act 2011* and the 2014-15 report is included under Part 3.2: *External Liaison and Scrutiny* of this annual report.

Throughout 2014-15, the Government continued to fund the defence of legal challenges to the tobacco plain packaging legislation in international forums. The Department also undertook a post-implementation review of the tobacco plain packaging measure.

Qualitative Deliverable:	**Implement social marketing campaigns to raise awareness of the dangers of smoking and encourage and support attempts to quit.**
2014-15 Reference Point:	Deliver the National Tobacco Campaign within agreed timeframes.
▲▲▲▲ **Result:**	**Met** Management of the Campaign was returned to the Department as part of the transfer of functions from the Australian National Preventive Health Agency. The latest phase of the campaign used social marketing to encourage all adult smokers to quit. Particular focus was on those aged between 18 and 50 years, Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, people from regional and rural communities, and pregnant women and their partners.

[12] Available at: www.positivechoices.org.au

Quantitative KPI:	**Percentage of population 18 years of age and over who are daily smokers.**
2014-15 Target:	13.9%
2014-15 Actual:	13.3%
▲▲▲▲ **Result:**	**Met**

2004	2007	2010	2013
18.2%	17.5%	15.9%	13.3%

The latest data, released on 27 November 2014, reported daily smoking has significantly fallen to 13.3% in 2013 from 15.9% in 2010.[13] This decrease in smoking prevalence supports the Governments implementation of a multi-pronged approach to national tobacco control.

Programme 1.3: Immunisation

Programme 1.3 aims to increase national immunisation coverage rates and improve the efficiency of the National Immunisation Programme (NIP).

Strengthen immunisation coverage

In 2014-15, the Department continued to provide free vaccines to eligible Australians through the NIP.

High immunisation rates were maintained in 2014-15 with nearly 91 per cent of children fully immunised. This included an increase for one year old children (91.3 per cent), a decrease for two year old children (89.2 per cent) and an increase for five year old children (92.3 per cent) compared to the previous year. From December 2014, the additional vaccines meningococcal C and varicella were included in the assessment of fully immunised children of two years of age. As more vaccines are added to the criteria of 'fully immunised', the coverage rates are likely to appear lower. However, this is expected to resolve over time.

In April 2015, the Government announced the addition of an 18 month booster dose of pertussis (whooping cough) vaccine under the NIP. The Department continues to work with States and Territories to implement this new immunisation programme, which is planned to commence in late 2015.

In late 2014-15, the Department commenced work on an incentive programme for immunisation providers to identify children who are overdue for vaccination and arrange for them to receive catch up vaccinations. This incentive programme, which will be available to providers in January 2016, forms part of the Improving Immunisation Coverage Rates measures announced in the 2015-16 Budget.

Human Papillomavirus (HPV)

In 2014, the HPV vaccine coverage rate for Australian girls aged 15 years in 2014 who have received all three doses is 73.1 per cent up from 70.9 per cent last year. This coverage rate is among the best in the world. The National HPV Vaccination Program was extended to males from 2013. In 2014, the HPV vaccine coverage rate for Australian males aged 15 years was extremely positive at 60 per cent.

Influenza

The National Seasonal Influenza Vaccination Program was expanded in 2014-15 to include Aboriginal and Torres Strait Islander children aged six months to less than five years, and included targeted communications materials and enhanced vaccine safety surveillance. Aboriginal and Torres Strait Islander children are five times more likely to die from influenza, and are much more likely to be hospitalised than others who have access to free vaccine. Providing free influenza vaccines to Aboriginal and Torres Strait Islander children is a positive step towards closing the gap in health outcomes.

In 2015, the Department noted high demand for free influenza vaccination under the NIP, similar to that experienced in 2014. More than 4.5 million doses of influenza vaccine were ordered by

[13] Australian Institute of Health and Welfare (2014). *National Drug Strategy Household Survey detailed report 2013*. Drug statistics series no. 28. Cat. No PHE 183. Canberra: AHIW. Available at: www.aihw.gov.au/alcohol-and-other-drugs/ndshs-2013/

States and Territories. There was also high demand for influenza vaccine for the private market. The Department has worked closely with vaccine providers to ensure enough influenza vaccine is available for those most at risk of severe influenza.

National Immunisation Strategy 2013-18 (the Strategy)

The Strategy sets out action areas to maintain the successful delivery of the NIP, including further improvement of national immunisation coverage rates and vaccine delivery. The Strategy also addresses vaccine safety, security of vaccine supply for Australia into the future, and use of data from various sources to better monitor and evaluate the NIP. Progress against the priority areas is set out below.

Qualitative Deliverable:	**The priority actions contained in the National Immunisation Strategy are being undertaken.**
2014-15 Reference Point:	Implement priority actions in accordance with timeframe set out in the National Immunisation Strategy.
▲▲▲▲ **Result:**	**Met** In 2014-15, the Department progressed actions under each of the eight strategic priorities. A major achievement (under priority one, to improve immunisation coverage for high risk population groups) was the extension of the NIP to include Influenza vaccination for Aboriginal and/or Torres Strait Islander children aged six months to less than five years. The Department also continued to enhance vaccine safety monitoring systems under priority four, developing two new vaccine safety plans, for influenza and pertussis containing vaccines. The Department also initiated active vaccine safety surveillance by funding the AusVaxSafety project, a collaborative surveillance project led by the National Centre for Immunisation Research and Surveillance. Other key actions that have progressed during this period include an evaluation of the Australian Immunisation Handbook; review of the *National Guidelines for Immunisation Education for Registered Nurses & Midwives*; and a review of the National HPV Vaccination Program Register.

Qualitative Deliverable:	**Provide up-to-date information to health professionals, providers and consumers about the National Immunisation Programme (NIP).**
2014-15 Reference Point:	Development of materials on the NIP and provide information through the Immunise Australia website and the Immunise Australia Information Line to encourage up-take of vaccines.
▲▲▲▲ **Result:**	**Met** In 2014-15, the Department continued to develop and disseminate information for health professionals, providers and consumers regarding childhood vaccination under the NIP schedule. The Immunise Australia website[14] is an important information resource for a range of audiences including health professionals, individuals and families for accurate, up-to-date, and evidence-based information on the NIP. In 2014-15, the Department updated the Immunise Australia website with improved functionality and useability, to provide more accessible and user friendly immunisation information to a wide audience. The Department also managed a website to inform the public of the National HPV Vaccination Program which included resources such as fact sheets for parents, adolescents and health professionals; and information kits for schools, including brochures and posters.

[14] Available at: www.immunise.health.gov.au

Qualitative KPI:	**States and Territories meet requirements of the National Partnership Agreement on Essential Vaccines.**
2014-15 Reference Point:	The performance benchmarks are used to assess State and Territory performance and consist of: • maintaining or increasing vaccine coverage for Indigenous Australians • maintaining or increasing coverage in agreed areas of low immunisation coverage • maintaining or decreasing wastage and leakage • maintaining or increasing vaccination coverage for four year olds.
▲▲▲▲ **Result:**	**Met** All States and Territories met benchmarks required by the National Partnership Agreement on Essential Vaccines and were eligible to receive reward payments.

Quantitative KPI:	**Increase the immunisation coverage rates among children 12-15 months of age.**
2014-15 Target:	92.0%
2014-15 Actual:	91.3%
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
91.8%	91.3%	90.4%

Immunisation rates in 2014-15 continued to be high with the national immunisation rate for children aged 12-15 months at 91.3%. This has increased slightly compared to 90.4% in 2013-14, 91.3% in 2012-13, and 91.8% in 2011-12.

Quantitative KPI:	**Increase the immunisation coverage rates among children 24-27 months of age.**
2014-15 Target:	92.9%
2014-15 Actual:	89.2%
△△△△ **Result:**	**Not met**

11-12	12-13	13-14
92.6%	92.4%	92.4%

Immunisation rates in 2014-15 decreased, with the national immunisation rate for children aged 24-27 months at 89.2%. This compares to 92.4% in 2013-14 and 2012-13, and 92.6% in 2011-12. The coverage rate decreased because in December 2014 the criteria to be assessed as fully immunised was changed to include the additional vaccines meningococcal C and varicella. The more vaccines included in the assessment, the higher the likelihood of reduced coverage rates, although this usually resolves over time as the changes become more routine.

Quantitative KPI:	**Increase the immunisation coverage rates among children 60-63 months of age.**
2014-15 Target:	91.5%
2014-15 Actual:	92.3%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
90%	91.5%	92%

Immunisation rates in 2014-15 continued to be high with the national immunisation rate for children aged 60-63 months at 92.3%. This has increased from 92% in 2013-14, 91.5% in 2012-13 and 90% in 2011-12.

Improve the efficiency of the National Immunisation Programme

During 2014-15, the Department implemented a more streamlined process for progressing future vaccine procurements to reduce the administrative burden on industry, States and Territories and the Department.

Quantitative Deliverable:	**Number of completed tenders under the National Partnership Agreement on Essential Vaccines (Essential Vaccines Procurement Strategy).**
2014-15 Target:	2
2014-15 Actual:	1
△△△△ **Result:**	**Not met** The Department continues to transition to centralised purchasing arrangements. Two tenders for the supply of pneumococcal vaccine, one for the infant cohort and one for the older cohort were released in the fourth quarter of 2013-14. The tender for the infant cohort has been completed. Complex negotiations have delayed contract finalisation on the tender for the older cohort, but it was completed in early August 2015.

Outcome 1 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 1.1: Public Health, Chronic Disease & Palliative Care[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	166,738	156,702	(10,036)
Special appropriations			
Public Governance, Performance and Accountability Act 2013 s77 - repayments	500	501	1
Departmental expenses			
Departmental appropriation[2]	31,384	31,451	67
Expenses not requiring appropriation in the current year[3]	1,497	2,088	591
Total for Programme 1.1	**200,119**	**190,742**	**(9,377)**
Programme 1.2: Drug Strategy[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	138,415	121,559	(16,856)
Departmental expenses			
Departmental appropriation[2]	21,131	19,808	(1,323)
Expenses not requiring appropriation in the current year[3]	1,001	1,304	303
Total for Programme 1.2	**160,547**	**142,671**	**(17,876)**
Programme 1.3: Immunisation[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	20,444	20,330	(114)
to Australian Childhood Immunisation Register Special Account	(5,802)	(5,802)	-
Special appropriations			
National Health Act 1953 - essential vaccines	159,905	136,420	(23,485)
Special accounts			
Australian Childhood Immunisation Register Special Account	9,475	9,692	217
Departmental expenses			
Departmental appropriation[2]	9,418	9,468	50
Expenses not requiring appropriation in the current year[3]	466	643	177
Total for Programme 1.3	**193,906**	**170,751**	**(23,155)**
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	325,597	298,591	(27,006)
to Special accounts	(5,802)	(5,802)	-
Special appropriations	160,405	136,921	(23,484)
Special accounts	9,475	9,692	217
Departmental expenses			
Departmental appropriation[2]	61,933	60,727	(1,206)
Expenses not requiring appropriation in the current year[3]	2,964	4,035	1,071
Total expenses for Outcome 1	**554,572**	**504,164**	**(50,408)**
Average staffing level (number)	**335**	**340**	**5**

1 This Programme includes National Partnerships payments to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

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

3 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 2

Access to Pharmaceutical Services

Access to cost-effective medicines, including through the Pharmaceutical Benefits Scheme and related subsidies, and assistance for medication management through industry partnerships

Major Achievements

- Provided patients with timely ongoing access to affordable and high quality medicines and pharmaceutical services. This was achieved by subsidising medicines through the Pharmaceutical Benefits Scheme (PBS) and associated programmes, including the Life Saving Drugs Programme (LSDP) and by supporting the provision of aids and appliances through programmes such as the National Diabetes Services Scheme and the Stoma Appliance Scheme.
- Signed five year agreements with the Generic Medicines industry Association (GMiA) and the Pharmacy Guild of Australia (the Guild) as part of a broader range of measures across the pharmaceutical supply chain. GMiA, the Guild, Medicines Australia, the Consumers Health Forum and over 20 other stakeholders were consulted as the Pharmaceutical Benefits Scheme Access and Sustainability Package was developed. The measures will deliver funding for community pharmacy through the Sixth Community Pharmacy Agreement (6CPA) and support access to new medicines by improving the operation of the PBS, while keeping it sustainable. Stakeholders are broadly supportive of the package.
- Approved 394 new and amended PBS listings (including 28 price changes), at an overall cost of $2.1 billion, to treat a range of illnesses. This equates to an average of 33 new and amended listings per month.

Challenges

- Developing, implementing and integrating 'ePBS' tools inclusive of electronic prescribing, dispensing and claiming in a rapidly developing eHealth environment. The eHealth information landscape is rapidly evolving, creating real challenges for health care participants and providers developing and delivering ePBS tools across multiple and varied health care settings and jurisdictions.
- Substantially completing the post-market review of the LSDP, which is expected to report later in 2015. The review is examining important issues such as access and equity, value for money and the future administration of the programme.
- The expiry of agreements with both the pharmacy and pharmaceutical industries required the negotiation of new agreements. New agreements were achieved with the Guild and the GMiA. The Department will continue to work constructively with Medicines Australia outside of an agreement.

Looking Ahead

In 2015-16, the Department will continue to support the Government to introduce and implement a balanced range of measures to support the longer term access to, and sustainability of, the PBS in accordance with the PBS listing framework, including the listing of biosimilar medicines.

The Department will ensure the recommendations from the Australian National Audit Office Report No.25 *Administration of the Fifth Community Pharmacy Agreement* are addressed.

The Department will implement the 6CPA, and undertake a range of tenders to ensure value for money in its administration. Some pharmacy programmes and services will be reviewed for cost effectiveness, while reviews will also commence on pharmacy remuneration and the pharmacy location rules.

To further ensure Australians continue to have affordable and timely access to new medicines, the Department is undertaking a review of the Pharmaceutical Benefits Advisory Committee (PBAC) guidelines for preparing submissions.

Programmes Contributing to Outcome 2

Programme 2.1: Community Pharmacy and Pharmaceutical Awareness

Programme 2.2: Pharmaceuticals and Pharmaceutical Services

Programme 2.3: Targeted Assistance – Pharmaceuticals

Programme 2.4: Targeted Assistance – Aids and Appliances

Division Contributing to Outcome 2

In 2014-15, Outcome 2 was the responsibility of the Pharmaceutical Benefits Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Programme 2.1: Community Pharmacy and Pharmaceutical Awareness

Programme 2.1 aims to support timely access to medicines and pharmacy services through the Fifth Community Pharmacy Agreement (the Fifth Agreement).

Support timely access to medicines and pharmacy services through the Fifth Community Pharmacy Agreement

The Fifth Agreement, which ceased on 30 June 2015, remunerated pharmacists for dispensing PBS medicines and for providing a range of professional programmes and services that aimed at improving consumer health outcomes.

In 2014-15, the Government funded over 20 programmes to support the delivery of pharmaceutical services and quality use of medicines through community pharmacies and by pharmacists. In particular, as at June 2015, the Government spent over $17 million to support sustainability of community pharmacies in rural and remote Australia through the Rural Pharmacy Workforce Programme, the Rural Pharmacy Maintenance Allowance and other rural programmes. Further, more than $33 million was spent on the delivery of over 290,000 medication management services which aimed to improve the quality use of medicines, reduce medication misadventure among people using multiple medicines, as well as improve consumer education to optimise self-management

of medicines. Additional information relating to Fifth Agreement programmes is available on the Department's website.[15]

In 2014-15, the Department worked in consultation with the Australian Commission on Safety and Quality in Health Care and key stakeholders to develop a national standardised paper and electronic based PBS hospital medication chart for use in public and private hospitals, contributing to improved patient safety and a reduced PBS regulatory burden for health care providers.

Qualitative Deliverable:	**Phased roll out of measure: Supply and PBS Claiming from a Medication Chart in Residential Aged Care Facilities and public and private hospitals.**
2014-15 Reference Point:	Continue measure phase in, as the Government is working to expand the supply and claiming of PBS medicines dispensed from medication charts to include all public and private hospitals.
▲▲▲▲ **Result:**	**Met** Paper-based trials of the PBS hospital medication chart for use in public and private hospitals have commenced. The trial and its evaluation will inform full implementation of the measure inclusive of electronic medication charts.

Quantitative Deliverable:	**Number of medication management services provided under the Fifth Agreement.**			
2014-15 Target:	353,492			
2014-15 Actual:	293,446[16]			
▲▲▲△ **Result:**	**Substantially met**	**11-12**	**12-13**	**13-14**
		74,346	115,894	108,246
	In 2014-15, some 71,354 services were funded through the Home Medicines Review Programme, 91,672 services were funded through the Residential Medication Management Programme and 130,420 services were funded through the MedsCheck/ Diabetes MedsCheck Programme.			

Qualitative KPI:	**Medication Management Review Programmes are achieving individual programme objectives.**
2014-15 Reference Point:	Finalisation of the *Combined Review of Fifth Community Pharmacy Agreement Medication Management Programmes.*
▲▲▲▲ **Result:**	**Met** The Combined Review of the Fifth Community Pharmacy Agreement Medication Management Programmes, which was undertaken by PricewaterhouseCoopers, commenced on 23 July 2013 and was completed on 15 January 2015. The results of this review will be considered as part of a cost effective review of pharmacy programmes and services.

Quantitative KPI:	**Percentage of rural community pharmacies accessing targeted rural programmes to support the sustainability of community pharmacy in rural and remote Australia.**			
2014-15 Target:	77%			
2014-15 Actual:	73%			
▲▲▲△ **Result:**	**Substantially met**	**11-12**	**12-13**	**13-14**
		89%	82%	86%
	In 2014-15, 73% of rural community pharmacies (650 of 894) accessed one or more elements of targeted rural programmes.			

15 www.health.gov.au/internet/main/publishing.nsf/Content/fifth-community-pharmacy-agreement

16 The figure does not include claims received after 30 June 2015.

Quantitative KPI:	**Percentage of community pharmacies participating in the Pharmacy Practice Incentives Programme.**
2014-15 Target:	91%
2014-15 Actual:	93%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
75%	82%	93%

In 2014-15, 93% of community pharmacies participated in one or more components of the Pharmacy Practice Incentives Programme.

Programme 2.2: Pharmaceuticals and Pharmaceutical Services

Programme 2.2 aims to ensure the sustainability of the PBS, and to provide access to clinically effective, innovative, cost-effective medicines to all Australians.

List cost-effective, innovative, clinically effective medicines on the PBS

The PBS aims to provide Australians with timely access to a wide range of affordable and cost-effective medicines. As at June 2015, under the PBS there were 793 medicines available in 2,066 forms and strengths, marketed as more than 5,300 differently branded items. In 2014-15, the PBS cost $9.1 billion. Over 211 million PBS prescriptions were processed in 2014-15 compared to 210 million in 2013-14.

Qualitative Deliverable:	**The PBAC provides recommendations to the Minister on new listings for the PBS, and the National Immunisation Program.**
2014-15 Reference Point:	The PBAC recommendations for listing on the PBS are based on the clinical effectiveness and cost-effectiveness of new medicines, and provided in a timely manner.
▲▲▲▲ **Result:**	**Met** The PBAC met on five occasions during 2014-15, including two special meetings in December and April. The PBAC recommendations were provided to product sponsors and the Minister for Health, and made publicly available in timeframes consistent with long standing arrangements agreed with the pharmaceutical industry. All PBAC assessments are based on the clinical and cost-effectiveness of the medicine.

Qualitative Deliverable:	**Price negotiations with sponsors and conditions for listing finalised, and quality and availability checks undertaken for new PBS listings.**
2014-15 Reference Point:	All negotiations and listing activity completed in a timely manner and consistent with PBAC outcomes.
▲▲▲▲ **Result:**	**Met** All negotiations with product sponsors and listing requirements for new and amended listings of medicines on the PBS were completed in a timely manner. The price of each drug listed on the PBS, by anatomical therapeutic chemical group, continued to be reviewed annually.

Quantitative Deliverable:	**Percentage of the community's (public) comments included for consideration at each PBAC meeting.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

In 2014-15, there were 3,364 consumer submissions on matters before the PBAC, compared with 2,712 received in 2013-14 and 792 in 2012-13. All consumer comments on medicines under consideration by the PBAC are summarised, provided to the product sponsor, and taken into account by the PBAC in its decision making process.

Quantitative KPI:	**Revenue received from the cost recovery of the PBS listing process.**
2014-15 Target:	$10.0m
2014-15 Actual:	$11.5m
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
$6.8m	$9.2m	$9.9m

PBS cost recovery arrangements for the listing of new medicines or vaccines, or to vary the listing of existing products, were introduced from 1 January 2010. Revenue depends on external factors, such as the type and number of submissions, and the number of waivers and exemptions applicable. On average 1 in 4 submissions considered by the PBAC are not charged fees

Increase the sustainability of the PBS

The Government needs to ensure that the PBS is managed in a fiscally responsible and sustainable way. PBS policies need to strike a balance between providing access to new, innovative and often very expensive medicines, but at a cost patients and the community, including taxpayers, can afford.

From 1 July 2015, the Government will introduce and implement a balanced range of measures to support the longer term access to, and sustainability of, the PBS. These have been developed through extensive consultation with a range of PBS stakeholders including consumers, the pharmacy and pharmaceutical sectors, and other health professional groups, with negotiations being finalised after the 2015-16 Budget.

These measures are designed to help bring new and innovative medicines on to the PBS in a more timely manner, and ensure efficiency in the pharmaceutical supply chain.

The Department continues to recommend, for approval by the Minister for Health, listings for the PBS that are estimated to cost $20 million or less in each of the forward estimates years. Proposals that will cost more than $20 million in any one year will require approval by the Cabinet. This tiered approval process provides faster listing times for some medicines and improved patient access to important new treatments.

Following recommendations from the PBAC, in 2014-15, the Government approved 394 new and amended PBS listings (including 28 price increases), at an overall cost of $2.1 billion[17,18] over the forward estimates, to treat a range of illnesses. This equates to an average of 33 new and amended listings per month.

This includes the listing of nab paclitaxel (Abraxane®) from 1 November 2014 for the treatment of advanced pancreatic cancer, at an overall cost of $119.5 million. More than 1,500 patients per year, who would otherwise have to pay an average of $16,000 for a course of treatment at an average cost of $1,300 per script, will benefit from this listing.

17 Excludes revenue.

18 This includes listings for the National Diabetes Scheme and the Life Savings Drug Programme.

In addition, from 1 December 2014, a new treatment for Australians living with cystic fibrosis was listed on the PBS: ivacaftor (Kalydeco®). Ivacaftor is the first medicine to treat the underlying cause of cystic fibrosis in patients with the G551D mutation in the cystic fibrosis transmembrane conductance regulator (CFTR) gene. Without government subsidy, eligible patients would pay more than $300,000 per year to access treatment.

Table 2.1: High cost medicines listed in 2014-15

Medicine	Indication	Listing date	Estimated number of patients per annum	Estimated expenditure – WoG 5 years (fiscal – excludes revenue)
Ivacaftor (Kalydeco®)	Cystic fibrosis	1 December 2014	250	$225 million
Eculizumab (Soliris®)	Atypical haemolytic-uraemic syndrome	1 December 2014	60	$87 million
Nab paclitaxel (Abraxane®)	Advanced pancreatic cancer	1 November 2014	1,500	$119.5 million
Botulinum toxin Type A (Botox®)	Urinary incontinence (idiopathic overactive bladder)	1 November 2014	50,000	$112.4 million

Quantitative KPI: **Estimated savings to Government from PBS Reforms.**

2014-15 Target: $2,074.6m

2014-15 Actual: $2,014.4m

▲▲▲△ **Result:** **Substantially met**

11-12	12-13	13-14
$189.3m	$661.3m	$1,309.3m

PBS Reforms, including the Price Disclosure Programme, saved the Government $2,014.4 million in 2014-15. This is the savings achieved in 2014-15 only and includes all rounds of Price Disclosure prior to 30 June 2015; savings from the 2% and 5% reductions on 1 February 2011 in the prices of all medicines listed on the F2A and F2(T) formularies respectively on 11 October 2010; and savings from the 1 February 2011 increase from 12.5% to 16% in the statutory price reduction applied to all medicines when their first generic competitor lists on the PBS. This is marginally lower than the forecast of $2,074.6 million.

Post-market surveillance

The Post-market Programme has been designed to improve patient safety, and quality use of medicines through a coordinated governance framework that draws on existing programmes and data sets to monitor the actual use of medicines in clinical practice. This programme ensures ongoing reviews of PBS listed items and associated programmes with a focus on improving health outcomes for patients and costs for taxpayers. This allows the earlier identification of quality use of medicines issues, improved prescribing and dispensing through an enhanced ability to target education and support, and improves the sustainability of the PBS through the assessment of medicines use in the real world, including cost-effectiveness reviews. The Department, in collaboration with industry, developed a revised post-market review framework in 2014-15, which was published on the PBS website in March 2015.

In July 2014, the PBAC considered the post-market review of PBS medicines used to treat asthma in children, and the Department is now implementing the PBAC's recommendations. The reviews of insulin pumps and type 2 diabetes medicines were also completed, finalising the post-market review of products used for the management of diabetes. The Diabetes reports were published at www.pbs.gov.au

The post-market review of the Life Saving Drugs Programme (LSDP) was substantially completed and is expected to report later in 2015.

The Review of Authority requirements for PBS-listed medicines is being undertaken in three tranches. The PBAC has considered: injectable chemotherapy medicines (July 2014); Tranche 1 - cancer, multiple sclerosis and arthritis medicines (December 2014); Tranche 2 - eye, psychiatric and cardiovascular medicines (March 2015); and will consider Tranche 3 - palliative care and all remaining medicines later in 2015.

As part of the Authorities review, stakeholder forums were held on opioids and antibiotics in May 2015, to consult health professionals, researchers, industry and consumers on how to best reduce regulatory burden, while managing risks to the community from antimicrobial resistance and opioid misuse and diversion.

Changes to the PBS, when implemented, will reduce regulatory burden and allow health professionals more time for patient care.

The Department also initiated a review of the PBAC guidelines for preparing submissions during 2015-16.

Qualitative Deliverable:	**Undertake reviews of medicines in use, focusing on the appropriate and quality use of medicines.**
2014-15 Reference Point:	Complete reviews of medicines used to treat asthma in children, medicines and products used to manage diabetes, the Life Saving Drugs Programme and phased outcomes from the PBS Authorities review.
▲▲▲△ **Result:**	**Substantially met** Reports for the review of medicines used to treat asthma in children, and medicines and products used to manage diabetes were finalised. The Authorities Review is substantially completed with recommendations made at the July 2014 PBAC meeting resulting in a change (by 1 February 2015) to the restrictions for 11 chemotherapy medicines, and from the December 2014 PBAC meeting change (by 1 May 2015) to the restrictions for 59 PBS listings (17 medicines), removing the requirement for a telephone authority prior to prescribing. The LSDP review was substantially completed and will report to the Minister for Health later in 2015.

Programme 2.3: Targeted Assistance – Pharmaceuticals

Programme 2.3 aims to improve access to new and existing medicines for patients with life threatening conditions.

Provide access to new and existing medicines for patients with life threatening conditions

The LSDP provides patients with financial assistance to access expensive and life saving drugs not available on the PBS. In 2014-15, through the LSDP, the Government provided 278 eligible patients with access to ten fully subsidised medicines to treat seven very rare life threatening medical conditions. This compares to 257 eligible patients in 2013-14.

Ten drugs are currently funded through the programme to treat seven serious and very rare medical conditions. These conditions are: Fabry, Gaucher, Mucopolysaccharidosis Types I, II and VI, Pompe disease (Infantile- and Juvenile-onset), and Paroxysmal Nocturnal Haemoglobinuria. Treatment for Infantile-onset Pompe disease has been funded through the LSDP since February 2010, with treatment for Juvenile Late-onset Pompe disease funded since February 2015.

On 9 April 2014, the Minister for Health announced a post-market review of the Life Saving Drugs Programme (LSDP Review). The LSDP Review is providing the opportunity to review the current programme in order to ensure that Australians with very rare conditions continue to have subsidised access to much-needed, expensive medicines. The LSDP Review is examining important issues

such as access and equity, value for money and the future administration of the programme.

In 2014-15, the Department continued to work with industry to finalise Deeds of Agreement for terms of supply for all medicines supplied through the LSDP, with risk share arrangements to effectively manage expenditure.

Qualitative Deliverable:	**Review programme guidelines to ensure they remain current and relevant.**
2014-15 Reference Point:	Programme guidelines reviewed within agreed timeframes.
▲▲▲▲ **Result:**	**Met** All LSDP guidelines were reviewed, within agreed timeframes, to ensure currency with administrative processes.

Quantitative Deliverable:	**Number of patients assisted through the Life Saving Drugs Programme.**
2014-15 Target:	260
2014-15 Actual:	278
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
215	228	257

Through the Department, the Government provided a total of 278 patients with access to fully subsidised medicines for the treatment of their very rare life threatening medical conditions. Eighteen more patients than anticipated were provided with assistance due to the demand driven nature of the programme. This compares with 210 patients in 2010-11, 215 patients in 2011-12, 228 patients in 2012-13, and 257 patients in 2013-14.

Qualitative KPI:	**Eligible patients have timely access to the Life Saving Drugs Programme.**
2014-15 Reference Point:	Patient applications are processed within 30 calendar days of receipt.
▲▲▲▲ **Result:**	**Met** All patient applications were processed within 30 calendar days of receipt of the complete data package to support the application.

Quantitative KPI:	**Percentage of eligible patients with access to fully subsidised medicines through the Life Saving Drugs Programme.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

All eligible patients were provided with access to fully subsidised medicines for the treatment of very rare life threatening medical conditions.

Programme 2.4: Targeted Assistance – Aids and Appliances

Programme 2.4 aims to provide access to necessary products and services to support people of all ages with type 1, type 2, gestational and other diabetes to effectively manage their condition. Programme 2.4 also assists people with stomas to access fully subsidised stoma-related products, and supports access to clinically appropriate dressings to improve the quality of life for people with Epidermolysis Bullosa.

Provide support for people with diabetes

The National Diabetes Services Scheme (NDSS) provides access to a range of products, including blood glucose test strips and insulin pump consumables, to more than one million people with diabetes. The NDSS is managed by Diabetes Australia on behalf of the Department, and represents an investment of $1 billion over the life of the current Agreement, which commenced on 1 July 2011 and will end on 30 June 2016.

The Type 1 Diabetes Insulin Pump Programme, administered by the Juvenile Diabetes Research Foundation (JDRF), delivers subsidised insulin pumps to children with type 1 diabetes from eligible families, who would benefit from this technology.

Qualitative Deliverable:	**Provide access to insulin pumps and associated consumables for children under 18 years of age with type 1 diabetes.**
2014-15 Reference Point:	Work with the scheme administrator to ensure insulin pump subsidies are provided efficiently.
▲▲▲▲ **Result:**	**Met** In 2014-15, the programme provided access to insulin pump therapy in accordance with the guidelines and available funding for the Programme. The JDRF continued to undertake promotional and marketing activity to ensure families of children with type 1 diabetes could apply for a subsidy where otherwise they may not have been able to receive this therapy.

Quantitative Deliverable:	**Number of people with diabetes receiving benefit from the NDSS.**
2014-15 Target:	1,400,000
2014-15 Actual:	1,259,203
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
1,037,621	1,086,860	1,133,412

The NDSS is a demand-driven programme. In 2014-15, the number of people with type 1, type 2 and gestational diabetes receiving benefit from the NDSS was 1,176,180. However, there were also a further 83,023 people registered on the post-gestational diabetes register who were also eligible to receive services from the NDSS. All eligible individuals were provided access throughout the financial year, noting growth was lower than anticipated.

Quantitative Deliverable:	**Number of people under 18 years of age with type 1 diabetes receiving a subsidised insulin pump.**
2014-15 Target:	68
2014-15 Actual:	65
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
178	76	204

In 2014-15, the target number of subsidised insulin pumps was substantially met. During this financial year more families required the full subsidy for their insulin pump, instead of a partial subsidy as had been anticipated.

Quantitative KPI:	**Number of diabetes related products provided to eligible people through the NDSS.**
2014-15 Target:	5,598,785
2014-15 Actual:	5,196,288
▲▲▲△ **Result:**	**Substantially met** The target is based on an estimated registrant need. All eligible applicants were able to access clinically appropriate products they required in 2014-15, noting growth was lower than anticipated.

Qualitative KPI:	**The NDSS meets the needs of stakeholders.**
2014-15 Reference Point:	Annual survey of registrants conducted by Diabetes Australia demonstrates that the needs of stakeholders are being met.
▲▲▲▲ **Result:**	**Met** Diabetes Australia is required to undertake an annual customer satisfaction and awareness survey. The results for the 2014-15 Survey are not available at this time, however, the 2013-14 NDSS Satisfaction Survey demonstrated considerable support for the Scheme among the registrant base.

Assist people with a stoma by providing stoma related products

In 2014-15, the Department continued to operate the revised programme pricing and listing framework for the Stoma Appliance Scheme. This included listing 52 new products, amending 15 product listings and deleting five products from the Schedule. New and revised listings of stoma products offer a wider choice of subsidised products for people with a stoma. In addition, reviews of products on the Schedule have continued.

Quantitative Deliverable:	**Number of people receiving stoma related products.**
2014-15 Target:	42,500
2014-15 Actual:	42,678
▲▲▲▲ **Result:**	**Met** In 2014-15, 42,678 people received stoma related products. This compares to 42,228 in 2013-14. All eligible people with stomas were able to receive products.

Quantitative KPI:	**The number of stoma products supplied to eligible people on the Stoma Appliance Scheme.**
2014-15 Target:	35,500,000
2014-15 Actual:	33,592,441
▲▲▲△ **Result:**	**Substantially met** Eligible people with stomas were able to access a range of over 400 clinically appropriate products for the treatment and management of stoma-related conditions. The slight reduction in products is due to the demand driven nature of the programme.

Improve the quality of life for people with Epidermolysis Bullosa

The Department continued to provide access to clinically appropriate dressings for people with Epidermolysis Bullosa through the National Epidermolysis Bullosa Dressing Scheme. The Scheme continues to assist people with Epidermolysis Bullosa by reducing the financial burden associated with purchasing necessary dressings.

In 2014-15, the contract for the supply and administration of these products was subject to an open approach to the market to ensure best value for money. A new contract with the successful tenderer was executed on 2 January 2015.

Quantitative Deliverable:	**Number of people with Epidermolysis Bullosa receiving subsidised dressings.**
2014-15 Target:	115
2014-15 Actual:	179
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
81	99	136

The number of people with Epidermolysis Bullosa who are receiving subsidised dressings has significantly increased, in line with changes made in 2012-13 to expand eligibility for the Scheme to all age groups. In 2014-15, 179 people received subsidised dressings, compared with 136 in 2013-14, 99 in 2012-13, 81 in 2011-12 and 71 in 2010-11.

Outcome 2 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 2.1: Community Pharmacy and Pharmaceutical Awareness			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	405,929	392,818	(13,111)
Departmental expenses			
Departmental appropriation[1]	10,199	9,601	(598)
Expenses not requiring appropriation in the budget year[2]	419	568	149
Total for Programme 2.1	**416,547**	**402,987**	**(13,560)**
Programme 2.2: Pharmaceuticals and Pharmaceutical Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	197,488	195,481	(2,007)
Special appropriations			
National Health Act 1953 - pharmaceutical benefits	9,283,968	9,072,126	(211,842)
Departmental expenses			
Departmental appropriation[1]	44,430	46,383	1,953
Expenses not requiring appropriation in the budget year[2]	3,099	3,667	568
Total for Programme 2.2	**9,528,985**	**9,317,657**	**(211,328)**
Programme 2.3: Targeted Assistance - Pharmaceuticals			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	151,230	149,100	(2,130)
Departmental expenses			
Departmental appropriation[1]	3,957	3,124	(833)
Expenses not requiring appropriation in the budget year[2]	122	175	53
Total for Programme 2.3	**155,309**	**152,399**	**(2,910)**
Programme 2.4: Targeted Assistance - Aids and Appliances			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	596	537	(59)
Special appropriations			
National Health Act 1953 - aids and appliances	312,898	293,442	(19,456)
Departmental expenses			
Departmental appropriation[1]	2,402	2,209	(193)
Expenses not requiring appropriation in the budget year[2]	94	131	37
Total for Programme 2.4	**315,990**	**296,319**	**(19,671)**
Outcome 2 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	755,243	737,936	(17,307)
Special appropriations	9,596,866	9,365,568	(231,298)
Departmental expenses			
Departmental appropriation[1]	60,988	61,317	329
Expenses not requiring appropriation in the budget year[2]	3,734	4,541	807
Total expenses for Outcome 2	**10,416,831**	**10,169,362**	**(247,469)**
Average staffing level (number)	**251**	**253**	**2**

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

2 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 3
Access to Medical and Dental Services

Access to cost-effective medical, dental, allied health and hearing services, including through implementing targeted medical assistance strategies, and providing Medicare subsidies for clinically relevant services and hearing devices to eligible people

Major Achievements

- Paid almost $20.2 billion in Medicare benefits in 2014-15, for 368 million services. Growth in Medicare service volumes was 3.1% with an increase in benefits paid of 5.2%.[19]
- Made a number of evidence-based changes to the Medicare Benefits Schedule (MBS) through the Medical Services Advisory Committee (MSAC), which has resulted in new listings and better targeting of services including significant savings. In 2014-15, there were 22 changes to the MBS, resulting in a combined net saving of $366 million over the forward estimates period.
- Treated over 400,000 additional public dental patients during the three year National Partnership Agreement on Treating More Public Dental Patients.
- Provided faster access to hearing services to approximately 600,000 eligible clients since implementing the Hearing Services Online (HSO) portal, including same day access for existing clients and an average of three days wait for new clients, reduced from around four weeks. The portal also saves businesses an estimated $19.1 million annually.
- Refreshed the MSAC and its sub-committees with a mixture of newly appointed members and reappointment of some previous members, to allow the committees a greater range of expertise.

Challenges

- Ongoing engagement with the pathology and primary care sectors to address concerns about the administration of Approved (Pathology) Collection Centre arrangements, including enforcement of the prohibited practices provisions under the *Health Insurance Act 1973*.
- The 2014-15 Federal Budget provided a set of measures to provide for a strong and sustainable Medicare system. Following consultation with the community the Government refined its policy resulting in the Healthier Medicare initiative.
- To ensure the sustainability of Medicare, the Department has been developing options for a simpler Medicare Safety Net to be implemented in 2015-16.
- Ensuring eligible National Disability Insurance Scheme (NDIS) participants in trial sites have access to the Hearing Services Programme and access to high quality hearing services.

[19] Adjusted for the number of working days.

Looking Ahead

In 2015-16, the Department will support the Government's Medicare Benefits Schedule (MBS) Review Taskforce, which has been established to consider how services can be aligned with contemporary clinical evidence and improve health outcomes for patients. The Department will also continue to build on the successful reduction in waiting times for public dental patients through the new National Partnership Agreement on Adult Public Dental Services, which will provide treatment for an additional 178,000 adult patients.

Programmes Contributing to Outcome 3

Programme 3.1: Medicare Services

Programme 3.2: Targeted Assistance – Medical

Programme 3.3: Pathology and Diagnostic Imaging Services and Radiation Oncology

Programme 3.4: Medical Indemnity

Programme 3.5: Hearing Services

Programme 3.6: Dental Services

Divisions Contributing to Outcome 3

In 2014-15, Outcome 3 was the responsibility of Acute Care Division, Medical Benefits Division and Population Health Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Trends

The number of Medicare services provided annually grew steadily from 221.4 million in 2002-03 to 368.5 million in 2014-15.

Figure 3.1: Total Medicare services and services per capita

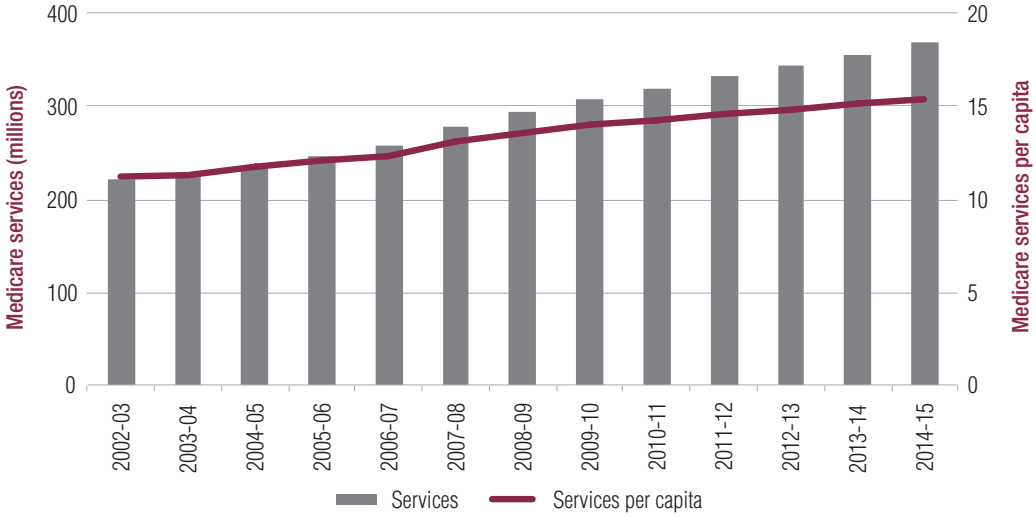
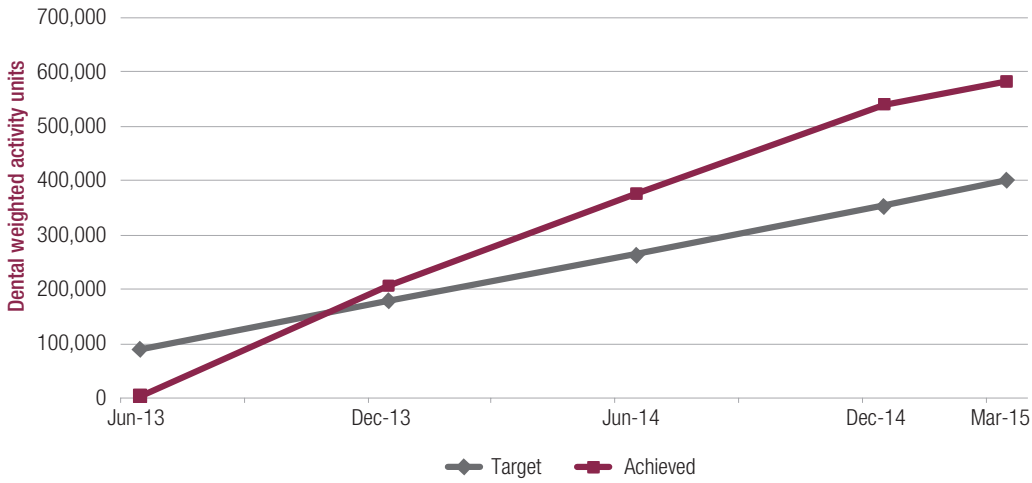


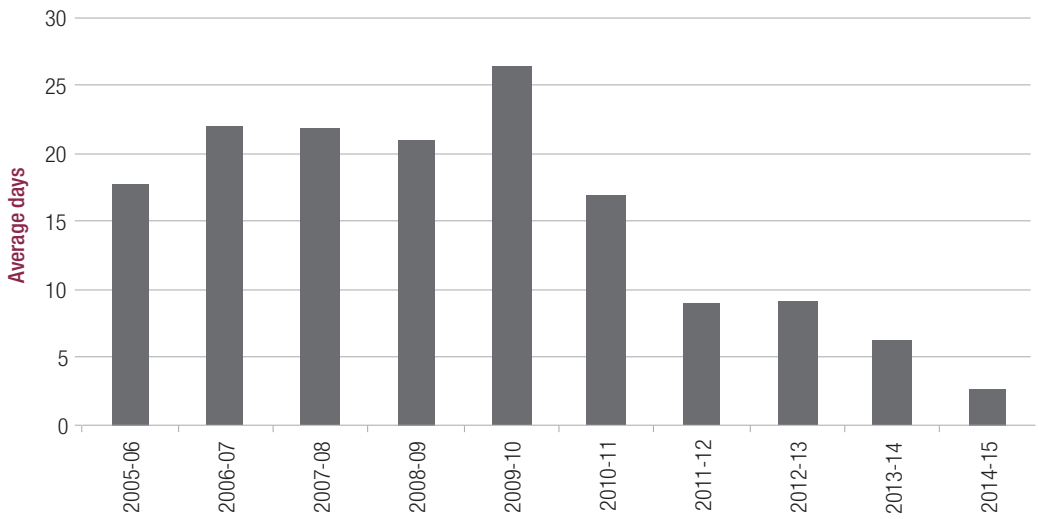
Figure 3.2: Total activity achieved under the National Partnership Agreement on Treating More Public Dental Patients



Under the National Partnership Agreement on Treating More Public Dental Patients, there were five performance periods. Performance was measured through Dental Weight Activity Unit (DWAU) counts, where one DWAU was roughly equal to a completed course of care for one adult patient. The periods were set on a cumulative basis where the activity count increased from the first to the last performance period and was measured against the final target of achieving 400,000 DWAUs by March 2015. The table above shows that the DWAUs achieved exceeded the 400,000 target.

Introduction of the HSO portal in February 2014 has reduced the average period between application receipt and voucher issue to three days in 2014-15.

Figure 3.3: Average days between application receipt and voucher issue, 2005-06 to 2014-15[20]



[20] Source: Hearing Services Programme.

Programme 3.1: Medicare Services

Programme 3.1 aims to improve access to evidence-based, best-practice medical services.

Sustainability of the Medicare system

In 2014-15, the Government commenced and continues to consult with industry on short, medium and long term options to ensure the Government can keep supporting high quality care and treatment as efficiently as possible.

As a result of consultations, the Government announced a programme of work to modernise and improve Medicare arrangements. The work will be clinician-led and review items on the MBS to consider better models for delivery of primary care services and improve Medicare compliance. In particular, the MBS Review Taskforce will consider how services can be aligned with contemporary clinical evidence and improve health outcomes for patients. On 4 June 2015, the Government appointed some of Australia's most well-respected health professionals and consumer representatives to work closely with the Government to deliver a healthier Medicare.

Medicare Safety Net

The Department has worked closely with the Department of Human Services and stakeholders on the new Medicare safety net. This work implements a 2014-15 Budget measure to simplify Medicare safety net arrangements and replaces the Greatest Permissible Gap, Original Medicare Safety Net and the Extended Medicare Safety Net which are complex and difficult for both patients and practitioners to navigate and understand. The new Medicare safety net, subject to the passage of legislation, is to commence on 1 January 2016.

Evidence-based and cost-effective care

In 2014-15, under the Comprehensive Management Framework for the MBS (CMFM), the Department continued to undertake evidence-based assessment of new health services and technologies, and identified and reviewed existing services on the MBS to ensure listed items remain clinically relevant and consistent with best practice. The CMFM is supported by the Medical Services Advisory Committee (MSAC) which provides independent expert advice to Government relating to the comparative safety, effectiveness and cost-effectiveness of medical services.

Qualitative Deliverable:	**MBS Reviews will analyse the best available evidence to ensure safety, quality and sustainability of the MBS.**
2014-15 Reference Point:	Any amendments to the MBS recommended by each review reflect current clinical practice based on best available evidence.
▲▲▲▲ **Result:**	**Met** A number of systematic, evidence-based reviews were conducted, which led to advice to the MSAC to amend some MBS items to reflect current clinical need. Any proposed changes are developed in consultation with the medical profession, and are considered by the MSAC prior to Government decision making.

Qualitative KPI:	**Continuation of MSAC process improvement to ensure ongoing improvement in rigour, transparency, consistency, efficiency and timeliness.**
2014-15 Reference Point:	Greater stakeholder engagement and improved timeliness of the MSAC application assessment process.
▲▲▲▲ **Result:**	**Met** The MSAC process is continuing to undergo reform to streamline processes. This is being done in consultation with key stakeholders, including the Australian Medical Association, Medical Technology Association of Australia and Medicines Australia. The Department held information sessions throughout the year with stakeholders, including the contracted Health Technology Assessment Groups and consumers, to provide updates to reforms such as fit-for-purpose pathways and the co-dependent process.

Programme 3.2: Targeted Assistance – Medical

Programme 3.2 aims to provide medical assistance to Australians overseas and support access to necessary medical services that are not available through mainstream mechanisms.

Provide medical assistance following overseas disasters

Through the Disaster Health Care Assistance Schemes, the Department provides financial assistance to eligible Australian victims of disasters occurring overseas, including acts of terrorism, civil disturbances or natural disasters. This assistance, in the form of ex-gratia payments to victims and their families, covers out-of-pocket expenses for health care delivered in Australia for injury or ill health arising from specific disasters. There are six currently active schemes covering events such as the Bali bombings and the Asian tsunami.

In 2014-15, the Department of Human Services paid $574,642 for 2,369 claims on behalf of the Department of Health.

Qualitative Deliverable:	**Provide health care assistance to eligible Australians overseas in the event of overseas disasters.**
2014-15 Reference Point:	Assistance is provided in a timely manner.
▲▲▲▲ **Result:**	**Met** The Disaster Health Care Assistance Schemes are demand-driven programmes. Eligible people receive reimbursement for out-of-pocket health care expenses related to any injury or illness which has resulted from one of the incidents covered by the Schemes. In 2014-15, all reimbursements were provided in a timely manner.

Support access to necessary medical services which are not available through mainstream mechanisms

The Medical Treatment Overseas Programme provides eligible Australians with funding to access approved medical treatments overseas for life threatening illness, for which treatment is not currently available in Australia. In 2014-15, the Department received 16 applications for financial assistance. Seven applicants received funding to undergo treatment overseas. These applicants were supported by independent expert advice from medical craft groups.

Provide medical assistance to Australians who travel overseas

Through the Australian Government's Reciprocal Health Care Agreements, access to local health services has continued to be provided for Australians travelling overseas in 11 countries. The Agreements have also continued to enable access to public health services in Australia for visitors from those countries during 2014-15. The Department, in conjunction with the Department of Human Services and the Department of Foreign Affairs and Trade, has maintained its role in managing the 11 Agreements.

In 2014-15, some 134,089 MBS services were provided to visitors to Australia under the Reciprocal Health Care Agreements with a total of $8,889,592 paid in benefits.

National External Breast Prostheses Reimbursement Programme

The National External Breast Prostheses Reimbursement Programme provides a reimbursement of up to $400 for new and replacement external breast prostheses for women who have had a mastectomy as a result of breast cancer. This programme ensures national consistency in the provision of financial support towards the cost of external breast prostheses, and improves the quality of life for women who have undergone mastectomy as a result of breast cancer.

Quantitative KPI:	**Percentage of claims by eligible women under the national External Breast Prostheses Reimbursement Programme processed within ten days of lodgement.**
2014-15 Target:	90%
2014-15 Actual:	98%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
99.8%	98%	98%

During 2014-15, some 14,668 reimbursments were processed under the programme. Of the 14,668 eligible claims made, 98% were processed within 10 days of lodgement.

Programme 3.3: Pathology and Diagnostic Imaging Services and Radiation Oncology

Programme 3.3 aims to support access to high quality and affordable pathology services, strengthen the provision of quality diagnostic imaging services, and ensure ongoing affordable and effective use of diagnostic imaging and radiation oncology.

Access to pathology services

The Department manages the provision of quality pathology services through two programmes. The National Pathology Accreditation Programme requires that laboratories be accredited in order to be eligible for MBS rebates. During 2014-15, the Department has continued to work closely with the National Pathology Accreditation Advisory Council (NPAAC) on the refinement of the national pathology accreditation framework focusing on strategies that ensure the provision of quality pathology services and minimise potential risks to patient safety. The suite of national accreditation standards have been reviewed and revised to ensure that emerging technologies and best practice are addressed in a comprehensive and transparent manner that also aligns with national and international directions where appropriate.

The Quality Use of Pathology Programme has supported a range of pathology quality initiatives focused on risk minimisation strategies, evidence-based pathology requesting and reporting, and promotion of patient safety.

Quantitative Deliverable:	**Number of new and/or revised national accreditation standards produced for pathology laboratories.**
2014-15 Target:	4
2014-15 Actual:	4
▲▲▲▲ **Result:**	**Met** Four revised standards have been published in 2014-15 and there are two standards that are expected to be published early in 2015-16. NPAAC has focused on several comprehensive document reviews and strategic accreditation issues, including publication of best practice guidance materials on *Direct-to-Consumer Genetic Testing and Point of Care Testing*.

Access to diagnostic imaging services

The Diagnostic Imaging Accreditation Scheme standards have been reviewed in consultation with the sector, and new standards will be introduced from 1 January 2016. The timing of implementation will ensure that diagnostic imaging practices have adequate lead time to prepare for assessment against the new standards, with assistance from revised guidance materials.

A Regulatory Impact Statement (RIS) on improving the quality and safety of Medicare-funded diagnostic imaging services through the enhancement of regulatory and accreditation requirements, was released for public consultation. The feedback from this consultation will guide the development of further options for enhancing quality, reducing waste, and minimising harm caused by inappropriate, unnecessary and sub-optimal diagnostic imaging services.

New diagnostic imaging services were added to the Diagnostic Imaging Services Table for cone beam computed tomography and magnetic resonance imaging (MRI) for Crohn's Disease, following Medical Services Advisory Committee (MSAC) evaluations.

The Department has worked with the Diagnostic Imaging Advisory Committee to consider development of policies to support high quality, affordable and cost-effective diagnostic imaging services.

Qualitative KPI:	**Diagnostic radiology services are effective and safe.**
2014-15 Reference Point:	Patients have access to diagnostic imaging services that are performed by a suitably qualified professional.
▲▲▲▲ **Result:**	**Met** The Department has undertaken a post-implementation review of the *Strengthening the Provision of Quality Medicare-Funded Diagnostic Radiology Services* measure introduced on 1 November 2012 and has found that on balance the measure was effective at ensuring that diagnostic radiology services are performed by suitably qualified professionals.

Qualitative KPI:	**The Diagnostic Imaging Accreditation Scheme will be reviewed and the standards updated to ensure that Medicare funding is directed to diagnostic imaging services that are safe, effective and responsive to the needs of health care consumers.**
2014-15 Reference Point:	Enhanced access to high quality and sustainable diagnostic imaging services.
▲▲▲▲ **Result:**	**Met** The Diagnostic Imaging Accreditation Scheme standards have been reviewed in consultation with the sector, and new standards have been developed, along with supporting documentation to assist diagnostic imaging practices to meet the revised accreditation evidence requirements.

Access to quality radiation oncology services

The Department continues to improve access to high quality radiation oncology services by funding approved equipment, quality programmes and initiatives to support the radiation oncology workforce. The Radiation Oncology Health Program Grants Scheme reimburses service providers for the cost of approved equipment used to provide treatment services. These payments ensure that equipment is replaced at the end of its lifespan so that treatment is delivered with up-to-date technology. The payments complement Medicare benefits payable to patients under Programme 3.1.

Quantitative KPI:	**The number of sites delivering radiation oncology.**
2014-15 Target:	69
2014-15 Actual:	75
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
63	66	69

By the end of 2014-15, 75 radiation oncology facilities were providing services to patients. This exceeds the 2014-15, 2015-16 and 2016-17 targets.

Expert stakeholder engagement in pathology, diagnostic imaging and radiation oncology

The Department has sought input from expert stakeholders in relation to the revision of diagnostic imaging accreditation standards, to ensure that services provided at diagnostic imaging practices meet appropriate quality and safety standards. Input from expert stakeholders has also been sought in the development of item descriptors for new Medicare-funded diagnostic imaging services.

Stakeholder feedback on improving the quality and safety of Medicare-funded diagnostic imaging services has assisted in the development of the consultation RIS, and contributed to ensuring robust discussions to guide the development of further options for enhancing quality, reducing waste, and minimising harm caused by inappropriate, unnecessary and sub-optimal diagnostic imaging services.

Radiation oncology is a complex area where expert advice is required to develop strategies to respond to incremental advances in technology. Radiation oncology treatment involves sophisticated and expensive technology that substantially improves health outcomes. However, the technology also involves some risks to patients. The Department will continue to work with stakeholders and service providers to ensure that Medicare arrangements appropriately balance costs, benefits and risks.

Qualitative Deliverable:	**Stakeholder engagement in programme and/or policy development.**
2014-15 Reference Point:	Engagement of stakeholders through public consultation and stakeholder meetings.
▲▲▲▲ **Result:**	**Met**
	Key stakeholder engagement for diagnostic imaging has occurred through the Diagnostic Imaging Advisory Committee, the Diagnostic Imaging Accreditation Scheme Monitoring and Implementation Committee, as well as regular consultation with the Royal Australian and New Zealand College of Radiologists and the Australian Diagnostic Imaging Association.
	The Department has worked with stakeholders and service providers to support the delivery of high-quality radiation oncology services that have resulted in better health outcomes for patients.

Programme 3.4: Medical Indemnity

Programme 3.4 aims to ensure the stability of the medical indemnity insurance industry, and that insurance products for medical professionals are available and affordable.

Ensure the stability of the medical indemnity insurance industry

Medical indemnity insurance provides surety to medical practitioners and their patients in the event of an adverse incident resulting from negligence. Affordable and stable medical indemnity insurance allows the medical workforce to focus on the delivery of high quality medical services.

Quantitative KPI:	**Percentage of medical indemnity insurers who have a Premium Support Scheme contract with the Commonwealth that meets the Australian Prudential Regulation Authority's Minimum Capital Requirement.**			
2014-15 Target:	100%			
2014-15 Actual:	100%			
▲▲▲▲ **Result:**	**Met**	**11-12**	**12-13**	**13-14**
		100%	100%	100%
	In 2014-15, all medical indemnity insurers who have a Premium Support Scheme contract with the Commonwealth met the Minimum Capital Requirement as set by Australian Prudential Regulation Authority.			

Ensure that insurance products are available and affordable

To assist eligible doctors meet the cost of their medical indemnity insurance, the Government funds the Premium Support Scheme (PSS). PSS assists eligible doctors through a subsidy, paid via their medical indemnity insurer, by reducing their medical indemnity costs when a doctor's gross indemnity premium exceeds 7.5 per cent of their income.

The Government will ensure that the medical indemnity industry remains stable and secure by subsidising claims resulting in insurance payouts over $300,000 (High Cost Claims Scheme) and by providing a guarantee to cover claims above the limit of doctors' medical indemnity contracts of insurance, so doctors are not personally liable for very high claims (Exceptional Claims Scheme).

Government-supported, affordable professional indemnity insurance is also available for qualified and experienced privately practising midwives. For eligible claims the Government contributes 80 per cent to the costs of claims above $100,000 and 100 per cent of costs above $2 million.

During 2014-15, one provider of insurance for midwives withdrew its product from the market, potentially leaving some midwives without insurance cover. Where these midwives meet the Commonwealth requirements, they are able to access the Midwife Professional Indemnity Scheme.

Quantitative Deliverable:	**Percentage of eligible applicants receiving a premium subsidy through the Premium Support Scheme.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

All eligible applicants received a premium subsidy through the Premium Support Scheme in 2014-15.

Quantitative Deliverable:	**Percentage of eligible midwife applicants covered by the Midwife Professional Indemnity Scheme.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

All eligible privately practising midwives who applied for Commonwealth-supported professional indemnity insurance through Medical Insurance Group Australia (MIGA) were offered cover.

Qualitative KPI:	**The continued availability of professional indemnity insurance for eligible midwives.**
2014-15 Reference Point:	Maintain contract with Medical Insurance Group Australia to provide professional indemnity insurance to eligible midwives.
▲▲▲▲ **Result:**	**Met**

Eligible private midwives were able to purchase Commonwealth supported professional indemnity insurance from MIGA.

Quantitative KPI:	**Number of doctors that receive a premium subsidy support through the Premium Support Scheme.**			
2014-15 Target:	2,100			
2014-15 Actual:	1,400			
▲▲▲△ **Result:**	**Substantially met**	**11-12**	**12-13**	**13-14**
		2,106	1,847	1,613
	In 2014-15, 1,400 doctors received a premium subsidy. This is a significant result, as it shows a continuing decline in the number of doctors seeking subsidy support and indicates that the measures administered by the Department have contributed to ensuring the industry remains stable through affordable premiums.			

Programme 3.5: Hearing Services

Programme 3.5 aims to support access to quality hearing services for eligible clients, provide better targeted hearing services, and support research into hearing loss prevention and management.

Support access for eligible clients to quality hearing services

The Hearing Services Programme (the programme) provides a range of fully or partially subsidised hearing services to eligible Australians to manage their hearing loss and improve their engagement with the community.

In 2014-15, the Department engaged with service providers and device manufacturers to reduce red tape by assessing risk and refining procedures and processes relating to contractual and legal obligations under the programme. This included streamlining hearing device approvals processes as well as simplifying programme requirements wherever possible, to free up time for hearing services clients.

The Department implemented improvements to the Hearing Services Online (HSO) portal in consultation with stakeholders, including provision of client history and improved access and search functions. These improvements have increased client choice, created efficiencies for service providers and enhanced access to information for users.

The Department continues to support referred National Disability Insurance Scheme clients to access services under the programme and to fund Australian Hearing to deliver the Community Service Obligations component of the programme to young Australians up to 26 years, complex needs clients, rural and remote Australians and eligible Aboriginal and Torres Strait Islander peoples.

A key challenge in 2014-15 was modelling and understanding the implications for the future transfer of a portion of programme clients to the National Disability Insurance Scheme (NDIS). The Department worked closely with the National Disability Insurance Agency and has commenced engaging with stakeholders to progress this work.

Qualitative Deliverable:	**Engagement of providers in the risk-based audit programme supports client outcomes and quality service provision.**
2014-15 Reference Point:	The provider self-assessment process is managed in accordance with contractual requirements.
▲▲▲▲ **Result:**	**Met** The annual provider self-assessment process was managed and completed in accordance with contractual requirements, and evaluated for continuous improvement.

Quantitative Deliverable:	**Number of people who receive voucher services nationally.**
2014-15 Target:	713,000
2014-15 Actual:	669,793
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
616,639	636,389	647,545

The voucher component of the programme is client demand driven, and the projected target is an estimation based on population trends.

Qualitative KPI:	**Policies and programme improvements are developed and implemented in consultation with consumers and service providers.**
2014-15 Reference Point:	Opportunity for stakeholders to participate in consultations.
▲▲▲▲ **Result:**	**Met**

Regular, ad-hoc and targeted consultation opportunities were provided to stakeholders throughout 2014-15.

Quantitative KPI:	**Proportion of voucher applications processed within 14 days.**
2014-15 Target:	90%
2014-15 Actual:	99%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
98%	99%	98%

The HSO portal, introduced in February 2014, enables online processing of voucher applications.

Quantitative KPI:	**Proportion of claims for a hearing aid fitting that relate to voucher clients who have a hearing loss of greater than 23 decibels.**
2014-15 Target:	95%
2014-15 Actual:	94%
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
96%	95%	94%

There are legislated exceptions which constrain a 100% compliance with this target. As this is a demand driven programme the target is an annual estimate.

Support research into hearing loss prevention and management

The Department continues to support hearing research through the Hearing Loss Prevention Program (HLPP), managed by the National Health and Medical Research Council (NHMRC), and Australian Hearing's research department, the National Acoustic Laboratories (NAL).

In 2014-15, three new projects were awarded funding through the HLPP. These relate to Indigenous children's ear health, prevention of middle ear infections and the language gap between children with and without permanent hearing loss.

In 2014-15, the NAL received funding to undertake research projects relating to hearing assessment, hearing loss prevention, rehabilitation devices, rehabilitation procedures, and device and engineering development.

Qualitative Deliverable:	**Research projects underway that aim to contribute to the development of improved policies and service delivery and /or enables the Department to better identify the needs of the community in relation to hearing loss.**
2014-15 Reference Point:	Research projects are managed in accordance with NHMRC research management guidance.
▲▲▲▲ Result:	**Met** In 2014-15, the NHMRC approved three new hearing research projects, while continuing to manage seven ongoing projects for the Department.

Programme 3.6: Dental Services

Programme 3.6 aims to improve access to public dental services.

Improve access to public dental services

The National Partnership Agreement on Treating More Public Dental Patients, which expired on 30 June 2015, made available $344 million in Commonwealth funding for the States and Territories over three years. The purpose of the Agreement was to alleviate pressure on public dental waiting lists by providing additional services to around 400,000 public dental patients. By the final performance period, the national target was exceeded.

To further the progress made under this National Partnership Agreement, the Government is providing a further $155 million in funding under the National Partnership Agreement on Adult Public Dental Services during 2015-16.

Qualitative KPI:	**Improve access to public dental services for public dental patients.**
2014-15 Reference Point:	Evaluation of the National Partnership Agreement on Treating More Public Dental Patients and associated data, to determine if increased access to dental services has occurred following the conclusion of the Agreement (June 2015).
▲▲▲▲ Result:	**Met** Ongoing analysis of the programme shows that there was an increase in the number of services provided, and the patients receiving treatment, in every State and Territory during the Agreement's three year term. By the end of the Agreement, the national target was met and resulted in a reduction in waiting times in nearly all jurisdictions.

Quantitative KPI:	**Number of additional public dental patients treated, under the National Partnership on Treating More Public Dental Patients, by the States and Territories above agreed baseline.**
2014-15 Target:	133,333
2014-15 Actual:	133,333
▲▲▲▲ Result:	**Met** The additional Commonwealth funding through the National Partnership Agreement enabled the States and Territories to utilise new techniques or expand existing methods to provide more public dental services in that jurisdiction. Each State and Territory had varying methods for how an increase in service delivery was achieved; however most included expanding current voucher schemes and engaging private sector dentists.

Improve access to dental services for children

The Child Dental Benefits Schedule commenced on 1 January 2014, and provides up to $1,000 in benefits, capped over two calendar years, for basic dental services for eligible children 2-17 years of age who meet a means test. In 2014-15, the Department supported the continued implementation of the Child Dental Benefits Schedule, including legislation to improve the programme's operation.

Improve access to clinically relevant dental services

In 2014-15, the Department commenced work on a statutory review of the *Dental Benefits Act 2008.*

The statutory review is a legislative requirement of the *Dental Benefits Act 2008*, to examine the administration of the Act and the extent to which it attains its purposes. The review is conducted by an independent committee to examine how effectively the Child Dental Benefits Schedule is operating under the legislation. It may identify opportunities within the legislation to improve the operation and administration of the Child Dental Benefits Schedule.

Quantitative KPI:	**Number of children accessing the Child Dental Benefits Schedule.**
2014-15 Target:	2.4m
2014-15 Actual:	988,963
△△△△ **Result:**	**Not met** The Child Dental Benefits Schedule is a demand driven, calendar year programme. Claims for benefits may also be made for several years after the date of service.

Qualitative Deliverable:	**In accordance with legislation, undertake an independent review of the operation of the *Dental Benefits Act 2008.***
2014-15 Reference Point:	Review undertaken as soon as practicable after the sixth anniversary of the *Dental Benefits Act 2008*, 26 June 2014.
△△△△ **Result:**	**Not met** Preliminary work has been completed. The review will be finalised in 2015-16 when more extensive data will be available to inform the review panel's considerations.

Outcome 3 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 3.1: Medicare Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	8,847	5,638	(3,209)
Special appropriations			
Health Insurance Act 1973 - medical benefits	20,311,899	20,158,800	(153,099)
Departmental expenses			
Departmental appropriation[1]	29,287	28,389	(898)
Expenses not requiring appropriation in the budget year[2]	1,427	1,888	461
Total for Programme 3.1	**20,351,460**	**20,194,715**	**(156,745)**
Programme 3.2: Targeted Assistance - Medical			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	12,689	10,202	(2,487)
Departmental expenses			
Departmental appropriation[1]	946	909	(37)
Expenses not requiring appropriation in the budget year[2]	44	60	16
Total for Programme 3.2	**13,679**	**11,171**	**(2,508)**

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 3.3: Pathology and Diagnostic Imaging Services and Radiation Oncology			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	77,740	72,864	(4,876)
Departmental expenses			
Departmental appropriation[1]	5,061	5,053	(8)
Expenses not requiring appropriation in the budget year[2]	243	334	91
Total for Programme 3.3	**83,044**	**78,251**	**(4,793)**
Programme 3.4: Medical Indemnity			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	150	175	25
Special appropriations			
Medical Indemnity Act 2002	79,748	83,920	4,172
Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010	821	-	(821)
Departmental expenses			
Departmental appropriation[1]	492	432	(60)
Expenses not requiring appropriation in the budget year[2]	23	28	5
Total for Programme 3.4	**81,234**	**84,555**	**3,321**
Programme 3.5: Hearing Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	479,224	443,684	(35,540)
Departmental expenses			
Departmental appropriation[1]	13,191	12,185	(1,006)
Expenses not requiring appropriation in the budget year[2]	581	716	135
Total for Programme 3.5	**492,996**	**456,585**	**(36,411)**
Programme 3.6: Dental Services[3]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	150	150	-
Special appropriations			
Dental Benefits Act 2008	424,607	312,839	(111,768)
Departmental expenses			
Departmental appropriation[1]	4,176	3,908	(268)
Expenses not requiring appropriation in the budget year[2]	204	260	56
Total for Programme 3.6	**429,137**	**317,157**	**(111,980)**
Outcome 3 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	578,800	532,713	(46,087)
Special appropriations	20,817,075	20,555,559	(261,516)
Departmental expenses			
Departmental appropriation[1]	53,153	50,876	(2,277)
Expenses not requiring appropriation in the budget year[2]	2,522	3,286	764
Total expenses for Outcome 3	**21,451,550**	**21,142,434**	**(309,116)**
Average staffing level (number)	**277**	**280**	**3**

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

2 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

3 This Programme includes National Partnerships payments to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

Outcome 4
Acute Care

Improved access to, and efficiency of, public hospitals, acute and subacute care services, including through payments to state and territory governments

Major Achievements

- In 2014-15, the Government provided $15.1 billion for public hospital services, with the Department working with the Department of the Treasury to implement changes to the Commonwealth public hospital funding arrangements.
- In 2014-15, the Government provided more than of $59.7 million in reward payments to States and Territories for elective surgery and emergency department achievements under the National Partnership Agreement on Improving Public Hospital Services.
- In 2014-15, the Government also provided $33.1 million under the Tasmanian Health Assistance Package for acute and subacute care, to improve the effectiveness, efficiency, and long-term sustainability of Tasmania's health system.

Challenges

- Continuing to work with States, Territories and Commonwealth entities including the Independent Hospital Pricing Authority and National Health Funding Body to improve the quality and consistency of public hospital activity and cost data.
- The Department continues to work with Tasmania to enhance the effectiveness, efficiency, and long-term sustainability of Tasmania's health system through supporting reforms in elective surgery activity.

Looking Ahead

In 2015-16, the Department will work with States and Territories to implement changes to public hospital funding arrangements. The revised arrangements will be informed by the forthcoming White Papers on the Reform of the Federation and Reform of Australia's Tax System, managed by the Department of the Prime Minister and Cabinet and the Department of the Treasury respectively.

Programme Contributing to Outcome 4

Programme 4.1: Public Hospitals and Information

Division Contributing to Outcome 4

In 2014-15, Outcome 4 was the responsibility of Acute Care Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programme.

Programme 4.1: Public Hospitals and Information

Programme 4.1 aims to improve access to, and efficiency of, public hospitals through the provision of funding to States and Territories.

Supporting states to deliver efficient public hospital services

The Department continued to work with States and Territories to support the efficient pricing, funding, delivery and accountablity of public hospital services. In 2014-15, the Department also worked with the Independent Hospital Pricing Authority and National Health Funding Body to support the development of the ongoing pricing arrangements for hospital services and to ensure that Commonwealth public hospital funding was distributed accurately and transparently to States and Territories and their Local Hospital Networks.

Qualitative KPI:	**Improve appropriate utilisation of Emergency Departments.**
2014-15 Reference Point:	Agreement reached between the Commonwealth, States and Territories on the national framework for patient contributions in Emergency Departments.
△△△△ **Result:**	**Not met** On 3 March 2015, the Minister for Health announced that the proposed 2014-15 Budget measure to introduce patient contributions for General Practitioners (GPs), pathology and diagnostic imaging services would not proceed. As a result, the previously identified change to allow States and Territories to introduce patient contributions for GP-type patients attending public hospital emergency departments did not proceed.

Qualitative KPI:	**Ensure that residents of north-west Tasmania have ongoing access to local hospital services.**
2014-15 Reference Point:	Agreement reached with the Tasmanian Government on the long-term arrangement for Mersey Community Hospital.
▲▲▲△ **Result:**	**Substantially met** Agreement was reached with the Tasmanian Government on a new two-year Heads of Agreement for the Mersey Community Hospital.

Improving health services in Tasmania

The Department continued to work with Tasmania to improve the effectiveness and efficiency of the State's health services. In 2014-15, a range of investments were confirmed in discussions between the two Governments.

Quantitative Deliverable:	**Additional elective surgery procedures for Tasmania.**
2014-15 Target:	2,500
2014-15 Actual:	1,401
△△△△ **Result:**	**Not met** This funding supports a critical Elective Surgery Reform programme to improve Tasmania's capacity to provide cost-effective and sustainable elective surgery. It also funds elective surgery activity which targets patients who have waited the longest for surgery to ensure they receive their operations as a priority, subject to clinical need, and supports Tasmania in reducing its elective surgery waiting times for people who have waited longer than clinically recommended. Tasmania has been finalising a panel of private providers to deliver on the elective surgery commitments. This was not completed in 2014-15, however, it is expected to be in place in 2015-16 and the remaining 2014-15 procedures will be undertaken under these new arrangements in 2015-16.

Mersey Community Hospital

In 2014-15, the Government continued to fund the Tasmanian Government to manage and operate the Mersey Community Hospital at Latrobe. Agreement was also reached on a new Heads of Agreement for the hospital for the next two years. The arrangements will ensure that the hospital will continue to provide a range of public hospital services for people in the north-west region of Tasmania.

Outcome 4 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 4.1: Public Hospitals and Information[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	96,496	93,751	(2,745)
Non cash expenses - depreciation[2]	963	963	-
Special accounts			
Local Hospital Networks Account	-	1,261	1,261
Departmental expenses			
Departmental appropriation[3]	42,360	41,165	(1,195)
Expenses not requiring appropriation in the current year[4]	14,904	13,800	(1,104)
Total for Programme 4.1	**154,723**	**150,940**	**(3,783)**
Outcome 4 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	96,496	93,751	(2,745)
Non cash expenses - depreciation[2]	963	963	-
Special accounts			
Local Hospital Networks Account	-	1,261	1,261
Departmental expenses			
Departmental appropriation[3]	42,360	41,165	(1,195)
Expenses not requiring appropriation in the current year[4]	14,904	13,800	(1,104)
Total expenses for Outcome 4	**154,723**	**150,940**	**(3,783)**
Average staffing level (Number)	**119**	**117**	**(2)**

1 This Programme includes National Partnerships paid to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

2 Non cash expenses relate to the depreciation of buildings.

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

4 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 5
Primary Health Care

Access to comprehensive primary and mental health care services, and health care services for Aboriginal and Torres Strait Islander peoples and rural and remote populations, including through first point of call services for the prevention, diagnosis and treatment of ill-health and ongoing services for managing chronic disease

Major Achievements

- Established 31 Primary Health Networks following an open and competitive tender process, with a number of existing primary and mental health care programmes successfully transitioned to the new arrangements.
- Continued the roll out of headspace centres across Australia, with 83 of the 100 announced centres now operational.
- Commenced development, including consultation, of the Government's response to the Review of Mental Health Programmes and Services.
- Established the Primary Health Care Advisory Group, following the announcement of the Healthier Medicare initiatives in April 2015, to guide a necessary shift from a fragmented health care system based on individual transactions, to a more integrated system that better manages the health care needs of people with chronic and complex conditions.
- Reached agreement with the Northern Territory Government on a $10 million project to address the need for renal infrastructure in Central Australia.
- Redesigned the Tackling Indigenous Smoking Programme following a review of the programme in 2014. The redesigned programme will commence in 2015-16 to continue efforts to reduce the harm to Aboriginal and Torres Strait Islander people from smoking.
- Developed the Implementation Plan for the *National Aboriginal and Torres Strait Islander Health Plan 2013-2023* in partnership with the National Health Leadership Forum, to outline actions which give effect to the vision, principles, priorities and strategies of the *National Aboriginal and Torres Strait Islander Health Plan 2013-2023*.

Challenges

- In 2008, the Council of Australian Governments agreed an Indigenous health target 'to close the life expectancy gap within a generation (by 2031)'. While progress to date has not been sufficient to achieve the target, there have been improvements in child mortality and life expectancy, notable improvements in cardiovascular and respiratory disease outcomes, as well as reductions in smoking rates which will drive further improvements over time.
- Working to decrease the prevalence rate of ear disease in Aboriginal and Torres Strait Islander children which remains high, particularly in rural and remote locations, with potential implications for children's ability to learn at school.
- Although there has been a marked reduction in smoking, the National Healthcare Agreement target to halve adult Indigenous smoking rates by 2018 (from 44.8 per cent to 22.4 per cent) will require an accelerated reduction in smoking rates.

Looking Ahead

In 2015-16, the Department will continue strengthening primary and mental health care by focusing on improving delivery and quality of services in primary care, and providing national direction and support to Primary Health Networks (PHNs).

The Department will develop options for policy and programme changes following the conclusion of the Review of Mental Health Programmes and Services (the Review), for consideration by the Government. The Department will also work with the States and Territories to develop a new national mental health plan, informed by the final report of the Review. During this time, the Department will continue to support a range of mental health and suicide prevention treatment and support activity.

Improving health outcomes for Aboriginal and Torres Strait Islander people will continue to be a strategic priority across health programmes. The Implementation Plan for the *National Aboriginal and Torres Strait Islander Health Plan 2013-2023* will be released in 2015-16. The Department will work in partnership with the National Aboriginal and Torres Strait Islander health sector to commence work on actions identified in the Implementation Plan.

In addition, the new *Tackling Indigenous Smoking programme* will be rolled out in 2015-16, and will include greater accountability for tobacco reduction outcomes. The programme will assist in delivery of the targets for reduced tobacco use listed in the Implementation Plan.

The Department will provide policy support for the work of the Primary Health Care Advisory Group, in developing recommendations for Government on primary care reform options for improving the care of people with chronic and complex conditions, by the end of 2015.

Programmes Contributing to Outcome 5

Programme 5.1: Primary Care Financing Quality and Access

Programme 5.2: Primary Care Practice Incentives

Programme 5.3: Aboriginal and Torres Strait Islander Health

Programme 5.4: Mental Health

Programme 5.5: Rural Health Services

Divisions Contributing to Outcome 5

In 2014-15, Outcome 5 was the responsibility of Indigenous and Rural Health Division and Primary and Mental Health Care Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Trends

Figure 5.1: Number of calls to the *after hours GP helpline*

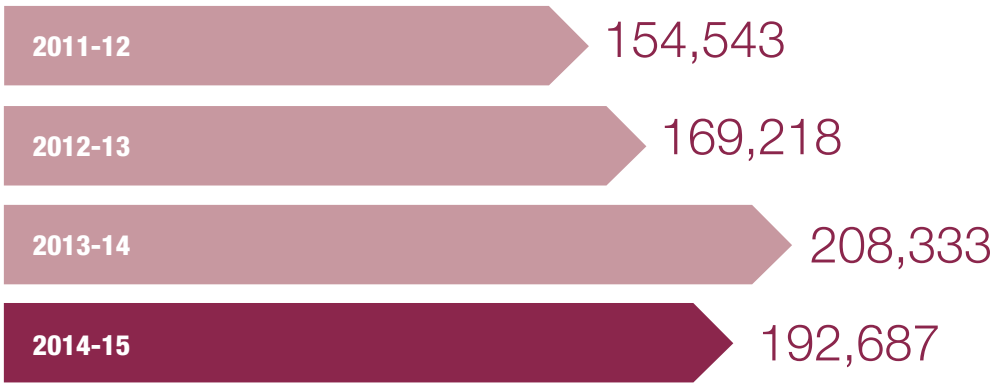
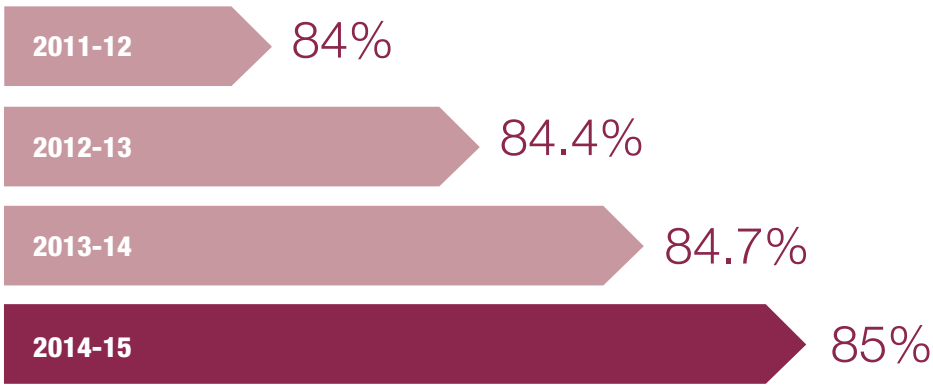


Figure 5.2: Number of general practices signed on to the Practice Incentive Programme (PIP) Indigenous Health Incentive

Figure 5.3: Percentage of GP patient care provided by PIP practices



Programme 5.1: Primary Care Financing Quality and Access

Programme 5.1 aims to improve access to primary health care, including through the establishment of Primary Health Networks (PHNs) and improving models of primary care.

Primary Health Networks

In 2014-15, the Department established 31 PHNs to increase the efficiency and effectiveness of medical services for patients at risk of poor health outcomes and to improve coordination of care to ensure patients receive the right care, in the right place, at the right time.

PHNs will improve patient health outcomes by understanding the health care needs of their communities through: analysis and planning; supporting general practices in attaining the highest standards in safety and quality through showcasing and disseminating research and evidence of best practice; working with other funders of health services; and purchasing or commissioning health and medical/clinical services for local groups most at risk of poor health outcomes. They will work closely with Local Hospital Networks (LHNs) to reduce avoidable emergency department presentations, hospital admissions and re-admissions.

The Australian Government has agreed to six key priorities for targeted work by PHNs. These are mental health, Aboriginal and Torres Strait Islander health, population health, health workforce, eHealth and aged care.

Qualitative Deliverable:	**Establishment of Primary Health Networks.**
2014-15 Reference Point:	Primary Health Networks established by 1 July 2015.
▲▲▲▲ **Result:**	**Met** The Department has executed funding agreements with all 31 Primary Health Networks and operations commenced on 1 July 2015.

Improve access to after-hours primary health care

In 2014-15, the Department continued to support access to primary care through the 24 hour nurse-based triage telephone service, *healthdirect Australia* and the *after hours GP helpline.*

During 2014-15, the National Health Services Directory (NHSD) continued to expand its data on telehealth, enabling users to search for telehealth capable services. The NHSD also provided data and interfaces for secure health messages, for example to enable hospitals to send secure electronic discharge summaries. As at 30 June 2015, the NHSD stored 1,750 telehealth specific records and 31,609 practitioner endpoints (for secure health messages).

Quantitative KPI:	**Number of calls to the *after hours GP helpline.***			
2014-15 Target:	220,000			
2014-15 Actual:	192,687			
▲▲▲△ **Result:**	**Substantially met**	**11-12**	**12-13**	**13-14**
		154,543	169,218	208,333
	The *after hours GP helpline* is a demand driven service with forecasts, rather than targets. *healthdirect Australia*, 13HEALTH and Nurse-ON-CALL transferred 192,687 calls to the *after hours GP helpline* in 2014-15. Residents in Tasmania continued to access after-hours GP services through the GP Assist service.			

Improving models of primary care

The Department has been working with jurisdictions to explore innovative, sustainable and flexible models of primary health care delivery. In 2014-15 the Government committed $1 million to the evaluation of new models of integrated health care delivery. Future potential models may be considered in the context of the newly formed Primary Health Care Advisory Group.

Programme 5.2: Primary Care Practice Incentives

Programme 5.2 provides incentive payments to general practices and GPs through the Practice Incentives Programme (PIP).

Provide general practice incentive payments

The Department has continued to provide incentive payments to support general practice activities through the PIP that encourage continuing improvements, increased quality of care, enhanced capacity, and improved access and health outcomes for patients.

In 2014-15, the Government doubled the PIP teaching payment from $100 to $200 per session to better compensate general practices for providing teaching sessions to medical students. This allows more students to experience general practice and is expected to result in more students pursuing a career in primary care.

The Government also continued to provide financial incentives to participating general practices and Indigenous health services to provide better health care for Aboriginal and Torres Strait Islander patients, including best practice management of chronic disease.

Other incentives provided to general practices in 2014-15 included:

- **eHealth**, to encourage general practices to keep up-to-date with the latest developments in eHealth and adopt new eHealth technology as it becomes available;
- **quality prescribing**, to keep practices up-to-date with information on the quality use of medicines;
- **procedural payment**, to encourage GPs in rural and remote areas to provide non-referred procedural services in a hospital theatre, maternity care setting or other appropriately equipped facilities;
- **asthma**, to better manage the clinical care of people with moderate to severe asthma;
- **cervical screening**, to screen women for cervical cancer who have not had a cervical smear in the last four years and to increase overall screening rates;
- **diabetes**, to provide earlier diagnosis and effective management of people with established diabetes mellitus;
- **aged care access**, to provide increased and continuing services in Australian Government funded residential aged care facilities; and
- **rural loading**, recognising the difficulties of providing care, often with little professional support, in rural and remote areas.

Qualitative Deliverable:	**Implement the increased PIP teaching payment.**
2014-15 Reference Point:	Provide general practices with access to the increased PIP teaching incentive from 1 January 2015.
▲▲▲▲ **Result:**	**Met** General practices were provided with access to the increased PIP teaching incentive from 1 January 2015.

Quantitative KPI:	**Percentage of GP patient care provided by PIP practices.**
2014-15 Target:	84%
2014-15 Actual:	85%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
84.0%	84.4%	84.7%

The Australian Government has continued to support improvements to primary health care delivery through the PIP, with 85% of GP patient care provided by practices participating in the PIP.

Quantitative KPI:	**Number of general practices signed on to the Indigenous Health Incentive.**
2014-15 Target:	3,100
2014-15 Actual:	3,659
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
2,900	3,333	3,530

The Australian Government has continued to provide financial incentives to general practices and Indigenous health services participating in the PIP Indigenous Health Incentive, for better health care for Aboriginal and Torres Strait Islander patients, including best practice management of chronic disease.

Programme 5.3: Aboriginal and Torres Strait Islander Health

Programme 5.3 aims to improve health outcomes and access to health care services for Aboriginal and Torres Strait Islander people, including mothers and children.

Improving access to Aboriginal and Torres Strait Islander health care in areas of need

On 1 July 2014, the Australian Government established the Indigenous Australians' Health Programme. The Programme funds a range of Aboriginal and Torres Strait Islander specific activities including comprehensive primary health care (including chronic disease management and child and maternal health), activities to support the most effective delivery of primary health care (including workforce and data collection and analysis measures), targeted activities (addressing particular health challenges based on geography or health conditions), and capital works.

To fully implement the Programme, the Department is continuing to work with States and Territories and the National Aboriginal Community Controlled Health Organisation (NACCHO) and the State and Territory Aboriginal health peak bodies to develop a funding approach aimed at improving effectiveness and efficiency of services, as well as the overall allocation of grant funds to meet population and health needs.

The Department is also working with these organisations to finalise the *National Continuous Quality Improvement (CQI) Framework for Aboriginal and Torres Strait Islander Primary Health Care*. The implementation of this Framework will assist to embed a CQI focus in all funded organisations to improve patient outcomes by ensuring the delivery of high quality evidence-based care.

In 2014-15, the Australian and Northern Territory Governments agreed the details of the *Project Agreement for Renal Infrastructure in the Northern Territory*. Under this Agreement the Australian Government is providing $10 million for family centric renal accommodation in Tennant Creek and Alice Springs, and renal infrastructure in remote communities to support dialysis patients to remain in their own homes. The Northern Territory Government will manage the delivery of these projects.

Qualitative Deliverable:	**Consolidate Indigenous health funding and establish the Indigenous Australians' Health Programme.**
2014-15 Reference Point:	Indigenous Australians' Health Programme is established on 1 July 2014.
▲▲▲▲ **Result:**	**Met**

From 1 July 2014, four existing funding programmes (Primary Health Care base funding, child and maternal health programmes, Stronger Futures in the Northern Territory and the Aboriginal and Torres Strait Islander Chronic Disease Fund) were consolidated into one single programme, the Indigenous Australians' Health Programme.

Qualitative Deliverable:	**High quality, comprehensive primary health care is provided to Aboriginal and Torres Strait Islander peoples.**
2014-15 Reference Point:	Increased focus on the delivery of high quality, frontline core essential services.
▲▲▲▲ **Result:**	**Met** In 2014-15, the Department funded 280 organisations, including Aboriginal community controlled health organisations, Medicare Locals, State and Territory Governments and non-government organisations, to provide a range of primary health care services including comprehensive primary health care, chronic disease prevention, detection and management, care coordination, and child and maternal health. The Implementation Plan for the *National Aboriginal and Torres Strait Islander Health Plan 2013-2023* includes an action plan to inform the development of the core services model, future workforce requirements and investment in capacity building priorities.

Quantitative Deliverable:	**Number of Indigenous adult and child health checks completed.**
2014-15 Target:	156,644
2014-15 Actual:	171,786
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
96,579	122,161	150,534

The Council of Australian Governments' 2008 Closing the Gap reforms included a commitment to close the gap in life expectancy between Indigenous and non-Indigenous Australians within a generation. Ensuring access to the health check is an important part of achieving this commitment, as it has both direct benefits and also provides access to targeted follow-up measures. Health assessments are available to Aboriginal and Torres Strait Islander people of all ages. They are the first stage in identifying and managing risk factors for developing chronic disease and for discovering existing chronic disease.

Historical trend data for this deliverable shows an increase in the number of checks since 2010-11. In 2010-11 there were 71,369 checks completed; in 2011-12 there were 96,579 checks completed; in 2012-13 there were 122,161 checks completed; and in 2013-14 there were 150,354 checks completed.

Improve child and maternal health

In 2014-15, the Department's Aboriginal and Torres Strait Islander child and maternal health activities aimed to improve health outcomes for mothers and babies, and contribute to long-term health, education and employment outcomes.

In 2014-15, the Department continued to implement the Australian Nurse Family Partnership Program, an evidence-based nurse-led, home visiting programme that aims to help parents to understand how their behaviours influence their own health and their children's health and development. It enables them to change their lives in ways that help themselves and their children's health, development and wellbeing. From July 2015, the Australian Nurse Family Partnership Program will be expanded from three to 13 sites over three years, to increase support for high needs families.

The Department continued the New Directions: Mothers and Babies Services, which aim to increase access to core maternal and child health services and are designed to be flexible and responsive to local community needs. The New Directions: Mothers and Babies Services will be expanded from 85 to 136 sites over three years from July 2015.

Ear disease and hearing loss are highly prevalent among Indigenous children, and can lead to delayed speech and educational development, with long term impacts on wellbeing. A national profile is not yet available, but current evidence shows that prevalence rates are much higher in Indigenous than in non-Indigenous children, and well above the World Health Organization (WHO) thresholds. In 2014-15, the Department continued to implement a number of initiatives to address Indigenous ear disease.

The Healthy Ears – Better Hearing, Better Listening programme supported the delivery of outreach services by GPs, medical specialists and other health professionals with a focus on children and youth. During 2014-15, 30,934 patients accessed services in 373 locations. In addition, the 'Care for Kids' Ears' campaign continued to promote the importance of hearing health through the provision of targeted and multilingual resources for parents, carers and schools.

Quantitative Deliverable:	**Number of organisations funded to provide New Directions: Mothers and Babies Services.**
2014-15 Target:	85
2014-15 Actual:	85
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
85	85	85

The number of organisations funded to deliver New Directions: Mothers and Babies Services remained steady in 2014-15, consistent with the funding allocation. In 2014-15, a comprehensive analysis of social, health, economic and early childhood developmental data informed consultations with key stakeholders to identify areas of need in preparation for the expansion of New Directions: Mothers and Babies Services from July 2015.

Historical trend data for this deliverable shows that in 2010-11 there were 76 organisations funded; and from 2011-12 through to 2013-14 there were 85 organisations funded in each financial year.

Quantitative KPI:	**Child 0-4 mortality rate per 100,000.**[21]	
2013 Target:[22]	• Aboriginal and Torres Strait Islander	118-173
	• Non-Aboriginal and Torres Strait Islander	82-93
	• Rate difference	30-87
2013 Actual:	• Aboriginal and Torres Strait Islander	185
	• Non-Aboriginal and Torres Strait Islander	84
	• Rate difference	101
△△△△ **Result:**	**Not met**	

The 2013 Aboriginal and Torres Strait Islander child mortality rate (185 per 100,000) was not within the target range for 2013 (118-173 per 100,000). The difference between the Aboriginal and Torres Strait Islander and non-Indigenous child mortality rates for 2013 (101 per 100,000) was also not within the target range for 2013 (30-87 per 100,000). Aboriginal and Torres Strait Islander child mortality rates have significantly declined from 1998 to 2013, and the gap with non-Indigenous rates has also narrowed significantly. An unusually large number of Aboriginal and Torres Strait Islander young infant deaths that occurred in 2012 were registered in 2013.[23] This means that Aboriginal and Torres Strait Islander child mortality rates based on registered deaths are likely to be understated in 2012 and overstated in 2013. The sharp increase in 2013 is also affected by the volatility in small numbers. Over the longer term, the Council of Australian Governments' target to halve the gap in child mortality is still on track to be met by 2018.

21 Source: AIHW National Mortality Database, calendar years 1998 to 2013 (which is the most up-to-date data available) and includes jurisdictions for which data are available and of sufficient quality to publish (NSW, Qld, WA, SA and NT combined). Note that this data is reported on a calendar year basis, reflecting the ABS mortality data collection and publication processes.

22 2013 data, due to the time lag in ABS mortality data publication.

23 To allow for timely reporting, child mortality is monitored using the year a death is registered rather than the year it occurred (as it takes a few years for all deaths to be registered). Counting deaths registered each year is a reasonable proxy for monitoring annual death rates as the proportion of deaths that occurred in the current year and were registered in the current year versus the next year are usually fairly stable.

Reduce chronic disease

Aboriginal and Torres Strait Islander people experience more than twice the burden of disease of other Australians. In 2014-15, the Department continued a number of initiatives to reduce rates of chronic disease and improve health outcomes for Aboriginal and Torres Strait Islanders living with a chronic disease. These initiatives included prevention, detection and treatment services in the primary health care system.

Tobacco smoking is the most significant preventable risk factor for chronic disease in Indigenous Australians. The Government reviewed its Tackling Indigenous Smoking Programme in 2014-15 to inform an improved programme in 2015-16.

Quantitative KPI:	**Chronic disease related mortality rate per 100,000.**[24]	
2013 Target:[25]	• Aboriginal and Torres Strait Islander	622-662
	• Non-Aboriginal and Torres Strait Islander	443-449
	• Rate difference	175-216
2013 Actual:	• Aboriginal and Torres Strait Islander	784
	• Non-Aboriginal and Torres Strait Islander	449
	• Rate difference	335
△△△△ **Result:**	**Not met**	
	The 2013 Aboriginal and Torres Strait Islander chronic disease mortality rate (784 per 100,000) was not within the target range (622-662 per 100,000). The gap between the Aboriginal and Torres Strait Islander and non-Indigenous chronic disease mortality rates for 2013 (335 per 100,000) was outside the target range (175-216 per 100,000). Although there has been a statistically significant decline in Aboriginal and Torres Strait Islander rates over the period 1998-2013, there has been no statistically significant change in the gap between the two populations. This is because the non-Indigenous rates in chronic disease mortality have declined faster than Indigenous rates.	

Programme 5.4: Mental Health

Programme 5.4 aims to develop a more effective and efficient mental health system that improves the lives of Australians with a mental illness and their families.

Invest in more and better coordinated services for people with mental illness

In 2014-15, the Department worked towards a more effective and efficient mental health system as part of its contribution to the Review of Mental Health Programmes and Services (the Review), completed in December 2014, and established mechanisms for responding to the Review.

Improving outcomes for people with mental illness requires long term effort and commitment. The Department has examined the Review's substantial content to develop a considered strategy and to ensure that the next steps taken deliver a genuine and unified national approach to reform. A consultative and collaborative approach will assist in progressing the Government's long term response to the Review.

In addition, the Department supported a range of mental health and suicide prevention treatment and support activity in 2014-15. The headspace initiative has continued to establish new centres across Australia, with 17 new headspace centres opening their doors during the year. In addition, the locations for a further 15 headspace centres have been announced, and are expected to be providing help to young people in those communities within two years. Once all 100 sites are fully operational, they will assist up to 80,000 young Australians each year.

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[24] Source: AIHW National Mortality Database, calendar years 1998 to 2013 (which is the most up-to-date data available) and includes jurisdictions for which data are available and of sufficient quality to publish (NSW, Qld, WA, SA and NT combined). Note that this data is reported on a calendar year basis, reflecting the ABS mortality data collection and publication processes.

[25] 2013 data, due to the time lag in ABS mortality data publication.

During 2014-15, the National Centre for Excellence for Youth Mental Health was established to conduct and coordinate research and activities aimed at improving health outcomes for young people who are experiencing mental ill-health. It is a nationally shared resource that builds on Australia's strengths in youth mental health.

Qualitative Deliverable:	**Support the National Mental Health Commission to undertake a review of mental health programmes.**
2014-15 Reference Point:	The review is completed by November 2014.
▲▲▲▲ **Result:**	**Met** The Department worked closely with the National Mental Health Commission to undertake the Review of Mental Health Programmes and Services. The final report of the Review was delivered to Government on 1 December 2014.

Quantitative Deliverable:	**Total number of headspace youth-friendly service sites funded.**
2014-15 Target:	95
2014-15 Actual:	100
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
55	70	85

The Department continued to expand the network of youth-friendly mental health centres under the headspace programme. In 2014-15, the total number of announced headspace locations increased to 100, with 83 centres operational across Australia.

Qualitative KPI:	**Improve uptake of primary mental health care by groups with lower usage such as young people, men and people living in rural and remote areas.**
2014-15 Reference Point:	Primary mental health care services are increasingly used by groups with lower uptake, such as young people, men and people living in rural and remote areas.
▲▲▲▲ **Result:**	**Met** Psychological support continues to be provided through the Better Access to Psychiatrists, Psychologists and General Practitioners through the Medicare Benefits Schedule (Better Access) initiative and the Access to Allied Psychological Services (ATAPS) programme, which targets hard to reach groups. In 2014-15, several e-mental health services also continued to deliver services which provide ease of access, lower cost and increased privacy.

Quantitative KPI:	**Increase the number of schools participating in the KidsMatter Primary Initiative.**
2014-15 Target:	2,600
2014-15 Actual:	2,635
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
793	1,352	2,020

National expansion of the KidsMatter Primary Initiative continued in 2014-15, with ongoing efforts to engage with primary schools resulting in 2,635 schools participating nationally.

Programme 5.5: Rural Health Services

Programme 5.5 aims to improve access to primary health care, specialist services and health information to people living in regional, rural and remote areas.

Improve access to primary health care and specialist services

The Rural Health Outreach Fund continued to support outreach health activities, provided by specialists, GPs, nurses and allied health professionals. During 2014-15, the Department continued to work with the fund holders to strengthen processes for needs assessment, planning and coordination of outreach health services. This included arrangements for incorporation of female GP services into the Rural Health Outreach Fund from 1 July 2015. These services were previously provided under the Rural Women's GP Service.

In 2014-15, the Government continued its support of the delivery of essential health services to people in rural and remote areas through support for the Royal Flying Doctor Service (RFDS). The Government supported the RFDS to maintain essential services such as primary aero-medical evacuations, primary and community health care clinics, remote consultations (including by telephone) and medical chests containing pharmaceutical and medical supplies for remote locations.

Qualitative Deliverable:	**Fund holders for the Rural Health Outreach Fund deliver services as required to meet the objectives of the Fund.**
2014-15 Reference Point:	Services are targeted to the health priorities established for the Rural Health Outreach Fund.
▲▲▲▲ **Result:**	**Met** Rural Health Outreach Fund services were targeted to four health priorities - maternity and paediatric health, eye health, mental health and support for chronic disease management.

Quantitative Deliverable:	**Number of communities receiving outreach services through the Rural Health Outreach Fund.**
2014-15 Target:	325
2014-15 Actual:	483
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
384	421	460

483 locations in regional, rural and remote locations received services under the Rural Health Outreach Fund.

Historical trend data for this deliverable shows that in 2010-11, some 388 communities received services; in 2011-12, some 384 communities received services; in 2012-13, some 421 communities received services; and in 2013-14, some 460 communities received services.

Quantitative Deliverable:	**Number of rural locations visited by female GPs.**
2014-15 Target:	140
2014-15 Actual:	125
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
149	163	150

In 2014-15, female GP services were provided to 125 rural locations under the Rural Women's GP Service. The target of 140 for 2014-15, (reduced from 145 in 2013-14) reflects the reduced demand for the service due to increased availability of local female GPs.

Historical trend data for this deliverable shows that 159 rural locations received services under the Rural Women's GP Service in 2010-11; compared with 149 rural locations in 2011-12, 163 rural locations in 2012-13 and 150 rural locations in 2013-14.

Qualitative KPI:	**Medical specialist, GP, and allied and other health services provided through the Rural Health Outreach Fund meet the needs of regional, rural and remote communities.**
2014-15 Reference Point:	Organisations funded to support rural outreach will consult with stakeholder groups, and will be guided by Advisory Forums and Indigenous Health Partnership Forums, to identify community needs.
▲▲▲▲ **Result:**	**Met**

Fundholders for the Rural Health Outreach Fund undertook needs assessments and planning for outreach health services in consultation with a range of organisations including local health services, State and Territory health departments, Aboriginal and Torres Strait Islander Health Organisations and Medicare Locals and were guided by Advisory Forums and Indigenous Health Partnership Forums.

Quantitative KPI:	**Number of patient contacts supported through the Rural Health Outreach Fund.**
2014-15 Target:	160,000
2014-15 Actual:	216,787
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
191,786	192,985	190,460

In 2014-15, there were 216,787 patient contacts under the Rural Health Outreach Fund.

Historical trend data for this deliverable shows that in 2010-11 there were 174,750 patient contacts; in 2011-12 there were 191,786 patient contacts; in 2012-13 there were 192,985 patient contacts; and in 2013-14 there were 190,460 patient contacts.

Quantitative KPI:	**Number of patients attending Royal Flying Doctor Service clinics.**
2014-15 Target:	40,000
2014-15 Actual:	36,365
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
41,657	43,142	42,608

A decrease in the number of patients attending RFDS clinics in 2014-15 reflects improved compliance in reporting and the implementation of operational efficiencies by the RFDS. There was no reduction in the overall funding made available for clinic services.

Historical trend data for this deliverable shows that 40,981 patients attended clinics in 2010-11; compared with 41,657 patients in 2011-12, 43,142 patients in 2012-13 and 42,608 patients in 2013-14.

Improve access to health and information services in regional, rural and remote areas

In 2014-15, the Department maintained the Rural and Regional Health Australia website,[26] as a centralised resource for Australians living in rural and remote areas to obtain health information and access services.

Qualitative KPI:	**Through the Rural and Regional Health Australia website, the Department provides accurate, quality place-based information.**
2014-15 Reference Point:	Regular revision of the Rural and Regional Health Australia website to maintain information accuracy and quality.
▲▲▲▲ Result:	**Met** In 2014-15, the Department provided accurate, quality place-based information to medical professionals and the general public through the Rural and Regional Health Australia website. In 2014-15, the RRHA website received over 110,000 unique visitors. The information service received 500 enquiries from the public and health professionals.

Outcome 5 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 5.1: Primary Care Financing, Quality and Access			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	539,437	529,254	(10,183)
Departmental expenses			
Departmental appropriation[1]	34,167	34,004	(163)
Expenses not requiring appropriation in the budget year[2]	1,608	2,313	705
Total for Programme 5.1	**575,212**	**565,571**	**(9,641)**
Programme 5.2: Primary Care Practices Incentives			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	243,460	229,069	(14,391)
Departmental expenses			
Departmental appropriation[1]	1,459	1,469	10
Expenses not requiring appropriation in the budget year[2]	70	96	26
Total for Programme 5.2	**244,989**	**230,634**	**(14,355)**
Programme 5.3: Aboriginal and Torres Strait Islander Health[3]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	681,052	657,090	(23,962)
Departmental expenses			
Departmental appropriation[1]	50,135	47,337	(2,798)
Expenses not requiring appropriation in the budget year[2]	2,410	3,128	718
Total for Programme 5.3	**733,597**	**707,555**	**(26,042)**

[26] Available at: www.ruralhealthaustralia.gov.au

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 5.4: Mental Health[3]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	633,247	596,116	(37,131)
Departmental expenses			
Departmental appropriation[1]	20,857	20,563	(294)
Expenses not requiring appropriation in the budget year[2]	1,013	1,482	469
Total for Programme 5.4	**655,117**	**618,161**	**(36,956)**
Programme 5.5: Rural Health Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	97,197	92,048	(5,149)
Departmental expenses			
Departmental appropriation[1]	4,595	4,518	(77)
Expenses not requiring appropriation in the budget year[2]	219	297	78
Total for Programme 5.5	**102,011**	**96,863**	**(5,148)**
Outcome 5 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	2,194,393	2,103,577	(90,816)
Departmental expenses			
Departmental appropriation[1]	111,213	107,891	(3,322)
Expenses not requiring appropriation in the budget year[2]	5,320	7,316	1,996
Total expenses for Outcome 5	**2,310,926**	**2,218,784**	**(92,142)**
Average staffing level (number)	**605**	**608**	**3**

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

2 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

3 This Programme includes National Partnerships paid to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

Outcome 6
Private Health

Improved choice in health services by supporting affordable quality private health care, including through private health insurance rebates and a regulatory framework

Major Achievements

- Supported the sale of Medibank Private by initial public offering on the Australian Stock Exchange on 25 November 2014. The level of demand from retail and institutional investors was very strong, and the sale raised $5.7 billion.
- Supported the Government's approach to fiscal responsibility and sustainability by implementing changes to income tier thresholds for the private health insurance rebate, which will remain at 2014-15 levels until 1 July 2018. This took effect from 1 July 2015.
- Supported the Smaller Government Reform Agenda by transferring responsibilities of the Private Health Insurance Ombudsman to the Office of the Commonwealth Ombudsman and the Private Health Insurance Administration Council to the Australian Prudential Regulation Authority.

Challenges

- Undertaking an extensive probity and due diligence process to ensure a fair and successful sale of Medibank Private. This required thorough understanding and analysis of the complex policy and regulatory frameworks for private health insurance.
- Continuing to improve and further develop stakeholder management and satisfaction with the Prostheses List process.

Looking Ahead

In 2015-16, the Department will consult on short term and long term reforms to private health insurance, aiming to reduce and amend existing regulation that impedes the efficient operation of the private health insurance sector, and supporting the Government's broader deregulation agenda.

The Department will also continue to encourage insurers to provide quality coverage at an affordable price, whilst supporting individuals and families to purchase private health insurance through the provision of the private health insurance rebate.

Programme Contributing to Outcome 6

Programme 6.1: Private Health Insurance

Division Contributing to Outcome 6

In 2014-15, Outcome 6 was the responsibility of Medical Benefits Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programme.

Trends

The number of Australians with private health insurance continued to rise in 2014-15. Over 13.2 million Australians (55.7 per cent of the population) had some form of private health insurance. This has grown from 11.6 million Australians (53.5 per cent of the population) in 2009-10.

In 2014-15, the Government has spent $5.8 billion on the private health insurance rebate. This is an increase of three per cent on rebate expenditure from 2013-14, which had total expenditure of $5.6 billion.

Figure 6.1: Private health insurance rebate expenditure, 2009-10 to 2014-15[27]

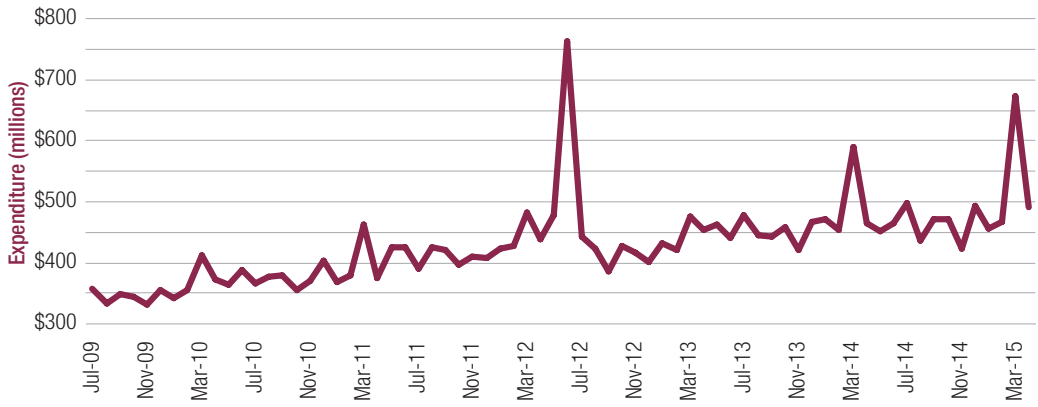
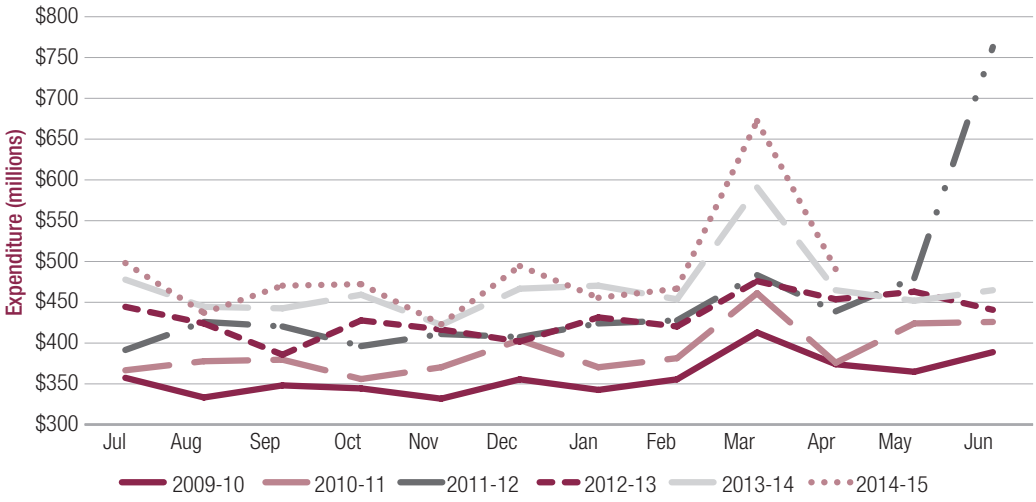


Figure 6.2: Private health insurance rebate expenditure by month, 2009-10 to 2014-15



[27] Smaller spikes in March of each year likely due to consumers prepaying policies before premiums increase on 1 April.

Programme 6.1: Private Health Insurance

Programme 6.1 aims to promote an affordable and sustainable private health insurance sector, including through private health insurance rebates.

The private health insurance rebate

The private health insurance rebate helps make private health insurance more affordable, provides greater choice and accessibility for Australians to access private health care options, and reduces pressure on the public hospital system.

Qualitative Deliverable:	**Consultation with stakeholders on ways to ensure that the private health insurance rebate is communicated and delivered through private health insurance products.**
2014-15 Reference Point:	Ongoing stakeholder discussions to assist in the timeliness and streamlining of processes to enable consistent advice to consumers.
▲▲▲▲ **Result:**	**Met** Industry was consulted on ways to ensure that the private health insurance rebate is communicated accurately for each product, through consultation sessions held in July 2014, and numerous bilateral and multilateral meetings with insurers and peak bodies.

Quantitative Deliverable:	**Percentage of insurers' average premium increases publicly released in a timely manner.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

The Department announced the weighted average premium increase for 2015 premiums on 2 March 2015.

Promote an affordable and sustainable private health insurance sector

The sale of Medibank Private on 25 November 2014 raised $5.7 billion for all Australians, and will ensure that there is greater competition in the Australian private health insurance market. The sale of Medibank Private removed the inherent conflict in place when the Government was both the market regulator and the owner of a large participant in the market.

From 1 July 2015, the private health insurance rebate will remain at 2014-15 levels until 1 July 2018. This measure supports the Government's approach to fiscal responsibility and sustainability in the health system.

On 1 July 2015, the government achieved part of its smaller government reform agenda by transferring responsibilities of the Private Health Insurance Ombudsman to the Office of the Commonwealth Ombudsman and the Private Health Insurance Administration Council to the Australian Prudential Regulation Authority.

The Australian Government promotes an affordable and sustainable private health insurance industry by supporting consumers' choice. The Department promotes competition by publishing information about the premium process annually, including average premium increases for individual insurers. The Department also supports the website www.privatehealth.gov.au, which provides detailed information to consumers about the range of private health insurance products available.

The Australian Government will also develop options for improvements in the regulation of the private health insurance industry, with the aims of reducing red tape and driving competition while delivering strong consumer protections.

Quantitative KPI:	**Increase the number of people covered by private health insurance hospital treatment cover.**
2014-15 Target:	10.5m
2014-15 Actual:	11.2m
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
10.6m	10.8m	11.1m

During 2014-15, over 13.2 million Australians (55.6 per cent of the population) had some form of private health insurance. 11.2 million Australians (47.3 per cent) have some form of hospital cover, an increase of 1.2 million since 2009-10.

Improve access to surgically implanted prostheses through private health insurance

In 2014-15, the Department continued to identify opportunities to refine pathways for assessment of new products for inclusion on the Prostheses List. A successful trial of an online submission and processing system provided valuable data to refine and improve the development of a Prostheses List Management System. Currently, stakeholder knowledge and expectations of the process and requirements varies. As such, Phase 1 of the Prostheses List Management System will incorporate improved information for stakeholders. This will be rolled out in the latter half of 2015.

Qualitative Deliverable:	**Ensure consumers have access to cost-effective surgically implanted prostheses under the prostheses list.**
2014-15 Reference Point:	Prostheses listing arrangements are streamlined for all stakeholders and consumers have access to clinically appropriate and cost-effective surgically implanted prostheses with a group benefit.[28]
▲▲▲▲ **Result:**	**Met** There are over 10,000 items on the Prostheses list, providing surgeons with choice to select the most appropriate prosthesis for their patients. Improved processes have also led to improved stakeholder satisfaction with the management of the Prostheses List.

Quantitative KPI:	**Percentage of applications to list devices on the Prostheses List completed[29] within 22 weeks.**
2014-15 Target:	85%
2014-15 Actual:	88.89%
▲▲▲▲ **Result:**	**Met** The refined process saw a completion rate of 88.89% in 2014-15.

Ensure the Australian Government rebate on private health insurance covers clinically proven treatments

The Department has continued the evidence-based review of natural therapies, which aims to determine whether or not these therapies should continue to attract the Australian Government rebate on private health insurance. This review commenced on 1 July 2012.

The Office of the National Health and Medical Research (NHMRC) has assisted the Department with the review in the assessment of submissions and also by supervising the evidence reviews of the in-scope natural therapies, which have been undertaken by independent and external expert organisations.

The Government is currently considering the findings of the review and will announce its decisions in due course.

28 Group benefit is the reimbursement price (benefit) paid for all products listed in a specific group on the Prostheses List.

29 'Completed' to be interpreted as a decision taken to: 1) recommend to list, or 2) recommend not to list, or 3) recommend to be deferred.

Outcome 6 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 6.1: Private Health Insurance			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	2,247	2,243	(4)
Special appropriations			
Private Health Insurance Act 2007			
- Private Health Insurance Rebate	5,913,293	5,804,467	(108,826)
- Risk Equalisation Trust Fund	454,107	440,874	(13,233)
- Council Administration levy	4,519	4,664	145
Departmental expenses			
Departmental appropriation[1]	12,965	12,688	(277)
Expenses not requiring appropriation in the budget year[2]	551	697	146
Total for Programme 6.1	**6,387,682**	**6,265,633**	**(122,049)**
Outcome 6 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	2,247	2,243	(4)
Special appropriations	6,371,919	6,250,005	(121,914)
Departmental expenses			
Departmental appropriation[1]	12,965	12,688	(277)
Expenses not requiring appropriation in the budget year[2]	551	697	146
Total expenses for Outcome 6	**6,387,682**	**6,265,633**	**(122,049)**
Average staffing level (number)	**62**	**59**	**(3)**

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

2 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 7
Health Infrastructure, Regulation, Safety and Quality

Improved capacity, quality and safety of Australia's health care system to meet current and future health needs including through investment in health infrastructure, regulation, international health policy engagement, research into health care, and support for blood and organ donation services

Major Achievements

- Supported the Australian Commission on Safety and Quality in Health Care, in partnership with the Australian Institute of Health and Welfare (AIHW), to lead Australia's contribution to an Organisation for Economic Co-operation and Development (OECD) study on variations in medical practice. This landmark study examined variation in rates of several common procedures, such as knee surgery. Results will help ensure the community is able to make informed decisions about their own health care.
- Made significant progress towards a collaborative national approach to improving clinical trials in Australia, through the Department's membership of the Clinical Trials Advisory Committee and the Clinical Trials Jurisdictional Working Group (CTJWG).
- Promoted the Personally Controlled Electronic Health Record (PCEHR), and over 2.2 million consumers have registered.
- Made a prominent contribution to the global health agenda, including on communicable disease control and outbreak response, providing support for the World Health Organization (WHO)'s efforts in responding to the Ebola Virus Disease crisis in West Africa, strengthening WHO's emergency preparedness and response capacity, and in leadership on international medicines and medical devices regulatory collaboration.
- Completed the pilot phase of the electronic Common Technical Document (eCTD) for regulatory approval of over-the-counter and prescription medicines. The eCTD will improve the efficiency of the application process and potentially reduce the time taken for new medicines to become available to the Australian public.

Challenges

- Implementing changes to the legislation, the system, and the engagement with stakeholders are all required to support the implementation of the Australian Commission for eHealth and the operation of the opt-out participation trials, which will require public consultation and agreement with the States and Territories in very tight timeframes.

Looking Ahead

In 2015-16, the Department will continue to ensure that implementation of changes to the PCEHR are informed by consultation with industry, the community and State and Territory Governments. The Department will build on the gains made to date in the evidence-based prescription drug programme and appropriate use of blood and blood products in Australian hospitals, with the aim of further reducing inappropriate wastage. The Department will support the Australian Medical Research Advisory Board to develop the Australian Medical Research and Innovation Strategy and Priorities and disburse the first funds of $10 million from the Medical Research Future Fund (MRFF). The Department will work with the NPS MedicineWise to continue to develop and implement programmes which will improve the quality use of medicines, in support of Australia's National Medicines Policy.

The Department will provide advice to Government on the reforms proposed by the Expert Review of Medicines and Medical Devices Regulation, and implement those reforms agreed by Government. The Department will implement the reforms to the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) announced in the 2015 Budget. The Department will also implement the four priority areas of the CTJWG, with the aim of improving or enhancing the performance of clinical trials in Australia, and continue to deliver the Government's priority of reducing the impact of regulation and red tape on business, community organisations and individuals.

Programmes Contributing to Outcome 7

Programme 7.1: eHealth Implementation

Programme 7.2: Health Information

Programme 7.3: International Policy Engagement

Programme 7.4: Research Capacity and Quality

Programme 7.5: Health Infrastructure

Programme 7.6: Blood and Organ Donation

Programme 7.7: Regulatory Policy

Divisions Contributing to Outcome 7

In 2014-15, Outcome 7 was the responsibility of Acute Care Division, Best Practice Regulation and Deregulation Division, eHealth Division, National Industrial Chemicals Notification and Assessment Scheme, Office of the Gene Technology Regulator, Office of Health Protection, Pharmaceutical Benefits Division, Portfolio Strategies Division, Primary and Mental Health Care Division, and the Therapeutic Goods Administration.

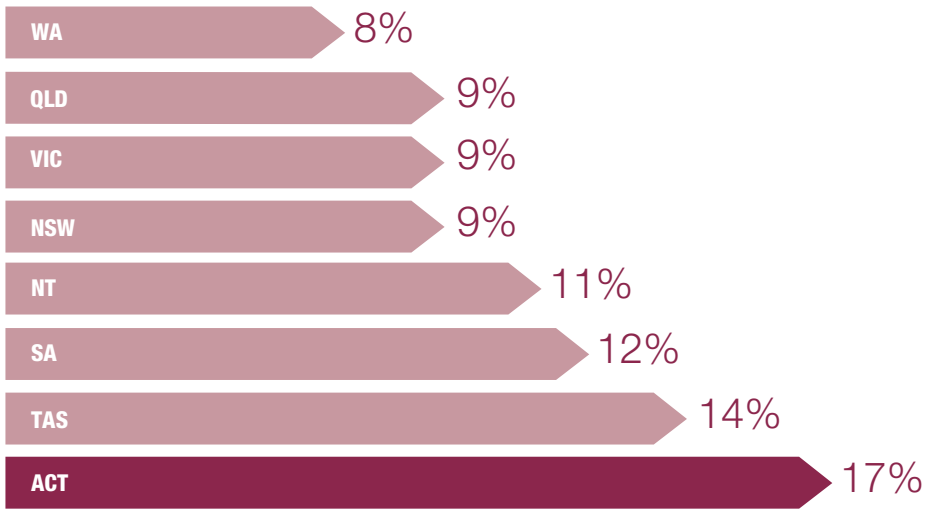
Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Trends

As at 30 June 2015, 9.5 per cent[30] (2,277,010 people) of Australia's population had registered for a PCEHR.

Figure 7.1: Percentage of State population with a PCEHR[31]



Personally Controlled Electronic Health Record (PCEHR) System

The table below shows the progressive growth each year for the past three years of consumer registrations, healthcare provider organisation registrations, and eHealth document uploads. The data shown is as at the end of the 2012-13, 2013-14, and 2014-15 financial years.

Date	Progressive Growth in Consumer Registrations	Progressive Growth in Healthcare Provider Organisations Registered	Total number of eHealth Clinical Documents stored in the PCEHR System at the end of each Financial Year
30 June 2013	397,742	4,324	3,767
30 June 2014	1,725,934	7,227	71,195
30 June 2015	2,277,010	7,773	226,458

Programme 7.1: eHealth

Programme 7.1 aims to provide national eHealth leadership and develop systems to provide eHealth services.

Operate a national eHealth system

In 2014-15, the Department continued to work with stakeholders on the recommendations of the review of the PCEHR to maximise the benefits of eHealth for the Australian community. A national consultation process was undertaken between July and September 2014 to obtain views from stakeholders on the implementation of the review recommendations. Feedback from these consultations informed the 2015-16 Budget announcement for the redevelopment and ongoing operation of the PCEHR, and informed the decision to undertake trials of new participation arrangements for individuals, including an opt-out system. The trials will inform future strategies for increasing uptake and meaningful use of the

30 ABS Data (http://stat.abs.gov.au//Index.aspx?DataSetCode=ERP_QUARTERLY) – June 2014.

31 Source of population data: ABS (September 2014).

system to bring forward the benefits of the system for the Australian community.

Targeted education and training will be provided to GPs nationally, and other healthcare providers in trial sites. Training will range from online tools and tutorials, peer-to-peer training, face-to-face training and support in the workplace. From February 2016, the Practice Incentives Programme eHealth Incentive (ePIP) will be revised to require active and meaningful use of the system. The Department will continue to work with stakeholders to implement these changes.

The name of the system will change from the PCEHR to *My Health Record.*

Qualitative Deliverable:	**The Department, as the PCEHR system operator, applies good practice principles and methods for the operation and support of the PCEHR system.**
2014-15 Reference Point:	The PCEHR system operations and practices are regularly reviewed.
▲▲▲▲ **Result:**	**Met** In applying and developing good practice principles and methods for the operation of the PCEHR system, the Department takes into consideration expert advice, feedback and recommendations from a range of stakeholders, including the Operations Management Committee, Jurisdictional Advisory Committee and the Independent Advisory Council.

Quantitative KPI:	**System availability**
2014-15 Target:	99% of the time (excluding planned outages)
2014-15 Actual:	99.86% of the time
▲▲▲▲ **Result:**	**Met** The Department worked with its partner organisations to improve PCEHR system availability. This work included improvements to system monitoring tools for early detection of technical issues, and implementation of infrastructure failover capability, to ensure system availability in the event of equipment failure.

Provide national eHealth leadership

In May 2015, the Minister for Health announced that the Government will establish the Australian Commission for eHealth. From 1 July 2016, the Commission will assume responsibility for both the existing national eHealth foundation infrastructure, managed by the National eHealth Transition Authority and the PCEHR managed by the Department. The Department will continue to work with the Australian community to implement changes to governance arrangements to ensure the Australian Commission for eHealth is representative of the users of the PCEHR.

In 2011, the Commonwealth and State and Territory Health Ministers commissioned a refresh of the National eHealth Strategy and Business Case, which guided national coordination and collaboration in eHealth. In 2014-15, work was paused pending the Government's response to the review of the PCEHR, as the PCEHR is a core element of the Strategy. Work on finalising the Strategy and Business Case has recommenced in partnership with the States and Territories following the 2015 Budget announcement on redevelopment and ongoing operation of the PCEHR. It is planned to be tabled for Commonwealth and State and Territory Health Minister agreement in early 2016.

Qualitative Deliverable:	**Telehealth services are trialled in the home for aged care, palliative care and cancer care.**
2014-15 Reference Point:	The Department will evaluate the pilot programme on the use of telehealth services in the home.
▲▲▲▲ **Result:**	**Met** The Telehealth Pilots Programme was extended until December 2014. An independent evaluation has been undertaken following completion of the programme and the report is currently being finalised.

Programme 7.2: Health Information

Programme 7.2 aims to provide support to the Australian Health Ministers' Advisory Council and the Council of Australian Governments Health Council.

Provide support to the Council of Australian Governments (COAG) Health Council and Australian Health Ministers' Advisory Council (AHMAC)

The Commonwealth, State and Territory Governments on the COAG Health Council work in partnership to improve health outcomes for all Australians and ensure the sustainability of the Australian health system. AHMAC provides support to the CHC by advising it on strategic issues relating to the coordination of health services across the nation and, as applicable, with New Zealand. AHMAC also operates as a national forum for planning, information sharing and innovation on health and hospital issues.

Qualitative Deliverable:	**Australian Government initiated activities undertaken by AHMAC and its Principal Committees support the COAG Health Council in providing leadership on national health issues.**
2014-15 Reference Point:	Relevant Australian Government priorities are highlighted and progressed in the activities of the Health Council.
▲▲▲▲ **Result:**	**Met** During 2014-15, Australian Government priorities were progressed through AHMAC and CHC work programmes. This included work on issues such as: hospital and health services including primary care networks; coordination of care for people with chronic and complex conditions; Aboriginal and Torres Strait Islander health; eHealth; health workforce; mental health; safety and quality; and health promotion and prevention.

Quantitative KPI:	**Number of COAG Health Council meetings that address Australian Government priorities.**
2014-15 Target:	2
2014-15 Actual:	2
▲▲▲▲ **Result:**	**Met** In 2014-15, two COAG Health Council meetings were held with State and Territory Governments progressing Australian Government priorities.

Programme 7.3: International Policy Engagement

Programme 7.3 aims to facilitate international engagement on global health issues.

Facilitate international engagement on global health issues

The Department engages in multilateral and regional international health fora, and bilaterally with other countries and global health bodies, to help protect and advance the health of Australians. The Department's efforts assist in fulfilling Australia's responsibility, as an advanced economy, to help improve global and regional health outcomes.

The Department continued to support the work of the Department of Foreign Affairs and Trade to promote Australia's broader international goals in global health policy and ensure Australian health interests are considered in free trade agreements.

Qualitative Deliverable:	**Australia's interests secured at relevant meetings of key international health bodies and organisations.**
2014-15 Reference Point:	Departmental representatives will have actively engaged in meetings of the WHO governing bodies, OECD Health Committee, APEC Health Working Group and other international fora.
▲▲▲▲ **Result:**	**Met** The Department continued to make a strong contribution to international health fora in 2014-15 supporting Australia's continued leadership in global public health. The Department actively engaged in the OECD Health Committee and in a number of working groups and projects. Continued efforts to promote and protect Australia's interests in addressing regional and global health policy priorities were made and the Department played a key role in advancing significant agendas relating to health security, strengthening health systems and non-communicable disease prevention and control. In our region, the Department actively participated in the Western Pacific Regional Committee of WHO and executed the Asia Pacific Economic Cooperation (APEC) Health Working Group agenda by pursuing enhanced health security preparedness, supported by strengthened multi-sectoral capacity. The Department led Australia's delegations to the Pacific Health Ministers Meeting and the Pacific Heads of Health Meeting, contributing to strategic policy objectives for Pacific health ministries, in particular in the area of non-communicable diseases.

Quantitative Deliverable:	**Number of international health delegations visits facilitated by the Department.**
2014-15 Target:	20-25
2014-15 Actual:	20
▲▲▲▲ **Result:**	**Met** Incoming visits from overseas delegations are an important means of engaging with other countries to build networks and professional linkages between individuals and organisations, and to share technical information and experiences in different aspects of health systems development. In 2014-15, the Department hosted visits from 20 overseas delegations interested in learning more about various parts of Australia's health system.

Qualitative KPI:	**Australia's health interests are advanced through participation in the WHO Executive Board.**
2014-15 Reference Point:	Departmental representatives will have made effective interventions on key agenda items at the WHO Executive Board.
▲▲▲▲ **Result:**	**Met** The Department played a key role as a Member of the WHO Executive Board in 2014-15, brokering consensus on a range of significant decisions and resolutions, including on global health security and antimicrobial resistance. The Department made a valuable contribution to strengthening and improving WHO's emergency response capacities during the Executive Board's Special Session on the Ebola outbreak crisis in January 2015. Australia's three year term on the Executive Board ended in 2015. The Department also contributed to a number of activities under the WHO Executive Board including the Expert Committee on the Specifications for Pharmaceutical Preparations, the Expert Committee on Biological Standardization, and the working group on Substandard/Spurious/Falsely-Labelled/Falsified/Counterfeit Medicinal Products.

Programme 7.4: Research Capacity and Quality

Programme 7.4 aims to improve research capacity, and improve safety and quality in health care.

Improve research capacity

Medical Research Future Fund

As part of the 2014-15 Budget, the Government announced the $20 billion Medical Research Future Fund (MRFF). The MRFF will provide a sustainable source of funding for vital medical research and deliver a major additional injection of funds into the medical research sector, complementing research funding allocated by the National Health and Medical Research Council (NHMRC). The MRFF will drive innovation, improve delivery of health care, boost the efficiency and effectiveness of the health system, and contribute to economic growth.

The first distributions from the MRFF of $10 million will occur in 2015-16, with approximately $400 million to be distributed over the next four years. The development of a disbursement strategy for the MRFF commenced in 2014-15. The strategy will take into account a broad range of factors including the health conditions contributing to Australians' burden of disease, the current profile of medical research investment in Australia, and where the opportunities are for making a real difference through targeted additional investment.

In 2014-15, the Department worked with relevant Government agencies to develop legislation establishing the MRFF. The Medical Research Future Fund Bill 2015 was introduced into Parliament on 27 May 2015, and amendments were introduced on 22 June 2015.

Clinical trials

Clinical trials are a critical element of translating research into better care. The Australian Government is leading a body of work to improve the clinical trials environment with a view to improve health outcomes and increase international investment in Australia.

The Department is working with the Department of Industry and Science, the NHMRC, State and Territory Governments and other stakeholders to reduce the time taken for clinical trial approvals and to progress improvements to the sector. This work is being pursued through the Clinical Trials Advisory Committee.

In 2014-15, the Clinical Trials Jurisdictional Working Group (CTJWG) was established to identify and address barriers to multijurisdictional clinical trials. The CTJWG produced an implementation plan that has been endorsed by Health Ministers, and includes a range of priority areas where efforts will be focused across all Australian jurisdictions. The CTJWG has already made considerable progress on these priorities.

The CTJWG will provide an important mechanism for coordinating and implementing activities across a range of priority areas including recruitment, ethics and governance, metrics, and positioning Australia as a good place to conduct clinical trials.

Qualitative Deliverable:	**Facilitate research translation into improved health care.**
2014-15 Reference Point:	Agreement reached by jurisdictions on addressing barriers to streamlined approval of clinical trials.
▲▲▲▲ **Result:**	**Met** The CTJWG was formed in July 2014 with representation from all jurisdictions. The CTJWG has established joint cooperation and collaboration and has agreed on priorities to address barriers to streamlined approval of clinical trials in its implementation plan. Work is continuing on cooperative efforts to engender change and/or improvements in all priority areas.

Maintain effective health surveillance

Through the Health Surveillance Fund, the Department provided funds for data and information to inform the Blood Borne Viruses and Sexually Transmissible Infections Strategies, the National Drug Strategy, the National Human Papillomavirus Vaccination Program, the National Injury and Safety Promotion Plan, and to maintain the Social Health Atlas. Data and information were also obtained to monitor chronic vascular and respiratory conditions, antimicrobial resistance and usage, children's health, the fatal burden of disease, and disease typing of a number of vaccine preventable diseases.

Qualitative Deliverable:	**Produce relevant and timely evidence-based disease surveillance data, information and research.**
2014-15 Reference Point:	Surveillance information available to inform national strategies.
▲▲▲△ **Result:**	**Substantially met** In 2014-15, all major reports were received. Three non-time critical communicable disease analysis summary reports have been deferred until early 2015-16 when more information will be available.

Monitor the use of diagnostics, therapeutics and pathology

The Department continued to support NPS MedicineWise, through the Quality Use of Diagnostics, Therapeutics and Pathology Fund, to provide information and support to consumers and health professionals on quality use of medicines and medical testing. This work results in improved health outcomes and contributes to the sustainability of the Pharmaceutical Benefits Scheme (PBS) and the Medicare Benefits Schedule.

During 2014-15, NPS MedicineWise continued its programme of health professional and consumer education activities focused on promoting safe use of medicines in older people, fatigue, inhaled medicines including asthma control, and high blood pressure. NPS MedicineWise undertook a range of work including educational visits, clinical audits and feedback to health professionals, to encourage the optimal use of pathology and diagnostic imaging referrals from general practice.

During the year, NPS MedicineWise inaugurated the Choosing Wisely Australia® programme, based on an initiative of the American Board of Internal Medicine Foundation which commenced in 2012. The programme encourages health professionals to commence conversations with patients about commonly used medical tests, treatments and procedures that may be unnecessary and which may in some cases cause harm. As a collaboration of medical specialty and consumer organisations, Choosing Wisely Australia® also recognises the role of health consumers in making informed choices about their own healthcare. A key intention of this programme is to encourage public dialogue on the use of medical interventions, and to pose the question 'is a medical test the best option?'

NPS MedicineWise continued the development of MedicineInsight to improve post-market surveillance by capturing, storing and analysing de-identified clinical data from general practices to inform how medicines are being used in practice. In 2014-15, NPS MedicineWise reached its recruitment target of data collection from 500 general practices, a sufficient number to provide meaningful 'real world' data on medicines use which enables NPS MedicineWise to identify areas for improved prescribing and ultimately improving patient health outcomes. For further information on NPS MedicineWise, refer to the NPS website.[32]

[32] Available at: www.nps.org.au

Qualitative Deliverable:	**Information regarding quality use of medicines newly listed on the PBS is provided to health professionals where appropriate.**
2014-15 Reference Point:	The Department will produce information in a variety of formats throughout the year, including the *Rational Assessment of Drugs and Research*, the *Australian Prescriber* and an annual evaluation report.
▲▲▲▲ **Result:**	**Met** The Department supported NPS MedicineWise to produce all scheduled publications, which provide evidence-based information on therapeutics, including new and revised listings of medicines on the PBS, for health professionals and consumers. Publications include the *Rational Assessment of Drugs and Research* (RADAR) and the *Australian Prescriber*, which is in its fortieth year of publication in 2015.

Quantitative KPI:	**Number of general practitioners participating in education initiatives.**			
2014-15 Target:	14,500			
2014-15 Actual:	14,482			
▲▲▲△ **Result:**	**Substantially met**	**11-12**	**12-13**	**13-14**
		13,000	14,112	13,129
	In 2014-15, the NPS reported that 14,482 unique general practitioners participated in quality use of medicines education activities provided by the NPS. This compares to 13,129 in 2013-14 and 14,112 in 2012-13.			

The National Return and Disposal of Unwanted Medicines (NatRUM) programme was established to reduce accidental poisoning of children, medication misuse and harmful effects on the environment by giving consumers the opportunity to return unwanted or expired medicines to any pharmacy for free, for destruction in an environmentally friendly manner.

The volume of unwanted medicines collected under the NatRUM programme has increased steadily since it commenced in 1998. In 2000-01 the collection totalled 235,267 kilos, while in 2014-15 this had grown to 654,880 kilos.

Improve safety and quality in health care

The Department, with the States and Territories, continues to work with the Australian Commission on Safety and Quality in Health Care (ACSQHC) to drive improvements in the Australian health system to ensure patients receive appropriate health care. The ACSQHC, in partnership with the Australian Institute of Health and Welfare and supported by the Department, led Australia's participation in an OECD medical practice variation study, which examined nine procedures and interventions.

In 2014-15, the Department has continued work on a number of key activities including clinical management of blood,[33] addressing antimicrobial resistance,[34] and reducing unnecessary radiation exposure from diagnostic imaging. The Australian Atlas of Healthcare Variation is expected to be published in late 2015 and will inform future strategies to address unwarranted variation.

The Department funded the establishment of two clinical quality registries for high risk implantable cardiac and breast devices. The registries are expected to be fully operational in 2016 providing key information on device safety recalls, and longitudinal insight into patient outcomes.

[33] Details reported under Outcome 7.6 and in the ACSQHC Annual Report.

[34] Details reported under Outcome 9.1 and in the ACSQHC Annual Report.

Programme 7.5: Health Infrastructure

Programme 7.5 aims to improve and invest in major health infrastructure.

Improve primary health care infrastructure

In 2014-15, the Department conducted an Invitation to Apply process for the Rural and Regional Teaching Infrastructure Grants. Due to unforeseen delays, the Invitation to Apply process was deferred by more than four months. The assessment process has been finalised and successful applicants were notified in June 2015. $52.5 million has been provided over three financial years to enable regional and rural GP practices to build facilities to take on more trainees. The grants will support the provision of additional consultation rooms and space for teaching medical students and supervising GP registrars.

Quantitative KPI:	**Number of grants to support the provision of additional space for teaching and training to strengthen the rural workforce.**
2014-15 Target:	100
2014-15 Actual:	10
△△△△ **Result:**	**Not met** There were significant delays in going to market for this programme within the 2014-15 financial year. Funding agreements will be finalised in early 2015-16.

Invest in other major health infrastructure

In 2014-15, the Department continued to work with States and Territories and non-government organisations, universities, and medical research institutes to progress existing Health and Hospitals Fund (HHF) projects, including monitoring for compliance against key project milestones. The Department also continued its efforts to finalise agreements with all successful applicants under the HHF Regional Priority Rounds.

Qualitative Deliverable:	**Funding arrangements in place for all successful projects under the 2010 and 2011 Regional Priority Round of HHF grants.**
2014-15 Reference Point:	Remaining funding agreements signed by 31 December 2014.
▲▲▲△ **Result:**	**Substantially met** Under the 2010 and 2011 HHF Regional Priority Rounds, 139 successful projects were announced. Five of these projects have subsequently been cancelled at the funding recipients' request. By December 2014, 93% of HHF Regional Priority Round projects had funding arrangements in place. The Department continues to work with Government and non-government organisations to finalise funding arrangements. As at 30 June 2015, five projects were yet to have funding arrangements in place. It is anticipated that these projects will be finalised before 31 December 2015.

Qualitative KPI:	**Effective monitoring of HHF projects for compliance with agreed outputs.**
2014-15 Reference Point:	Reports are received for all projects in the required timeframe and remedial action taken as required.
▲▲▲▲ **Result:**	**Met** The majority of HHF funding recipients were compliant in providing project reports and achieving agreed project outputs within the required timeframes. Where projects were found to be non-compliant, the Department undertook remedial action in a timely manner.

Programme 7.6: Blood and Organ Donation

Programme 7.6 aims to improve Australians' access to organ and tissue transplants, and support access to blood and blood products.

Improve Australians' access to organ and tissue transplants

In 2014-15, the Department continued to support the Australian Organ and Tissue Donation and Transplantation Authority in implementing, coordinating and monitoring a national approach to organ and tissue donation for transplantation with the aim of increasing Australians' access to life-saving and life-transforming transplants. The nationally coordinated approach is particularly targeted at donation processes and systems in hospital settings, and the awareness and education of professionals and the community. The Department also supported the Department of Human Services to administer the Supporting Leave for Living Organ Donors (SLLOD) Pilot, which commenced on 1 July 2013 and ended on 30 June 2015. The Department will take over the administration of the SLLOD Programme, which has been funded for a further two years from 1 July 2015.

Patients needing life-saving stem cell transplants are provided with the best opportunity to find a suitable stem cell match, with the Government continuing to support the Australian Bone Marrow Donor Registry (ABMDR), the Bone Marrow Transplant Programme and the National Cord Blood Collection Network (NCBCN).

The Clinical Services Plan for the NCBCN was reviewed in 2014-15, and updated by the Department to reflect changes in clinical practice and the Australian population's composition. This will enable the NCBCN to manage and coordinate a national bone marrow register, undertake the identification of suitably matched, voluntary donors of haemopoietic progenitor cells (HPC), and collect, analyse and publish data relating to the outcomes of HPC donation and transplantation.

Qualitative Deliverable:	**Support the Australian Bone Marrow Donor Registry (ABMDR) and the National Cord Blood Collection Network to identify matched donors and stem cells for transplant.**
2014-15 Reference Point:	Increased diversity of tissue types of donors and cord blood units available for transplant.
▲▲▲▲ **Result:**	**Met** The Department continues to support the ABMDR, which collects cord blood units at 11 collection centres across Australia, with a combined catchment broadly reflecting the genetic diversity of the Australian population. Processes for donor recruitment and education through cord blood collection and blood donor centres are being extended to further diversify the pool of donors and cord blood units for use by Australian patients.

Quantitative Deliverable:	**Number of banked cord blood units.**
2014-15 Target:	• Total 2,379 • Indigenous 129
2014-15 Actual:	• Total 1,765 • Indigenous 119
▲▲▲△ **Result:**	**Substantially met**

	11-12	12-13	13-14
Total	810	523	1,957
Indigenous	94	64	101

The number of cord blood units banked was lower than the target in 2014-15. However, this reflects the NCBCN shifting focus from the quantity of units collected to collecting cord blood units that are of a higher quality, and from families where one or more parent comes from an ethnically diverse background. Improving the ethnic diversity of the cord blood unit collection in Australia will provide a higher probability of a clinically useful match between donor and patient being found. Accordingly, 66% of banked cord blood units were from ethnically diverse donors in 2014-15, an increase of 16% from 2013-14. The number of banked Indigenous cord blood units increased by 18% in 2014-15, compared with 2013-14.

Quantitative KPI:	**Percentage of legitimate Bone Marrow Transplant Programme applications assessed and approved within four days of receipt.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met** The Bone Marrow Transplant Programme continues to grow as needs increase.

Support access to blood and blood products

The Department ensured access to affordable and quality blood supply by delivering the Commonwealth's contribution of funding to the blood sector and a Commonwealth contribution to national blood supply policy. The Department chaired the Jurisdictional Blood Committee (JBC) and continued to contribute to the development of strategies to support appropriate blood and blood product use, reduction in wastage, and a more efficient supply chain.

The Department worked with the National Blood Authority (NBA) and the ACSQHC to establish a National Patient Blood Management Collaborative, comprising 18 public and private hospitals focused on improving anaemia management for patients undergoing elective abdominal, gynaecological or orthopaedic surgery.

The Department continued to work with the NBA and State and Territory Governments to improve governance arrangements for prescribing and authorising evidence-based use of funded immunoglobulins. Following the JBC's endorsement of the National Blood and Blood Product Waste Reduction Strategy 2013-17, the rate of red blood cells discarded (not able to be transfused before their date of expiry) has decreased from 5.0 per cent in 2013-14 to 4.2 per cent in the 10 months to April 2015.

The Department also contributed to the Hepatitis C Litigation Settlement Scheme, which provides a contribution to the out-of-court settlement costs for eligible people who contracted hepatitis C as a result of a blood transfusion in Australia between 1985 and 1991.

Qualitative Deliverable:	**Effective planning of the annual blood supply through the National Supply Plan and Budget.**
2014-15 Reference Point:	Implementation of the 2014-15 National Supply Plan and Budget agreed by all Health Ministers in 2013-14.
▲▲▲▲ **Result:**	**Met** On 11 April 2014, Health Ministers agreed to the 2014-15 National Supply Plan and Budget. The Commonwealth's contribution in 2014-15, based on the national cost-sharing arrangements, was expected to be up to $718 million. This funding ensured Australians have access to blood and blood products required for treatment of numerous medical conditions. These include cancer, heart, stomach, bowel, liver and kidney diseases, during and after surgery, treatment of traumatic injury or burns, and for treatment of chronic conditions including bleeding disorders (e.g. haemophilia) and immunodeficiency conditions.

Programme 7.7: Regulatory Policy

Programme 7.7 aims to maintain and improve the therapeutic goods and industrial chemicals regulatory frameworks, as well as provide direction and national leadership in gene technology regulatory policy issues.

Therapeutic Goods

Ensure that therapeutic goods are safe, effective and of high quality

The Therapeutic Goods Administration (TGA) is Australia's regulator responsible for ensuring the safety, efficacy and quality of therapeutic goods in Australia. In 2014-15, consistent with the Australian Government's deregulation and red tape reduction agenda, the TGA has continued work to identify areas for improvement to regulation.

In October 2014, the Government announced the Expert Review of Medicines and Medical Devices Regulation (the Review). Chaired by Professor Lloyd Sansom AO, the aim of the Review was to identify unnecessary regulation that could be removed without reducing the safety or quality of therapeutic goods. The Review also looked to identify opportunities to enhance the regulatory framework, to better respond to global trends in the development, manufacture, marketing and regulation of therapeutic goods.

The Review's first report, which looked at the regulatory framework for medicines and medical devices, was published on 24 June 2015. The 32 recommendations of the first report are currently under consideration by the Government. A second report that will look at the regulatory framework for complementary medicines and the advertising of therapeutic goods, is due to be delivered to the Government in mid 2015.

In 2014-15, the TGA also worked closely with industry on new initiatives to help improve the efficiency of a number of application and administrative processes. This included implementing a new business services portal to provide industry with self-service technology to conduct simple regulatory transactions with the TGA.

For medicines, the pilot to introduce the electronic Common Technical Document (eCTD) format for over-the-counter and prescription medicines, was completed, eliminating the need for paper applications. Other initiatives included releasing an electronic smart form for sponsors to notify the TGA of prescription medicines shortages, reducing the reliance on phone, email and letter communication.

Medical devices initiatives included implementation of regulatory changes to allow Australian medical devices manufactures to obtain market approval for most products using European notified bodies' conformity assessment.

Qualitative Deliverable:	**Contribute to the Government's deregulation and red tape reduction agenda by identifying and progressing opportunities to reduce red tape.**
2014-15 Reference Point:	Complete a review to identify opportunities to reduce regulatory burden and red tape.
▲▲▲△ **Result:**	**Substantially met** During the reporting period an independent review was conducted to examine specific aspects of the regulatory framework for medicines and medical devices. Pending the outcomes of the review, the TGA conducted a number of activities that contributed to the Government's deregulation and red tape reduction agenda.

Quantitative KPI:	**Percentage of evaluations/assessments completed within legislated timeframes:** **a) Applications lodged under prescription medicines registration (Category 1 applications) processed within 255 working days** **b) Quality related evaluations of prescription medicines (Category 3 applications) processed within 45 working days** **c) Conformity assessments for medical devices processed within 255 working days.**
2014-15 Target:	a) 100% b) 100% c) 100%
2014-15 Actual:	a) 99.7% b) 98% c) 100%
▲▲▲△ **Result:**	**a) Substantially met**
▲▲▲△ **Result:**	**b) Substantially met**
▲▲▲▲ **Result:**	**c) Met**

	11-12	12-13	13-14
Category 1	99.5%	99.7%	99.8%
Category 3	99.4%	100%	100%

In 2014-15:
- 344 of 345 Category 1 evaluations for prescription medicines were completed within the legislated timeframe of 255 days.
- 1,442 of 1,465 Category 3 evaluations for prescription medicines were completed within the legislated timeframe of 45 days.
- 151 of 151 conformity assessments for medical devices were processed within the legislated timeframe of 255 days.

Quantitative KPI:	**Percentage of alleged breaches of the *Therapeutic Goods Act 1989* received that are assessed within 10 working days and an appropriate response initiated.**
2014-15 Target:	100%
2014-15 Actual:	100%
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
100%	100%	100%

The TGA assessed 1,259 alleged breaches of the *Therapeutic Goods Act 1989* within 10 working days and initiated appropriate responses in 100% of the instances notified.

Quantitative KPI:	**Percentage of licensing and surveillance inspections completed within target timeframes:**
2014-15 Target:	• Domestic 100% • Overseas 90%
2014-15 Actual:	• Domestic 72% • Overseas 79%
▲▲▲△ **Result:**	**Substantially met**

	10-11	11-12	13-14
Domestic	69%	73%	66%
Overseas	60%	71%	58%

The TGA continued to direct efforts to raising levels of compliance by manufacturers particularly those producing high risk products.

International regulatory harmonisation and work sharing

During 2014-15, the TGA has developed and strengthened collaborative arrangements with international regulatory agencies through engagement in international therapeutic goods fora, participation in information sharing programmes, and maintaining a key role in the international harmonisation of standards for medicines.

In November 2014, the TGA laboratories were recognised internationally by being redesignated for another four years as a WHO collaborating centre for drug quality assurance.

Qualitative Deliverable:	**Implement international harmonisation, work sharing and joint operations with comparable international regulators.**
2014-15 Reference Point:	Enhanced cooperation and work sharing including increased reliance on information from international regulators.
▲▲▲▲ **Result:**	**Met** Collaborative activities with international regulatory agencies in 2014-15 included membership of the Executive Committee of the International Coalition of Medicines Regulatory Authorities; agreements to conduct joint inspections of overseas medicines manufacturers; engagement in the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme to progress the international harmonisation of standards; progressing the development of international protocols for sharing confidential information with trusted regulators; training with countries developing regulatory systems in the Asia Pacific region; and participation in the International Generic Drug Regulators Programme through which assessment reports can be shared in real time with collaborating regulatory agencies outside the European Union.

Continue therapeutic goods reform process

In 2014-15, the TGA developed a range of tools to improve communication about the role of the TGA to the Australian public, and to assist industry with meeting regulatory requirements. Progress was made on harmonisation, deregulation, streamlined market approvals and reducing costs to business. This is consistent with the Government's focus on deregulation and reducing the cost of red tape for business, community organisations and individuals. Outcomes of the Expert Review of Medicines and Medical Devices Regulation, will also contribute to the reform process.

Qualitative Deliverable:	**Implement reforms that enhance TGA's current regulatory processes.**
2014-15 Reference Point:	Reforms implemented in accordance with the published plan for *TGA Reforms: A blueprint for TGA's future.*
▲▲▲△ **Result:**	**Substantially met** Of the 48 *Blueprint* recommendations proposed for implementation by the TGA, 38 recommendations had been implemented by 30 June 2015. During 2014-15, the TGA developed and published agreed key performance indicators to provide quantitative and qualitative information on the TGA's organisational effectiveness and operational efficiency, and made significant enhancements to the TGA website to be more user-friendly for industry, health professionals and consumers.[35] Progress of five *Blueprint* reforms planned for this period has been put on hold pending the outcome of the Expert Review of Medicines and Medical Devices Regulation (the Review) and the Government's response to the Review's recommendations. This includes areas where the Review intersects with planned reforms in the areas of complementary medicines, advertising and medical devices, which will be considered in the future under the agreed outcomes.

Quantitative Deliverable:	**Number of reforms implemented to enhance TGA's regulatory processes.**
2014-15 Target:	2
2014-15 Actual:	1
▲▲▲△ **Result:**	**Substantially met** The revision of the Uniform Recall Procedures for Therapeutic Goods (URPTG) (TRR 16) has progressed, however has not been completed as forecast. Following consultation, the stakeholder submissions will inform the redrafting of the URPTG and in 2015-16 the TGA expects to finalise the revised version following an open consultation on the draft document.

[35] Available at: www.tga.gov.au/publication/tga-key-performance-indicators-our-indicators-and-reporting-measures

Industrial Chemicals

Aid in the protection of the Australian people and the environment by assessing the risks of industrial chemicals and providing information to promote their safe use

In 2014-15, through the administration of NICNAS, the Department continued to promote the safe use of industrial chemicals to protect human health and the environment.

In August 2014, the functions of the Department relating to chemical regulation were realigned and consolidated within the Office of Chemical Safety, bringing together staff working on the assessment of industrial chemicals, agricultural and veterinary chemicals, and the scheduling of chemical poisons.

A report on the operation of the *Industrial Chemicals (Notification and Assessment) Act 1989* is available as an appendix to this report.

Qualitative Deliverable:	**Scientifically robust assessments of new and existing industrial chemicals.**
2014-15 Reference Point:	Peer review and stakeholder feedback support assessment outcomes.
▲▲▲▲ **Result:**	**Met** In 2014-15, NICNAS published assessment reports for 213 new chemicals, two Priority Existing Chemicals, and published two reports following secondary notification of previously assessed chemicals. No reviews of NICNAS's chemical assessments were conducted by the Administrative Appeals Tribunal.

Qualitative Deliverable:	**High quality assessment outcomes are produced through effective use of the Inventory Multi-tiered Assessment and Prioritisation (IMAP) framework.**
2014-15 Reference Point:	Stakeholder engagement and communication strategies continue to be effectively implemented to contribute to the quality and uptake of assessment outcomes.
▲▲▲▲ **Result:**	**Met** NICNAS made 1,241 recommendations to manage newly identified risks associated with the industrial use of 992 unique chemicals assessed under the IMAP framework. In all cases, interested parties were given the opportunity to comment on those recommendations. NICNAS staff engaged with stakeholders, and met with key Australian risk management agencies to promote the uptake of recommendations.

Qualitative Deliverable:	**Contribution to the international harmonisation of regulatory approaches and methodologies for assessing industrial chemicals by reviewing Australian processes.**
2014-15 Reference Point:	Review international regulatory approaches and methodologies from three key sub-committees of the OECD Chemicals Committee for their application to NICNAS assessments of industrial chemicals.
▲▲▲▲ **Result:**	**Met** In 2014-15, NICNAS was represented in the Australian delegation to the OECD Chemicals Committee and its key subsidiary committees: the Task Force on Hazard Assessment; Clearing House on New Chemicals; Working Party on Manufactured Nanomaterials; and the Task Force on Exposure Assessment. NICNAS contributed to a review of the applicability of OECD guidelines to testing manufactured nanomaterials as well as to the status of alternatives to animal testing methods, the mutual acceptance of new chemicals notifications and the development of integrated approaches to testing and assessment of chemicals. Participation in these groups facilitates greater international harmonisation of NICNAS assessment methodologies.

Qualitative Deliverable:	**All introducers of industrial chemicals are aware of their legal obligations.**
2014-15 Reference Point:	Register identified introducers and provide regular information updates.
▲▲▲▲ **Result:**	**Met** At the end of 2014-15, 99.9% of identified introducers were registered with NICNAS. The total number of 5,794 introducers registered for 2014-15 represented the highest total number of registrants since the introduction of NICNAS registration. A total of eight information sessions were delivered to over 420 attendees in major capital cities and regional areas.

Qualitative Deliverable:	**The costs associated with the regulation of industrial chemicals are adequately balanced against the benefits to worker health and safety, public health and the environment.**
2014-15 Reference Point:	Reforms to NICNAS more efficiently and effectively achieve the objects of the *Industrial Chemicals (Notification and Assessment) Act 1989*.
▲▲▲▲ **Result:**	**Met** As part of the 2015 Federal Budget, the Australian Government announced the implementation of reforms to notification and assessment of industrial chemicals. The reforms, which focus regulatory effort on higher risk chemicals and continue the protection of human health and the environment, deliver a reduction of approximately $23 million per annum in the burden of regulation on industry.

Qualitative KPI:	**Effective use of international information.**
2014-15 Reference Point:	International hazard assessment information incorporated into assessments. Guidance and training on the use of international information provided to assessors.
▲▲▲▲ **Result:**	**Met** NICNAS regulatory scientists continued to use information on the hazards of industrial chemicals obtained from a range of international sources in conducting assessments of the risks of the use of these chemicals in Australia. NICNAS scientists engaged with their counterparts in comparable international regulatory agencies and global industry associations to obtain and review relevant information, and received ongoing professional development in a range of assessment-focused areas. In addition, NICNAS internal databases were updated with new internationally validated testing guidelines and assessment methods to enable assessors to effectively interpret the latest information. Twelve assessments from comparable international agencies were incorporated in NICNAS new chemicals assessments.

Quantitative KPI:	**Percentage of new chemical assessments completed within legislated timeframes.**
2014-15 Target:	96%
2014-15 Actual:	98%
▲▲▲▲ **Result:**	**Met** NICNAS completed 334 certificate and permit assessments for new industrial chemicals, with 327 of these completed within legislated timeframes.

Quantitative KPI:	**Cumulative percentage of Stage One chemicals assessed through effective application of IMAP framework.**
2014-15 Target:	90%
2014-15 Actual:	93%[36]
▲▲▲▲ **Result:**	**Met**

10-11	11-12
24%	56%

Using the IMAP Framework, NICNAS completed 1,802 assessments in 2014-15 for chemicals that may already be in use in Australia. These included 454 Tier I (high throughput) and 1,348 Tier II (chemical by chemical) assessments.

Quantitative KPI:	**Percentage of NICNAS registrants introducing over $500,000 of industrial chemicals assessed for compliance with new chemicals obligations.**
2014-15 Target:	40%
2014-15 Actual:	40%
▲▲▲▲ **Result:**	**Met**

12-13	13-14
30.3%	35%

During 2014-15, 40% of registrants that had introduced relevant industrial chemicals with a value above $500,000 were screened for evidence of compliance with new chemicals obligations. This resulted in 55 organisations being selected for further risk assessment. Twenty-seven of these registrants were required to provide NICNAS with evidence of compliance with the new chemicals obligations. The 2014-15 audit identified eight companies potentially in breach of their new chemicals obligations. NICNAS continues to work with these companies, and those that are yet to provide the requested information, to achieve compliance with relevant legislation.

[36] This includes 413 more chemicals than the initial IMAP Stage One list of 3,000. These chemicals are members of groups already being assessed in Stage One and have been added to gain efficiencies in implementing the IMAP Framework.

Gene Technology Regulation

Protect the health and safety of people and the environment by regulating work with genetically modified organisms (GMOs)

The Gene Technology Regulator, supported by the Office of the Gene Technology Regulator (OGTR), administers the national gene technology regulatory scheme, comprising the *Gene Technology Act 2000* and corresponding State and Territory legislation, to protect the health and safety of people and the environment by regulating certain activities with genetically modified organisms (GMOs).

In 2014-15, the Department, including the OGTR, progressed the technical recommendations from the review of the *Gene Technology Act 2000* to improve operational flexibility and reduce regulatory burden. The Gene Technology Amendment Bill 2015, which implements the legislative amendments from the review, was introduced into Parliament in June 2015. During the period, the OGTR reviewed guidelines and processes to enhance the efficiency and effectiveness of the gene technology regulatory system, including consulting on the development of a new application form for commercial releases of genetically modified (GM) plants.

In 2014-15, the OGTR ensured that all risk assessments of GMO licence applications were based on current scientific evidence and international best practice informed by consultation with experts and key stakeholders. To keep pace with advances in scientific knowledge and regulatory practice, the OGTR engaged in a number of international fora, including the OECD, to promote harmonisation of risk assessment of GMOs.

Throughout 2014-15, in order to maintain openness and transparency of the decision making processes, the OGTR fulfilled statutory requirements for public consultation on release of GMOs into the environment. A comprehensive record of approved GMO dealings, and further information about GMO regulation, is available on the OGTR website.[37]

The OGTR also continued to monitor certified containment facilities and the conduct of work with GMOs to ensure compliance with licence conditions. The gene technology legislation requires that certain dealings or activities (for example, experiments and field trials) with GMOs must be licensed before they can be conducted. The purpose of licensing is to protect human health and the environment by identifying and managing risks posed by GMOs. The OGTR prepares risk assessment and risk management plans for all licence applications, which form the basis of the Regulator's decisions on whether or not to issue licences and/or conditions of each licence.

During 2014-15, bilateral arrangements with other Australian Government regulators continued to enhance reciprocal provision of advice on applications to support timely, efficient and comprehensive assessment of GMOs and genetically modified products. The OGTR commenced a joint initiative with the Department of Agriculture aimed at harmonising regulatory requirements for containment facilities.

Qualitative Deliverable:	**Progress improvements to OGTR operations recommended by all Australian Governments' response to the Review of the *Gene Technology Act 2000.***
2014-15 Reference Point:	Implementation completed within agreed timeframes. Progress of agreed minor and technical amendments to increase flexibility and reduce regulatory burden.
▲▲▲▲ **Result:**	**Met** In 2014-15, the OGTR undertook a range of activities to improve communication and consultation with regulated stakeholders and the public. In particular, the OGTR undertook a significant revamp of its website informed by feedback from stakeholders, and continued to use social media tools to disseminate information. The Department progressed minor and technical amendments on the Gene Technology Amendment Bill 2015 that was introduced into Parliament in June 2015.

[37] Available at: www.ogtr.gov.au

Qualitative Deliverable:	**Provide effective regulation of GMOs that is open and transparent.**
2014-15 Reference Point:	Risk assessments and risk management plans prepared for all applications for licenced dealings. Stakeholders, including the public, consulted on all assessments for proposed release of GMOs into the environment. Record of GMO dealings and maps of all field trial sites maintained and made publicly available on the OGTR website.
▲▲▲▲ **Result:**	**Met** In 2014-15, the Regulator prepared comprehensive risk assessments and risk management plans and consulted with stakeholders on nine GMO licence applications for intentional release into the environment (six field trials, one clinical trial, a commercial GM canola and a commercial GM vaccine for poultry). The Regulator also prepared risk assessments and risk management plans for ten licence applications for work in contained facilities. The OGTR maintained a record of approved GMOs and maps of all field trial sites, and made them available on the OGTR website.

Quantitative Deliverable:	**Percentage of field trial sites and higher level containment facilities inspected.**
2014-15 Target:	≥20%
2014-15 Actual:	44% (field trial sites) and 29% (higher level containment facilities)
▲▲▲▲ **Result:**	**Met** In 2014-15, the OGTR inspected 44% of field trial sites to monitor compliance with licence conditions ensuring risks to human health and the environment are minimised. Sites were inspected in the Northern Territory, New South Wales, Victoria, Queensland and Western Australia. Inspections included GM canola, wheat, barley, cotton, sugarcane, banana and safflower. The OGTR also inspected 29% of higher level containment facilities to ensure compliance with certification conditions. These inspections focused on the integrity of the physical structure of the facility and on the general laboratory practices followed.

Qualitative KPI:	**Protect people and environment through identification and management of risks from GMOs.**
2014-15 Reference Point:	Comprehensive and effective risk assessment and risk management of GMOs. High level of compliance with the gene technology legislation and no adverse effect on human health or environment from authorised GMOs.
▲▲▲▲ **Result:**	**Met** Routine monitoring of the regulated community found a high level of compliance with the gene technology legislation.

Qualitative KPI:	**Facilitate cooperation and provision of advice between relevant regulatory agencies with responsibilities for GMOs and/or genetically modified products.**
2014-15 Reference Point:	High degree of cooperation with relevant regulatory agencies and provision of timely advice.
▲▲▲▲ **Result:**	**Met** In 2014-15, the OGTR continued cooperative arrangements with other Australian Government regulators to enhance coordinated decision making and avoid duplication in regulation of GMOs and genetically modified products. The OGTR engaged in international fora relevant to the GMO regulation including the OECD Working Group on the Harmonisation of Regulatory Oversight in Biotechnology and the 13th International Symposium on the Biosafety of GMOs. Regulators from other countries continued to seek input from the OGTR because the Australian scheme is considered a model for robust, practical and efficient regulation of GMOs. The OGTR also provided technical support to Australian engagement for the 2014 meetings of the UN Convention on Biological Diversity and Cartagena Protocol on Biosafety.

Quantitative KPI:	**Percentage of license decisions made within statutory timeframes.**
2014-15 Target:	100%
2014-15 Actual:	95%
▲▲▲△ **Result:**	**Substantially met**

12-13	13-14
100%	100%

The Regulator made decisions on all licence applications except for one within the applicable statutory timeframes. The decision on one application was made 19 days after the statutory timeframe due to an unavoidable delay in mandatory gazettal for consultation. There were no appeals of decisions made under the gene technology legislation.

Outcome 7 – Financial Resource Summary

		Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 7.1: eHealth[1]				
Administered expenses				
Ordinary annual services (Appropriation Act No. 1)		135,221	114,439	(20,782)
Non cash expenses[2]		18,309	18,309	-
Departmental expenses				
Departmental appropriation[3]		22,189	20,166	(2,023)
Expenses not requiring appropriation in the current year[4]		938	1,209	271
	Total for Programme 7.1	**176,657**	**154,123**	**(22,534)**
Programme 7.2: Health Information				
Administered expenses				
Ordinary annual services (Appropriation Act No. 1)		27,914	27,551	(363)
Departmental expenses				
Departmental appropriation[3]		1,577	1,472	(105)
Expenses not requiring appropriation in the current year[4]		76	98	22
	Total for Programme 7.2	**29,567**	**29,121**	**(446)**
Programme 7.3: International Policy Engagement				
Administered expenses				
Ordinary annual services (Appropriation Act No. 1)		14,912	14,909	(3)
Departmental expenses				
Departmental appropriation[3]		12	13	1
Expenses not requiring appropriation in the current year[4]		1	1	-
	Total for Programme 7.3	**14,925**	**14,923**	**(2)**
Programme 7.4: Research Capacity and Quality[1]				
Administered expenses				
Ordinary annual services (Appropriation Act No. 1)		82,152	81,304	(848)
Departmental expenses				
Departmental appropriation[3]		15,996	16,193	197
Expenses not requiring appropriation in the current year[4]		723	1,015	292
	Total for Programme 7.4	**98,871**	**98,512**	**(359)**
Programme 7.5: Health Infrastructure[1]				
Administered expenses				
Ordinary annual services (Appropriation Act No. 1)		62,076	42,236	(19,840)
Special accounts				
Health and Hospitals Fund Health Portfolio Special Account		719,802	719,416	(386)
Departmental expenses				
Departmental appropriation[3]		9,192	9,220	28
Expenses not requiring appropriation in the current year[4]		435	603	168
	Total for Programme 7.5	**791,505**	**771,475**	**(20,030)**

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 7.6: Blood and Organ Donation[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	18,058	16,736	(1,322)
Special appropriations			
National Health Act 1953 - blood fractionation, products and blood related products - to National Blood Authority	535,345	535,745	400
Departmental expenses			
Departmental appropriation[3]	4,982	4,939	(43)
Expenses not requiring appropriation in the current year[4]	232	315	83
Total for Programme 7.6	**558,617**	**557,735**	**(882)**
Programme 7.7: Regulatory Policy			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	105	95	(10)
Departmental expenses			
Departmental appropriation[3]	31,509	28,169	(3,340)
to Special accounts	(17,484)	(16,743)	741
Expenses not requiring appropriation in the current year[4]	612	729	117
Special accounts			
OGTR Special Account[5]	7,981	7,387	(594)
NICNAS Special Account[6]	13,267	14,353	1,086
TGA Special Account[7]	149,392	137,499	(11,893)
Expense adjustment[8]	(8,521)	(3,271)	5,250
Expenses not requiring appropriation in the current year[4]	-	12	12
Total for Programme 7.7	**176,861**	**168,230**	**(8,631)**
Outcome 7 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	340,438	297,270	(43,168)
Non cash expenses[2]	18,309	18,309	-
Special accounts	719,802	719,416	(386)
Special appropriations	535,345	535,745	400
Departmental expenses			
Departmental appropriation[3]	85,457	80,172	(5,285)
to Special accounts	(17,484)	(16,743)	741
Expenses not requiring appropriation in the current year[4]	3,017	3,970	953
Special accounts	162,119	155,980	(6,139)
Total expenses for Outcome 7	**1,847,003**	**1,794,119**	**(52,884)**
Average staffing level (number)	**1,134**	**1,130**	**(4)**

1 This Programme includes National Partnerships payments to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

2 'Non cash expenses' relates to the depreciation of computer software.

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

4 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

5 Office of the Gene Technology Regulator Special Account.

6 National Industrial Chemicals Notification and Assessment Scheme Special Account.

7 Therapeutic Goods Administration Special Account.

8 Special Accounts are reported on a cash basis. The adjustment reflects the difference between cash and expenses.

Outcome 8
Health Workforce Capacity

Improved capacity, quality and mix of the health workforce to meet the requirements of health services, including through training, registration, accreditation and distribution strategies

Major Achievements

- Achieved the national target of at least 50 per cent of GP registrar training placements under the Australian General Practice Training (AGPT) Program occurring in regional and rural areas.
- Increased support for the AGPT Program by providing an additional 300 registrar training places from the 2014 academic year.
- Implemented the Modified Monash Model as a new geographic classification system for health workforce programmes, to allow support and resources to be focused on areas of highest need.
- Increased the number of training positions funded through the Specialist Training Program from 750 in 2013 to 900 in the 2014 academic year.
- Increased the number of additional emergency medical specialist trainee positions delivered in emergency departments from 66 to 88 in the 2014 academic year.
- Supported 4,338 practices through the Practice Nurse Incentive Programme to expand and enhance the role of nurses working in general practice.

Challenges

- Assuming responsibility for essential functions of General Practice Education and Training Ltd and Health Workforce Australia, while ensuring no disruption to service provision.
- Achieving a more equitable distribution of the health workforce to rural and remote Australia.

Looking Ahead

The redesigned General Practice Rural Incentives Programme (GPRIP) commenced from 1 July 2015. A streamlined Health Workforce Scholarship programme will increase flexibility to meet changes in supply and demand in specific areas of practice, commencing from 1 July 2016. Priority scholarship areas will be reviewed annually, informed by national health workforce planning, and will result in better targeted scholarships and better support for the rural and remote workforce.

Programmes Contributing to Outcome 8

Programme 8.1: Workforce and Rural Distribution

Programme 8.2: Workforce Development and Innovation

Division Contributing to Outcome 8

In 2014-15, Outcome 8 was the responsibility of Health Workforce Division.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programmes.

Trends

The Department is continuing to invest in rural health education and training strategies, such as the Rural Health Multidisciplinary Training Programme and the redesigned General Practice Rural Incentives Programme, to increase the availability of health services in regional and remote communities. Across Australia there are significant variations in the availability of doctors, nurses and midwives, and allied health providers. The geographic spread of the health workforce does not currently reflect the distribution of the population, particularly in regional and remote communities. To provide health services that are accessible, it is essential to have the required number of health professionals, but it is also essential for those health professionals to be equitably distributed across the population.

The table below shows the density of health professionals across major cities, regional and remote areas of Australia.

Table 8.1: Health practitioner rate per 100,000 population

Practitioner rate (employed)	Medical practitioners			Nurses and midwives			Allied health[38]		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Major City	398	393	399	1,276	1,285	1,286	457	561	638
Inner Regional	262	258	264	1,349	1,271	1,276	313	388	437
Outer Regional	222	236	235	1,201	1,212	1,214	256	298	368
Remote/Very Remote	226	222	222	1,258	1,279	1,227	175	232	268

[38] In 2011, the professions included were: Dental professionals, Psychologists, Pharmacists, Physiotherapists, Optometrists, Chiropractors, Podiatrists, and Osteopaths. In 2012, the following professions were added to the National Registration and Accreditation Scheme: Medical radiation practitioners, Occupational therapists, Chinese medicine practitioners, and Aboriginal and Torres Strait Islander health practitioners. Source – The National Health Workforce Minimum Dataset, 2013, data.hwa.gov.au/webapi/jsf/login.xhtml. This online data tool provides free access to the catalogues of health workforce data.

Programme 8.1: Workforce and Rural Distribution

Programme 8.1 aims to increase investment in medical training and education, and provide support for health professionals in rural, regional and remote areas.

Increased investment in medical training and education

The Australian General Practice Training (AGPT) Program provides postgraduate vocational training placements for medical graduates wanting to pursue a career in general practice in Australia. At least 50 per cent of all AGPT Program training is undertaken in rural, regional and remote locations to encourage health professionals to work in these areas. Commencing registrar training places in the AGPT Program were increased from 1,192 places in 2014, to 1,500 places in 2015.

In the 2014 academic year, the Department continued to support the delivery of specialist training in expanded settings outside traditional public hospital teaching environments, and in regional, rural and remote areas. In partnership with 12 medical specialist colleges, the Department funded 900 training positions through the Specialist Training Program, with almost 45 per cent of these positions involving some training in rural and regional areas and 43 per cent providing training experiences in the private sector.

Quantitative Deliverable:	**Number of new GP training positions funded through the Australian General Practice Training Program.**
2014 Academic Year Target:	1,192
2014 Academic Year Actual:	1,192
▲▲▲▲ **Result:**	**Met** The number of training places increased from 1,108 in 2013, to 1,192 in 2014. The selection process was undertaken in 2013 by General Practice Education and Training Ltd to recruit doctors for entry into the AGPT Program in 2014.[39]

Quantitative Deliverable:	**Number of training positions funded through the Specialist Training Program.**
2014 Academic Year Target:	900
2014 Academic Year Actual:	900
▲▲▲▲ **Result:**	**Met**

2011	2012	2013
518	600	750

In 2014, the Department funded 900 training positions through 12 medical specialist colleges.

Quantitative Deliverable:	**Number of additional emergency medicine specialist trainee positions delivered in emergency departments.**
2014 Academic Year Target:	88
2014 Academic Year Actual:	88
▲▲▲▲ **Result:**	**Met**

2012	2013
44	66

In 2014, the Department funded 88 medical specialist training positions through the Australasian College for Emergency Medicine.

[39] AGPT training places are allocated on a calendar/academic year basis.

Increase the supply of, and support for, health professionals in regional, rural and remote Australia

In 2014-15, additional scholarships were awarded to nursing and allied health students and professionals to support professional training, continuing professional education, clinical placements, and return or transition to practice. The scholarships were targeted to key Government priorities including: rural areas; increasing training in the private sector; and in primary care, aged care and mental health care.

The General Practice Rural Incentives Programme (GPRIP) was introduced in 2010 to attract and retain doctors in regional, rural and remote Australia. In 2014-15, to address ongoing concerns about programme effectiveness, an Independent Expert Panel was appointed to consult with key stakeholders and rural doctors. The Panel reported its recommendations to Government for a redesigned GPRIP that more effectively targets financial incentives to doctors working in smaller regional and rural towns and in remote communities.

From 1 July 2015, GPRIP will be delivered through the Modified Monash Model, to allow support and resources to be focused on areas of highest need – in small rural and remote communities. This follows consideration and consultation by an Independent Expert Panel, which reported in 2015, on how to best transition the GPRIP to this new system.

Qualitative Deliverable:	**Support general practices and Aboriginal Medical Services across Australia to employ practice nurses and Aboriginal and Torres Strait Islander Health Workers in an enhanced role.**
2014-15 Reference Point:	Incentive payments paid quarterly to all eligible practices.
▲▲▲▲ **Result:**	**Met** Incentive payments were paid to all participating practices.

Qualitative Deliverable:	**New nursing and allied health scholarships delivered.**
2014-15 Reference Point:	Nursing and Allied Health Scholarship and Support Scheme arrangements varied to deliver up to 500 additional scholarships over three years.
▲▲▲▲ **Result:**	**Met** The original contracts with the administrators for these scholarships were varied, with a total of 181 scholarships across nursing and allied health disciplines awarded out of the three-year objective of 500 scholarships. Scholarships included undergraduate, postgraduate, continuing professional development, re-entry and clinical placements scholarships. Similar numbers are expected for the next two years and will see this three-year objective being met.

Quantitative Deliverable:	**Percentage of medical students participating in the Rural Clinical Training and Support Programme – 1 year rural clinical placement.**
2014 Academic Year Target:	≥25%
2014 Academic Year Actual:	33%
▲▲▲▲ **Result:**	**Met**

2011	2012	2013
36.6%	32%	33%

This programme provides funding to participating universities to establish and support medical student training in rural areas, supporting 17 Rural Clinical Schools nationally. In 2014, 866 medical students spent a year at a Rural Clinical School.

Quantitative Deliverable:	**Number of rural placements by University Departments of Rural Health.**
2014 Academic Year Target:	3,700
2014 Academic Year Actual:	5,402
▲▲▲▲ **Result:**	**Met**

2011	2012	2013
4,210	4,851	4,871

The University Departments of Rural Health (UDRH) Programme is a multidisciplinary rural education and training, research, professional support and services development initiative, with 11 UDRHs across Australia. In 2014, 5,402 undergraduate and postgraduate students undertook rural placements (two weeks or longer) through UDRHs.

Quantitative KPI:	**Number of practices supported through the Practice Nurse Incentive Programme.**
2014-15 Target:	4,100
2014-15 Actual:	4,338
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
3,571	3,978	4,236

At 30 June 2015, 4,338 practices were supported through the Practice Nurse Incentive Programme, compared to 4,236 in 2013-14.

Quantitative KPI:	**Number of suitably qualified overseas-trained doctors recruited under the International Recruitment Strategy.**
2014-15 Target:	125
2014-15 Actual:	127
▲▲▲▲ **Result:**	**Met**

11-12	12-13	13-14
82	124	125

The Department supports the recruitment of overseas trained doctors through the International Recruitment Strategy. International medical graduates recruited to Australia receive case managed support from Rural Health Workforce Australia and the Rural Workforce Agency network to ensure their recruitment translates into longer term service in regional, rural or remote communities.

Programme 8.2: Workforce Development and Innovation

Programme 8.2 aims to develop a more efficient health workforce, including through increased investment in the dental workforce.

More efficient health workforce development

The essential functions and activities of Health Workforce Australia and General Practice Education and Training Ltd have been fully integrated into the Department of Health with all current funding agreements continuing to be honoured.

The Department is committed to the ongoing improvement, collection and publication of nationally consistent and authoritative health workforce data in Australia. The Department continues to undertake workforce planning and analysis using workforce data collected and stored on the National Health Workforce Dataset.

Management of the AGPT Program, including the selection of registrars, has continued with similar numbers to previous years.

Qualitative Deliverable:	**HWA wound up and functions transferred to the Department.**
2014-15 Reference Point:	Health Workforce Australia (Abolition) Bill 2014 introduced to Parliament, HWA functions, assets and liabilities successfully transferred to the Department.
▲▲▲▲ **Result:**	**Met** The essential functions of Health Workforce Australia were transferred to the Department of Health with effect from 7 August 2014. Repeal legislation for HWA passed through the Parliament on 22 September 2014, and the Proclamation enacting the *Health Workforce Australia (Abolition) Act 2014* came into effect from 8 October 2014.

Investment in the dental workforce

The Oral Health Therapist Graduate Year Program and Voluntary Dental Graduate Year Program provide oral health therapist graduates and dental graduates with a structured programme for enhanced practice experience and professional development opportunities, increasing the oral health and dental workforce capacity, particularly in the public sector.

The programmes require an administrator to allocate and administer 50 graduate placements per programme for each calendar year, and deliver the curriculum integral to the programme.

Quantitative KPI:	**Number of dental graduates participating in the Voluntary Dental Graduate Year Program.**
2014 Academic Year Target:	50
2014 Academic Year Actual:	49
▲▲▲△ **Result:**	**Substantially met** In 2014, fifty graduates commenced participation in the Voluntary Dental Graduate Year Program, with one withdrawal prior to completion. Twenty-one graduate placements were in metropolitan areas; 18.5 placements in regional areas; 4.5 placements in remote areas; and five placements crossed various remoteness areas. Placements can be undertaken in various locations with graduates working across regional and metropolitan locations as part of state-wide or cross regional provider service delivery.

Quantitative KPI:	**Number of oral health therapist graduates participating in the Oral Health Therapist Graduate Year Program.**
2014 Academic Year Target:	50
2014 Academic Year Actual:	49
▲▲▲△ **Result:**	**Substantially met** In 2014, fifty graduates commenced participation in the Oral Health Therapist Graduate Year Program, with one withdrawal prior to completion. Twenty graduate placements were in metropolitan areas; 23.5 placements in regional areas; 1.5 placements in remote areas; and four placements crossed various remotness areas. Placements can be undertaken in various locations with graduates working across regional and metropolitan locations as part of state-wide or cross regional provider service delivery.

Outcome 8 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 8.1: Workforce and Rural Distribution			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	1,181,386	1,135,232	(46,154)
Departmental expenses			
Departmental appropriation[1]	35,158	32,570	(2,588)
Expenses not requiring appropriation in the current year[2]	1,691	2,166	475
Total for Programme 8.1	**1,218,235**	**1,169,968**	**(48,267)**
Programme 8.2: Workforce Development and Innovation			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	169,980	140,776	(29,204)
Departmental expenses			
Departmental appropriation[1]	9,006	8,465	(541)
Expenses not requiring appropriation in the current year[2]	431	563	132
Total for Programme 8.2	**179,417**	**149,804**	**(29,613)**
Outcome 8 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	1,351,366	1,276,008	(75,358)
Departmental expenses			
Departmental appropriation[1]	44,164	41,035	(3,129)
Expenses not requiring appropriation in the current year[2]	2,122	2,729	607
Total expenses for Outcome 8	**1,397,652**	**1,319,772**	**(77,880)**
Average staffing level (number)	**232**	**231**	**(1)**

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

2 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 9
Biosecurity and Emergency Response

Preparedness to respond to national health emergencies and risks, including through surveillance, regulation, prevention, detection and leadership in national health coordination

Major Achievements

- Effectively led Australia's domestic response to the West African outbreak of Ebola Virus Disease (Ebola) and provided advice to Government with regard to appropriate Ebola preparedness activities, including national guidelines and border protection measures.
- Developed Australia's first National Antimicrobial Resistance Strategy in response to the serious threat to both human and animal health posed by the increasing resistance to antibiotics.
- Managed Australia's response to the outbreak of Middle East Respiratory System coronavirus (MERS-CoV) in the Middle East and Korea, including active monitoring and development of response and preparedness plans, and the provision of high quality tailored, public information.
- Coordinated the national public health response to an outbreak of hepatitis A, associated with the consumption of a particular brand of imported frozen mixed berries, through the Department's National Incident Room (NIR). This response covered multiple key issues including the OzFoodNet multi-jurisdictional outbreak investigation, safety of the national blood supply, national hepatitis A vaccine supply and publication of communication material.
- Developed the human health aspects of the *Biosecurity Act 2015* (the Act). The Act will fully replace the *Quarantine Act 1908* in managing biosecurity risks at Australia's international borders, including the movement of people, goods and conveyances.
- Continued protection of human health through advice to the Australian Pesticides and Veterinary Medicines Authority (APVMA) on the public health effects of human exposure to, and toxicology profile of, chemicals regulated as veterinary medicines and pesticides.

Challenges

- Ongoing monitoring and surveillance against the risk of an imported case of Ebola, MERS-CoV and other emerging infectious disease.
- Maintaining Australia's highly effective tuberculosis (TB) control.
- Improving the Department's regulatory capacity to process licences and permits to import, export and manufacture controlled drugs and substances in a timely manner, in a worldwide environment of escalating emerging drugs and a rise in usage, while ensuring regulatory compliance and meeting international reporting obligations.
- Adapting to legislative and process changes from the APVMA, while maintaining an effective health and safety review of agricultural and veterinary chemicals.

Looking Ahead

The Department will undertake a number of key activities in 2015-16, including continuing work to revise the National Action Plan for Human Influenza Pandemic, continuing to work with the Department of Agriculture and State and Territory health departments in the implementation of the *Biosecurity Act 2015*, working with key stakeholders to develop an Implementation Plan for the National Antimicrobial Resistance Strategy 2015-2019, and developing a national laboratory containment plan in line with the World Health Organization (WHO) global action plan to minimise poliovirus facility-associated risk.

The Department will continue to support effective and efficient regulation of pesticides and veterinary medicines by the APVMA by providing expert and timely advice relating to the health and safety of people using or exposed to agricultural and veterinary chemicals.

Programme Contributing to Outcome 9

Programme 9.1: Health Emergency Planning and Response

Divisions Contributing to Outcome 9

In 2014-15, Outcome 9 was the responsibility of Office of Chemical Safety, Office of Health Protection and the Therapeutic Goods Administration.

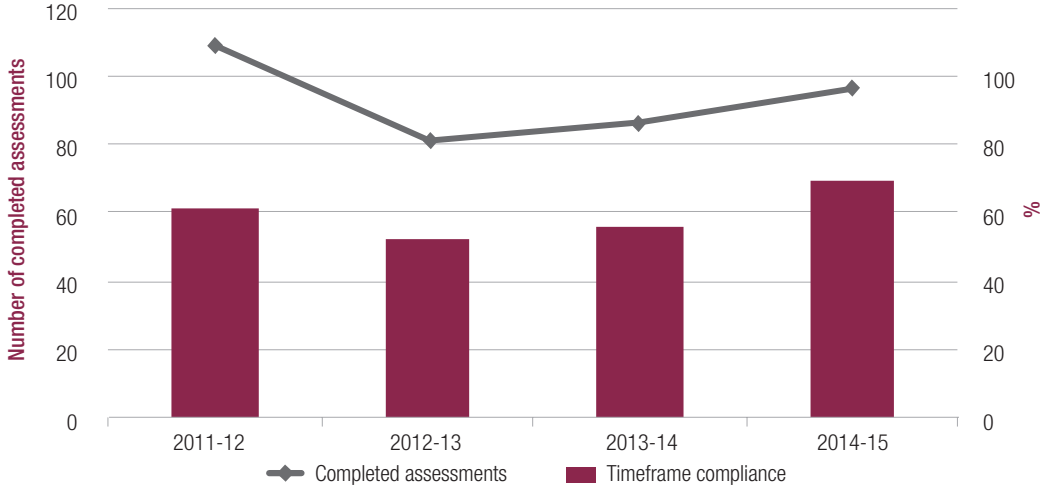
Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the programme outlined in the following pages.

Trends

In 2014-15, the Department achieved an improvement in the proportion of its human health risk assessments for the APVMA completed on time compared to the previous two years, resulting in the best performance since 2009-10. This was achieved through actively recruiting and training regulatory scientists, and working closely with the APVMA on prioritisation of assessment tasks.

Figure 9.1: Human health risk assessments



Programme 9.1: Health Emergency Planning and Response

Programme 9.1 aims to provide national health emergency planning and response, improve biosecurity, drug and chemical safety, and minimise the risks posed by communicable disease by monitoring and assessing current and emerging population health risks.

National health emergency planning and response

As part of the ongoing work on national health emergency planning and response, the Department works closely with the States and Territories via the Australian Health Protection Principal Committee (AHPPC) to ensure timely and well-coordinated responses to domestic and regional health incidents. The Department also coordinates health responses to public health events of national significance from the National Incident Room.

In 2014-15, the Department led the domestic response to the West African outbreak of Ebola Virus Disease (Ebola). The Department provided advice to Government with regard to appropriate Ebola preparedness activities including national guidelines and border protection measures. In consultation with other Government agencies, the AHPPC and its standing committees, a number of measures were implemented to ensure that Australia was well prepared to manage an imported case of Ebola including infection prevention and control, emergency management, nursing and communicable diseases control. The Department worked in collaboration with the WHO and other Government agencies to increase preparedness, and minimise any impact of an imported case of Ebola to the region, with a focus on Timor-Leste, Papua New Guinea and Pacific Island countries.

The Department was also the lead agency in the management of Australia's response to the outbreak of Middle East Respiratory System coronavirus (MERS-CoV) in the Middle East and Korea. As part of this role, the Department undertook active monitoring and development of response and preparedness plans, and prepared high quality, tailored public information.

Health responses were undertaken for two international emergencies in the region, specifically Vanuatu and Nepal. An Australian Medical Assistance Team (AUSMAT) was deployed to provide primary and emergency care to Vanuatu following Cyclone Pam in March 2015, and two AUSMAT trained medical personnel were deployed to Nepal to assist health coordination and assessment efforts in the wake of the earthquake in April 2015.

Also in 2014-15, the Department continued to fund and guide the National Critical Care and Trauma Response Centre (the Centre) to ensure the Centre was able to respond rapidly to major incidents in both Australia and South East Asia. The Department also developed the *Australian Clinical Guidelines for Acute Exposure to Chemical Agents of Health Concern: A Guide for the Emergency Department Staff,* and is in the process of reviewing the national response guidelines for smallpox.

The National Action Plan for Human Influenza Pandemic is being revised, following Exercise Panda in 2014, in which key stakeholders from Commonwealth, State, Territory and local Governments discussed whole-of-government pandemic influenza arrangements. Initial consultation of a draft revised plan has commenced. The formal process of approval is expected to commence in late 2015.

Qualitative Deliverable:	**Develop, exercise and refine national health emergency policy under the National Health Emergency Response Arrangements.**
2014-15 Reference Point:	National Health Emergency Response Arrangements will be exercised and revised and an emergency response plan for communicable diseases and environmental health threats of national significance will be developed.
▲▲▲▲ **Result:**	**Met** In August 2014, the Department brought together stakeholders from Commonwealth, State, Territory and local Governments for a discussion exercise – Exercise Panda, the results of which were used to inform a major review of Australia's national influenza preparedness. The Department participated in two regional Ebola response workshops in January and March 2015 to examine the processes and actions around deploying physical assistance under the Ebola Regional Contingency Plan, in particular to clarify entities' roles and responsibilities and identify potential gaps in preparedness and deployment procedures.

Qualitative KPI:	**Containment of national health emergencies through the timely engagement of national health coordination mechanisms and response plans.**
2014-15 Reference Point:	National responses to health emergencies are successfully managed.
▲▲▲▲ **Result:**	**Met** During 2014-15, the NIR responded to 154 health related incidents, compared with 158 incidents in 2013-14. The NIR's most frequent type of response was to assist States and Territories and other National Focal Points conduct contact tracing of travellers who had been exposed to disease through contact with an infected person. Tuberculosis was the most common disease that triggered contact tracing in 2014-15, followed by measles. The NIR was also activated to assist with an OzFoodNet multi-jurisdictional outbreak investigation into 33 cases of hepatitis A, linked to the consumption of a particular brand of frozen mixed berries. Information exchange, including sensitive personal information, is vital for coordinating a response. The Department is required to report annually on the exchange of personal information in accordance with the National Health Security Agreement. Personal information was exchanged with Responsible Bodies and National Focal Points in relation to 108 incidents during 2014-15.

National Medical Stockpile

In 2014-15, procurement activities were undertaken to replenish expired items in the National Medical Stockpile.

$7.4 million was invested to support the replenishment of 13 pharmaceuticals, and fund disposal of expired stock and the annual insurance premium. Ongoing implementation of key reform activities were also undertaken to a total value of $15.4 million. As at 30 June 2015, the value of the National Medical Stockpile was approximately $210 million.

Reforms to the National Medical Stockpile are continuing. An open tender process was released by the Department on 30 January 2015, and at 30 June 2015 negotiations were about to commence with the preferred tenderer for a Prime Vendor for the Stockpile. Negotiations have also commenced with the States and Territories for a new National Stockpiling Agreement.

A new four year strategic plan and revised risk management framework have also been developed for the National Medical Stockpile.

Improve biosecurity, drug and chemical safety

The Department is responsible for ensuring that Australia fulfils its obligations under the international drug conventions relating to the import, export, and manufacture and use of internationally controlled drugs.

As required by the international drug conventions, in 2014-15 the Department monitored the stock and manufacture of internationally controlled drugs and monitored approximately 4.5 million wholesale transactions of these drugs within Australia. The data collected contributed to Australia's reporting obligations under the international drug conventions, and assisted States and Territories with monitoring potential drug diversions.

Australia is a major global producer of narcotic materials from poppy cultivation, providing almost half the world's legal supply. Careful control and supervision of all stages of poppy growing and production of narcotic raw materials is required under the international drug conventions. To facilitate this, the Department issued manufacturing licences and permits under the *Narcotic Drugs Act 1967* to regulate the supply of narcotics, and provided regular reports on the cultivation areas, harvest and narcotic production to the International Narcotic Control Board to enable better regulation of global narcotic drug supply.

The Department cooperated with other countries to control the export of chemical precursors that have the potential to be used to manufacture illicit drugs. Pre-export notifications provide an early

warning system to countries and customs authorities of chemical shipments which may be diverted from licit channels. In 2014-15, there were 971 pre-export notifications processed by the Department for all precursor substances controlled under the international drug conventions.

An escalation of emerging drugs, including new psychoactive substances, and a continued rise in import and export activities has continued to present a challenge to the Department's capacity to process applications to import and export drugs in a timely manner while ensuring regulatory compliance and meeting international reporting obligations, however focus has been on ensuring access to essential medications is maintained.

The Australian Government continued to administer the Security Sensitive Biological Agents Regulatory Scheme which aims to limit the opportunities for acts of bioterrorism or biocrime to occur using harmful biological agents. During 2014-15, there was a high level of compliance demonstrated by the regulated community with 327 reports submitted and 29 inspections conducted under the Scheme.

The Security Sensitive Biological Agents Regulatory Scheme continues to work with entities handling biological agents to support national security objectives.

Qualitative Deliverable:	**Update and maintain the Standard for the Uniform Scheduling of Medicines and Poisons (SUSMP).**
2014-15 Reference Point:	SUSMP to be amended as soon as practicable after the Secretary's, or the Secretary's delegate's, final decision under the *Therapeutic Goods Regulations 1990*.
▲▲▲▲ **Result:**	**Met** All decisions requiring amendments to the SUSMP were published within acceptable timeframes.

Quantitative Deliverable:	**Percentage of applications for the import, export, and manufacture of controlled substances that are assessed and processed within agreed timeframes.**
2014-15 Target:	95%
2014-15 Actual:	85%
▲▲▲△ **Result:**	**Substantially met**

11-12	12-13	13-14
75%	90%	99%

During 2014-15, 85% of applications were assessed and processed. Relocation of the Drug Control Section in August 2014 led to unexpected disruptions to the infrastructure required to issue licences and permits. Processes were affected for several months, however these issues have since been rectified.

In 2014-15, the Department issued a total of 7,272 licences and permits authorising the import, export and manufacture of controlled drugs, a decrease of 7.8% of total issued licences and permits from 2013-14, primarily due to the cessation of issuing import permissions for khat for personal use.

The Department also issued 971 pre-export notifications and provided 214 statements to law enforcement agencies.

Qualitative KPI:	**Perform human health risk assessments and regulate access to chemicals and drugs.**
2014-15 Reference Point:	Chemical assessments completed in a timely manner and authorisation to access drugs and chemicals issued in accordance with legislative requirements.
▲▲▲△ **Result:**	**Substantially met** In 2014-15, the Department, through the Office of Chemical Safety, continued to undertake human health risk assessments for the APVMA. The Department completed 100 assessments, and recommended against granting some applications on human health grounds. Timeframe compliance increased to 68%, which is the highest timeframe compliance rate since 2009-10.

Minimise the risks posed by communicable diseases

The communicable disease issues facing Australia are diverse, including those associated with foodborne diseases, zoonoses, antimicrobial resistant (AMR) bacteria, sexually transmissible infections, blood borne viruses, vector-borne diseases, bacterial infections and vaccine preventable diseases. In 2014-15, the Department responded to international disease outbreaks, such as the Ebola outbreak in West Africa, and continued to respond to diseases, such as MERS-CoV, that pose a potential public health threat to Australia (for further information refer to *National health emergency planning and response* in this chapter).

Quantitative KPI:	**Percentage of designated points of entry into Australia capable of responding to public health events, as defined in the *International Health Regulations (2005).***			
2014-15 Target:	100%			
2014-15 Actual:	100%			
▲▲▲▲ **Result:**	**Met**	**11-12**	**12-13**	**13-14**
		100%	100%	100%
	The Department continues to develop national guidelines for the public health management of communicable diseases. In 2014-15, the Department coordinated the development of national guidelines for seven nationally notifiable diseases – Dengue fever, Ebola, hepatitis C, Human Immunodeficiency Virus (HIV), Invasive Meningococcal Disease, Measles and MERS-CoV.			

Surveillance

The Department continues to work in collaboration with other Australian Government entities and State and Territory Governments to ensure the collection of quality surveillance data in order to monitor and respond to public health risks. The Department also works with States and Territories through committees such as the Communicable Disease Network Australia to ensure the national coordination of communicable disease surveillance, prevention and control. Robust and timely disease surveillance ensures that Australia is able to detect, assess and respond to both domestic and international communicable disease threats.

The Department continues to provide national surveillance on 66 communicable diseases through the National Notifiable Diseases Surveillance System allowing timely detection and response to outbreaks and trends.

To support the national Human Papillomavirus (HPV) Program, in 2014-15, the Department implemented a national surveillance system to monitor the prevalence of HPV in the population, a first in Australia.

Border and Port Surveillance

The Department continues to ensure that all ports and airports are able to respond to public health events, in compliance with the WHO *International Health Regulations (2005)*. The Department works with border entities including the Department of Agriculture and the Department of Immigration and

Border Protection to implement human health policies at the border and develop strategies for raising public awareness of travel health issues and emerging diseases that may impact on travellers.

The new *Biosecurity Act 2015* (the Act) received Royal Assent on 16 June 2015, and will subsequently commence operation on 16 June 2016. The Act will fully replace the *Quarantine Act 1908* in managing biosecurity risks at Australia's international borders. In 2015-16, the Department will continue working with the Department of Agriculture and State and Territory health departments to develop subordinate legislation, work instructions and policy to support the implementation of the Act.

In 2014, the Australian Government committed to the WHO End Tuberculosis (TB) Strategy and its ambitious targets to end the global TB epidemic by 2035. Australia has had excellent TB control since the mid-1980s but our proximity to high-incidence countries in the Asia-Pacific region and its increasing migrant intake means domestic TB control continues to be a challenge. Although Australia has a robust pre-migration screening programme, excellent health care systems, strong governance frameworks and surveillance systems already in place, achieving the goals set by the WHO to reduce incidence will be challenging. Australia is already a low-incidence country and efforts to further reduce TB incidence domestically will likely require an increased focus on screening for latent TB infections in both pre and post migration settings.

Influenza Surveillance

In 2014-15, the Department funded the National Influenza Surveillance Scheme to collect, analyse and report on influenza data throughout the influenza season. Reports were provided fortnightly during the influenza season. The Department worked with the National Influenza Surveillance Committee to develop national influenza surveillance systems to ensure that the epidemiology and virology of influenza across Australia can be measured.

OzFoodNet

OzFoodNet is funded by the Department to enhance surveillance and investigation of foodborne disease in Australia in conjunction with jurisdictions. From February to May 2015, OzFoodNet conducted a multi-jurisdictional investigation into an outbreak of hepatitis A associated with the consumption of a particular brand of imported frozen mixed berries, leading to a voluntary recall of the product. The Department's NIR was activated to coordinate the national public health response in the early stages of the outbreak. At the close of OzFoodNet's investigation on 27 May 2015, there were 33 notified cases from 6 jurisdictions. The berries were the only common exposure for all cases.

During 2014-15, OzFoodNet also continued to closely monitor an increase in the incidence of salmonellosis which began in late 2013. OzFoodNet liaised with stakeholders, including investigating the effect of changing laboratory methodologies on foodborne disease notifications.

Exotic Mosquito Surveillance

In 2014-15, the Department also continued to fund a programme to monitor and control the spread of exotic mosquitoes (*Aedes albopictus)* in the Torres Strait. Reports submitted by Queensland Health showed progress towards project objectives, having supported cross border communications between Queensland and Papua New Guinea to reduce communicable disease risk in the Torres Strait. Ongoing surveillance indicated that there was no mainland detection of albopictus during the reporting period, thus restricting the spread of dengue fever and other mosquito-borne diseases in the region.

Antimicrobial Resistance (AMR)

In 2014-15, the Department established the Australian Strategic and Technical Advisory Group (ASTAG) on AMR. ASTAG provided technical, scientific and clinical advice to inform the development of the National Antimicrobial Resistance Strategy 2015-2019. ASTAG will also provide strategic advice to help ensure actions under the Strategy are effectively and efficiently implemented. The Strategy was released in June 2015. The Department continued to fund the Australian Commission on Safety and Quality in Health Care to improve national surveillance of antibiotic usage and resistance; and provided funding to the WHO to support regional and global initiatives to respond to AMR.

Qualitative Deliverable:	**Stakeholders are consulted on the development of the National AMR Strategy.**
2014-15 Reference Point:	A discussion paper on the National AMR Strategy released for stakeholder input by the end of 2014.
▲▲▲▲ **Result:**	**Met** *Developing a National Antimicrobial Resistance Strategy for Australia: A Discussion Paper from the Australian Antimicrobial Resistance Prevention and Containment Steering Group* was provided to around 160 stakeholders in October 2014. Around 60 stakeholders provided submissions, which helped to inform development of the final National Antimicrobial Resistance Strategy.

Outcome 9 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 9.1: Health Emergency Planning and Response[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	nfp	39,477	N/A
Non cash expenses - write down of assets[2]	3,228	3,235	7
Special accounts			
Human Pituitary Hormone Special Account	160	182	22
Departmental expenses			
Departmental appropriation[3]	23,655	23,114	(541)
Expenses not requiring appropriation in the current year[4]	1,237	1,623	386
Total for Programme 9.1	**28,280**	**67,631**	**N/A**
Outcome 9 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	nfp	39,477	N/A
Non cash expenses	3,228	3,235	7
Special accounts	160	182	22
Departmental expenses			
Departmental appropriation[3]	23,655	23,114	(541)
Expenses not requiring appropriation in the current year[4]	1,237	1,623	386
Total expenses for Outcome 9	**28,280**	**67,631**	**N/A**
Average staffing level (number)	**121**	**121**	**-**

1 This Programme includes National Partnerships payments to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

3 Non cash expenses relate to the write down of the drug stopckpile inventory due to expiration, consumption and distribution.

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

4 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Outcome 10
Sport and Recreation

Improved opportunities for community participation in sport and recreation, and excellence in high-performance athletes, through initiatives to help protect the integrity of sport, investment in sport infrastructure, coordination of Commonwealth involvement in major sporting events, and research and international cooperation on sport issues

Major Achievements

- Led the Australian Government support for the 2015 Asian Football Confederation (AFC) Asian Cup and 2015 International Cricket Council Cricket World Cup (CWC). The Department worked closely with State and Territory Governments, the New Zealand Government (for the CWC), and the organisers of the Asian Cup and CWC, to ensure that very successful events were delivered.
- Supported the completion of five new and upgraded sport and recreation facilities, with 15 projects currently underway.
- Provided water safety education materials for young children to 80,000 schools, pre-schools and child care centres across Australia, under the Saving Lives in the Water – Element 2 initiative.
- Implemented a range of sports integrity measures including revised Australian anti-doping legislation; the scheduling of performance and image enhancing drugs; and a programme of integrity roadshows to support sub-elite athletes and administrators across Australia.

Challenges

- Continuing to work on improving sport participation rates, reversing recent trends, particularly in areas of greatest socioeconomic disadvantage.
- Continuing work with State and Territory Governments, betting operators, betting regulators and sporting organisations on key measures required for the effective implementation of the National Policy on Match-fixing in Sport.
- The Department continues to respond to issues resulting from allegations of corruption in relation to the 2022 FIFA World Cup bid and is cooperating with enquiries into the management of Australian Government funds.

Looking Ahead

Australia continues to attract major international sporting events. In August 2015, Australia hosted the 2015 International Netball Federation Netball World Cup. Australia has also been announced as the host for the 2017 Rugby League International Federation Rugby League World Cup. For both events the Department will work with Australian Government entities, relevant State Governments and organising bodies to ensure safe and successful events. The Department will also continue to work with the Queensland Government, Gold Coast City Council and organising bodies on the delivery of the 2018 Commonwealth Games.

In 2015-16, the Department will also continue working closely with key stakeholders to develop and deliver initiatives that strengthen Australian sporting organisations' integrity capabilities.

Programme Contributing to Outcome 10

Programme 10.1: Sport and Recreation

Division Contributing to Outcome 10

In 2014-15, Outcome 10 was the responsibility of the Office for Sport.

Programme Performance

In 2014-15, the Department worked to achieve this Outcome by managing initiatives under the following programme.

Programme 10.1: Sport and Recreation

Programme 10.1 aims to increase participation in sport and recreation, support the hosting of upcoming major sporting events in Australia, reduce the number of water and snow injuries and deaths in Australia, and protect the integrity of sport.

Increase participation in sport and recreation

In 2014-15, the Department continued to work closely with relevant stakeholders to encourage increased participation in sport and physical activity by all Australians. This included supporting the Australian Sports Commission (ASC) as it implements the Government's 'Sporting Schools' initiative in 2015 to encourage school children to take part in sport-based physical activity. The Department also undertook projects designed to increase the engagement of specific groups such as Aboriginal and Torres Strait Islander people, women, those from low socio-economic backgrounds, and regional and remote areas. For example, the Department supported the Northern Territory Thunder programme which aims to facilitate active participation in Australian Rules football and netball in the Northern Territory to improve education, employment, training, capacity building, and health and wellbeing outcomes for individuals.

In 2014-15, the Department continued to support the *2014 I Support Women in Sport Awards* to increase awareness of women in sport and to recognise the achievements of female athletes.

Qualitative Deliverable:	**Develop, implement and promote policies and strategies to support participation in sport and physical activity.**
2014-15 Reference Point:	Input provided to ensure the strategies developed by relevant Australian Government agencies, States and Territories, the Australian Sports Commission and other relevant stakeholders, support increased participation, encompass health and broader whole-of-government objectives.
▲▲▲▲ **Result:**	**Met** The Department worked with relevant Australian Government agencies including the Australian Sports Commission and the Australian Sports Foundation on policies and programmes aimed at increasing participation in sport. This included through contributing to the development of the *Play.Sport.Australia* strategy which is the Australian Sports Commission's blueprint to drive increased participation. The Department also engaged closely with States and Territories through the Committee of Australian Sport and Recreation Officials to increase participation under the auspices of the National Sport and Active Recreation Policy Framework.

Qualitative KPI:	**Input provided towards the development and implementation of key participation initiatives and strategies, including water and snow safety strategies, to meet the Government's priority objectives.**
2014-15 Reference Point:	Participation strategies and initiatives reflect whole-of-government and health objectives. Increased water and snow safety awareness, as reported by water and snow safety organisations.
▲▲▲▲ **Result:**	**Met** Throughout 2014-15, the Department continued to support key participation initiatives and strategies, including water and snow safety organisations and projects through the National Recreation and Safety Programme; the Savings Lives in the Water (Element 1 and Element 2) initiative and the Water Safety: Reduce Drownings programme. The Department also completed a total of five sport and recreation facilities projects in 2014-15 to support increased participation in sport from the grassroots to elite level.

Support upcoming major sporting events

The Department led the delivery of Australian Government commitments to the events and provided support to the organisers of the Asian Cup and 2015 CWC. Assistance by the Department included: providing the interface between Australian Government agencies and event organisers; facilitating policy outcomes and operational support for Australian Government agencies; managing governance arrangements across the Australian Government; and liaising with State Governments and the New Zealand Government (for the CWC) regarding the delivery of the event.

Delivering a safe and secure event was a high priority. The Department worked with the Attorney-General's Department to determine and implement the national security overlay for both events, coordinating security and intelligence community stakeholders. State police forces had a primary role as did event organisers who, for the first time, participated as key stakeholders to achieve an integrated safety and security environment.

Support to the Asian Cup included $61 million in funding from the Australian Government (50 per cent) and participating jurisdictions (50 per cent). The funding was managed by the Department under a joint funding agreement with relevant States and Territories, the Asian Cup Local Organising Committee and Football Federation Australia.

Over 620,000 fans watched 32 matches across five venues with the AFC President declaring the tournament the best Asian Cup yet. The Asian Cup resonated deeply with Australia's multicultural communities and provided a suitable environment for the celebration of Australia's diverse cultural make-up.

A significant achievement for the Australian Government was the introduction of Trans-Tasman Visa arrangements with New Zealand during the CWC. This enhanced visa process meant that spectators with a valid visa could travel easily between Australian and New Zealand to attend matches.

Qualitative Deliverable:	**Implement strategies and policies to support the hosting of major international sporting events in Australia. Assist other government agencies in measuring success of strategies and policies.**
2014-15 Reference Point:	Strategies and policies are implemented in consultation with stakeholders, including State and Territory Governments, the New Zealand Government and event organising committees. Contribute to the Australian Government's security plan to deliver a safe and secure event environment for athletes and spectators. Economic, tourism and community impacts of events are measured.
▲▲▲▲ **Result:**	**Met** The Department worked closely with organisers, State Governments, Commonwealth agencies and the New Zealand Government to develop strategies and implement arrangements for the safe and secure delivery of the Asian Cup and 2015 CWC. Policies and strategies covered a wide array of activity: customs, immigration, quarantine, and aviation screening at airports; the importation of medical kits; the registration of team medical professionals; intellectual property and rights protection; legacy, trade and tourism; and security. The economic, tourism and community impacts of the Asian Cup were measured by EY Sweeney and for the CWC[40] by Price Waterhouse Coopers.

Qualitative KPI:	**Safe and successful delivery of the 2015 AFC Asian Cup and co-delivery of the 2015 ICC Cricket World Cup. Well-coordinated preparation for the safe and successful delivery of the 2015 INF Netball World Cup, the RLIF 2017 Rugby League World Cup and the Gold Coast 2018 Commonwealth Games.**
2014-15 Reference Point:	Safe and secure delivery of both the Asian Cup and the Cricket World Cup. Post event analysis indicates that trade, tourism, diplomatic and community objectives were achieved.
▲▲▲▲ **Result:**	**Met** The Asian Cup exceeded all expectations with attendance figures of over 620,000 (an average of 20,326 per game) with eight sell out matches (including three not involving the Socceroos). The CWC sold over 1 million tickets and had a global reach of more than 1.5 billion people. The events achieved significant outcomes in relation to the economy, trade and the community: the Asian Cup created $128 million in direct expenditure and Football Federation Australia has already seen a 6% increase in club registrations; the CWC injected $1.10 billion into the Australian and New Zealand economies and created 8,320 full-time equivalent jobs across the two nations.

Improve water and snow safety

In 2014-15, the Department continued to support the ongoing operations of the major water and snow safety organisations through the National Recreation Safety Programme.

The Department, in collaboration with Laurie Lawrence Swimming Enterprises, supported the distribution of the Kids Alive water safety DVD and the development of a water safety education curriculum for children under 5, as part of the Saving Lives in the Water – Element 2 programme. The curriculum has been distributed to over 80,000 childcare centres, playgroups, school of the air families and primary schools.

A preliminary evaluation of the programme, undertaken during 2014-15, identified very strong community and stakeholder support for the water safety curriculum. Recipients have indicated they are using the materials when teaching water safety and that the children find them to be engaging, enjoyable and effective for learning water safety messages. A full evaluation of the programme will be undertaken in future years.

[40] Available at: www.pwc.com/gx/en/sports-mega-events/assets/pdf/cwc-2015-economic-impact-and-benefits.pdf

In 2014-15, the Department supported the Government's commitment to reduce drowning around Australia by continuing to work with Surf Life Saving Australia, the Royal Life Saving Society Australia and AUSTSWIM.

In 2015-16, the Department will review the funding arrangements for water and snow safety programmes to ensure that these activities continue to deliver effective outcomes for the Australian community.

Protect the integrity of sport

In 2014-15, the Department provided support to State and Territory Governments, sports and other organisations to address sports integrity issues by:

- revising Australia's anti-doping legislation consistent with the global implementation of the 2015 World Anti-Doping Code;
- working closely with key stakeholders to protect the integrity of the CWC and Asian Cup;
- developing anti-match-fixing policy templates and educational materials for the seventh Commonwealth Sports Ministers Meeting to assist Commonwealth nations to implement their own sport integrity initiatives, legislative and policy requirements;
- delivering an integrity roadshow across Australia targeted at the sub-elite sports level, in collaboration with the ASC and the Australian Sports Anti-Doping Authority, on a range of integrity matters;
- continuing to convene Australian Sports Integrity Network meetings on a quarterly basis, and working similarly with State and Territory Governments under the umbrella of a Jurisdictional Sports Integrity Network;
- scheduling by the Therapeutic Goods Administration of a number of Performance and Image Enhancing Drugs on the Standard for the Uniform Scheduling of Medicines and Poisons, as identified in the Australian Crime Commission's 2013 *Organised Crime and Drugs in Sport Report*;
- completing threat and vulnerability assessments for national sporting organisations to assist the protection of sports against integrity risks; and
- continuing to raise awareness of sports integrity issues through the online anti-match-fixing education programme (accessed by over 6,000 athletes, administrators and support personnel).

Qualitative Deliverable:	**Provide education and support services on sports integrity for sporting organisations.**
2014-15 Reference Point:	Initiate and convene regular Australian Sports Integrity Network meetings with sports relevant law enforcement and anti-doping agencies.
▲▲▲▲ **Result:**	**Met** Three meetings of the Australian Sports Integrity Network were held. The Network provides a collaborative forum for Government and Australian sporting organisations to discuss and coordinate responses to key sport integrity threats. Australia's sports integrity efforts has been further strengthened through the establishment of the Jurisdictional Sports Integrity Network.

Qualitative Deliverable:	**Ensure Australia's anti-doping legislative framework is consistent with the new World Anti-Doping Code.**
2014-15 Reference Point:	Review and implement necessary changes to Australia's anti-doping legislation prior to commencement of the new World Anti-Doping Code on 1 January 2015.
▲▲▲▲ **Result:**	**Met** Legislative amendments were passed through Parliament and commenced on 1 January 2015. They gave effect to key changes in the new World Anti-Doping Code including new anti-doping rule violations, a review process for Therapeutic Use Exemption applications, and changes to the statute of limitations.

Qualitative KPI:	**Successful development and implementation of major events integrity strategies.**
2014-15 Reference Point:	The major events are conducted without integrity compromise of the competition or individuals involved.
▲▲▲▲ **Result:**	**Met** The Asian Cup and the CWC were delivered effectively without match-fixing incidents.

Qualitative KPI:	**Increase in the capacity of Australian sports and governments to address match-fixing in their jurisdictions.**
2014-15 Reference Point:	Range of templates, tools and resources provided for use by sports, governments and other relevant organisations to address match-fixing.
▲▲▲▲ **Result:**	**Met** Sport integrity products and services were well utilised by industry stakeholders with over 6,000 persons completing the Keep Sport Honest online e-learning programme.

Outcome 10 – Financial Resource Summary

	Budget Estimate 2014-15 $'000 (A)	Actual 2014-15 $'000 (B)	Variation $'000 (B) - (A)
Programme 10.1: Sport and Recreation[1]			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	47,796	42,981	(4,815)
Special accounts			
Sport and Recreation Special Account	12,168	11,912	(256)
Departmental expenses			
Departmental appropriation[2]	13,308	12,158	(1,150)
Expenses not requiring appropriation in the current year[3]	653	812	159
Total for Programme 10.1	**73,925**	**67,863**	**(6,062)**
Outcome 10 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	47,796	42,981	(4,815)
Special accounts	12,168	11,912	(256)
Departmental expenses			
Departmental appropriation[2]	13,308	12,158	(1,150)
Expenses not requiring appropriation in the current year[3]	653	812	159
Total expenses for Outcome 10	**73,925**	**67,863**	**(6,062)**
Average staffing level (number)	**60**	**58**	**(2)**

1 This Programme includes National Partnerships payments to State and Territory Governments by the Treasury as part of the Federal Financial Relations Framework.

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

3 'Expenses not requiring appropriation in the budget year' is made up of depreciation expense, amortisation, make good expense and audit fees.

Entity Resource Statement 2014-15

		Actual available appropriation 2014-15 $'000 (A)	Payments made 2014-15 $'000 (B)	Balance remaining 2014-15 $'000 (A) – (B)
Ordinary annual services[1]				
Departmental appropriation				
Prior year departmental appropriation		109,839	108,383	1,456
Departmental appropriation		480,321	385,991	94,330
Departmental capital budget[2]		6,028	1,562	4,466
s74 Relevant Agency Receipts		50,746	50,746	-
Total		**646,934**	**546,682**	**100,252**
Administered expenses				
Outcome 1		325,507	268,840	
Outcome 2		755,243	706,208	
Outcome 3		578,800	531,584	
Outcome 4		96,496	90,080	
Outcome 5		2,190,393	2,023,751	
Outcome 6		2,247	2,246	
Outcome 7		340,438	274,516	
Outcome 8[3]		1,396,166	1,105,722	
Outcome 9		58,005	18,983	
Outcome 10		47,796	41,779	
Payments to Corporate Entities		299,363	299,347	
Total		**6,090,454**	**5,363,056**	
Total ordinary annual services	**A**	**6,737,388**	**5,909,738**	
Other services[4]				
Departmental non-operating				
Prior year departmental appropriation		16,610	9,467	7,143
Equity injections		8,820	6,290	2,530
Total		**25,430**	**15,757**	**9,673**
Administered non-operating				
Prior year administered appropriation		16,579	2,353	
Administered Assets and Liabilities		5,682	1,360	
Total		**22,261**	**3,713**	
Total other services	**B**	**47,691**	**19,470**	
Total available annual				
Appropriations and payments		**6,785,079**	**5,929,208**	

		Actual available appropriation 2014-15 $'000 (A)	Payments made 2014-15 $'000 (B)	Balance remaining 2014-15 $'000 (A) – (B)
Special appropriations				
Special appropriations limited by criteria/entitlement				
Health Insurance Act 1973			20,160,432	
National Health Act 1953			9,989,313	
Medical Indemnity Act 2002			66,001	
Dental Benefits Act 2008			311,647	
Private Health Insurance Act 2007			6,229,536	
Public Governance, Performance and Accountability Act 2013 - s77			737	
Total special appropriations	**C**		**36,757,666**	
Special accounts[5]				
Opening balance		93,187		
Appropriation receipts[6]		22,549		
Non-appropriation receipts to Special Accounts		868,259		
Payments made			899,201	
Total special accounts	**D**	**983,995**	**899,201**	**84,794**
Total resourcing and payments[7]	**A+B+C+D**	**7,769,074**	**43,586,075**	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or payments to corporate entities through annual appropriations				
Credited to special accounts		22,549		
Credited to Corporate Entities		299,363	299,347	
		321,912	299,347	
Total net resourcing and payments for the Department of Health		**7,447,162**	**43,286,728**	

1 Appropriation Act (No.1) 2014-15, Appropriation Act (No.3) 2014-15.

2 For accounting purposes this amount has been designated as 'contributions by owners'.

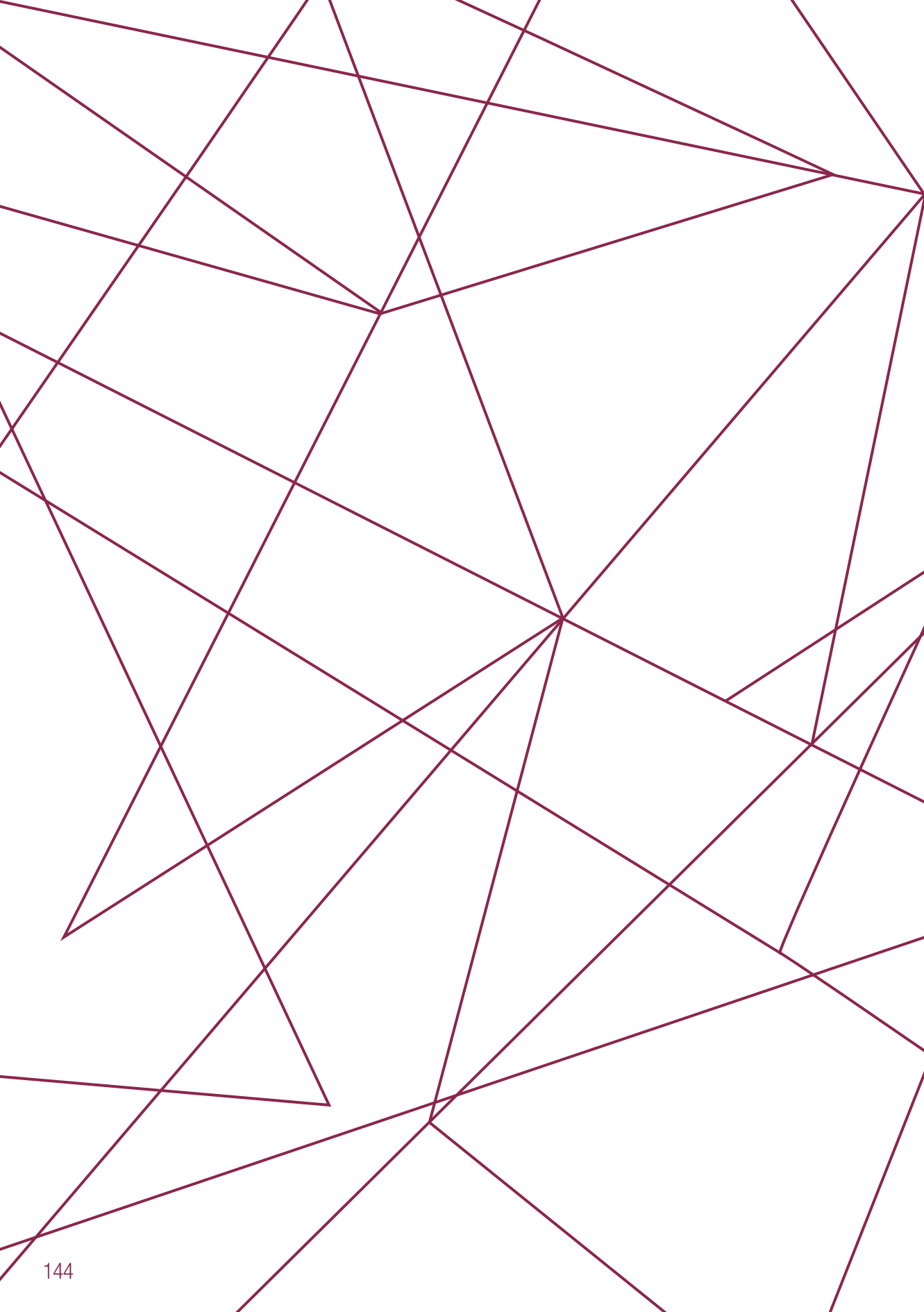
3 This balance includes a temporarily quarantined amount of $44,800,000.

4 Appropriation Act (No.2) 2014-15, Appropriation Act (No.4) 2014-15.

5 Does not include 'Relevant Public Money' held in Services for Other Entities and Trust Moneys special account (SOETM).

6 Appropriation receipts from the Department of Health and special appropriations for 2014-15 included above.

7 Total resourcing excludes the actual available appropriation for all Special Appropriations.



PART 3

Management and Accountability

3.1 Corporate Governance

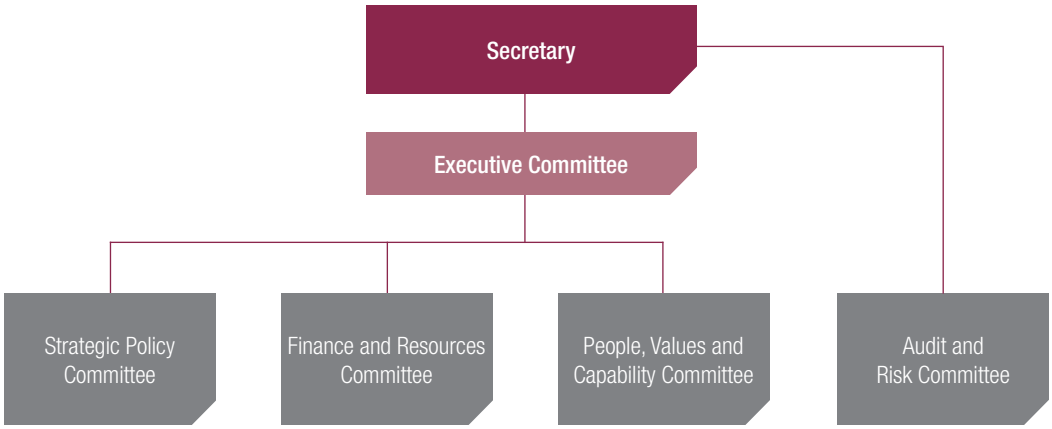
Our governance framework provides the structure for informed decision making, efficient and effective programme management, risk management and accountability

The Department's corporate governance arrangements have been reformed in line with the recommendations of both the Capability Review undertaken in late 2014 and the Functional and Efficiency Review in early 2015.

Senior governance committees will provide advice and recommendations to the Executive to support the Department's organisational performance.

The reform of the corporate governance arrangements included a simplified committee structure, new terms of reference and new membership for all committees.

The new governance committee structure is:



Executive Committee

The Executive Committee provides strategic, whole-of-organisation advice to the Secretary and the Department's leaders to ensure effective decision making, management and oversight of the Department's operations and performance. It is the key forum to guide cross-portfolio issues in the Department.

The Executive Committee meets monthly and comprises the Secretary, Deputy Secretaries, the Chief Medical Officer, General Counsel and the First Assistant Secretaries of the Portfolio Investment Division and the People, Capability and Communication Division. Biographies for the Senior Executive members of the Committee are located within Part 1.

Strategic Policy Committee

The Strategic Policy Committee is co-chaired by two Deputy Secretaries with members chosen from the Senior Executive Service. It makes recommendations to the Secretary and Executive Committee on shaping and supporting the strategic policy directions of the organisation consistent with the Department's Strategic Intent 2015-19.

The Committee meets monthly, and incorporates the functions of the previous Policy Advisory Group, as well as a focus on innovation previously managed by the Departmental Change and Innovation Committee.

Specifically, its scope includes:

- improving organisational policy capabilities required to deliver against current and future requirements
- strategic oversight and advice on the development and implementation of innovative major health policy and reform
- enable cross-departmental dialogue on consideration of key policy issues and projects
- oversight of the Portfolio's Budget strategy
- promote external collaboration and coordination between the Department and other agencies and stakeholders.

Finance and Resources Committee

The Finance and Resources Committee is chaired by a Deputy Secretary with members chosen from the Senior Executive Service. It makes recommendations to the Secretary and the Executive Committee on the strategic financial and security (IT, physical and information) management policy initiatives and issues, and advises on the allocation of resources, including budget adjustments.

The newly formed Committee meets monthly, and took on the roles of the previous Finance, Risk and Security Committee and the Information, Knowledge and Technology Committee.

Specifically, its scope includes:

- overseeing the development of strategies to improve the Department's financial management framework and financial performance
- monitoring the Department's annual departmental capital and operating budget process and ensuring its alignment to the Department's corporate plan and priorities
- providing advice to the Executive Committee on forecast revenue and expenditure, budget adjustments and reallocation of resources that meet the Department's budget appropriations
- overseeing the planning of multi-year operating budgets consistent with the Department's corporate plan and priorities
- overseeing the development and implementation of the Department's ICT projects (including change releases) and other strategically significant projects.

People, Values and Capability Committee

The People, Values and Capability Committee is chaired by a Deputy Secretary with members chosen from the Senior Executive Service, and a representative of the Australian Public Service Commission (APSC). It makes recommendations to the Secretary and the Executive Committee on strategies to embed the Department's values; ensures the Department has the people and capability it needs; ensures the Department's workforce is sustainable to maintain and increase productivity and efficiency; and supports staff health and wellbeing.

The newly formed Committee meets monthly, and building upon the previous People and Capability Committee, now explicitly includes values as part of the Committee's responsibilities.

The Committee will consider and advise on the practices and policies of the Department which affect staff health and wellbeing, values and/or ethical standards, to ensure that they:

- contribute to an ethical culture
- are consistent with the Australian Public Service Values and Code of Conduct
- are consistent with Australian Government objectives and the Department's Corporate Plan
- comply with the APSC Model of Capability and advance the overall capability of the organisation.

Audit and Risk Committee

The Audit and Risk Committee comprises five members; three of whom are independent external members, including the Chair, and two Departmental members. It provides independent advice and assurance to the Secretary on the appropriateness of the Department's accountability and control framework, including independently verifying and safeguarding the integrity of the financial and performance reporting.

Meeting for the first time on 4 June 2015, the Audit and Risk Committee replaced the previous Audit Committee, which met five times during 2014-15.

The Secretary authorises the Committee, within its responsibilities, to:

- obtain any information it requires from any employee and/or external party (subject to any legal obligation to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the Secretary, at Committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities with the approval of the Secretary.

Audit and Risk Committee Membership

As at 30 June 2015, membership of the Audit Committee comprised:

- Ms Kathleen Conlon, independent external Chair[41]
- Ms Jenine Borowik, independent external member[42]
- Ms Jenny Morison, independent external member
- Ms Penny Shakespeare, First Assistant Secretary, Health Workforce Division
- Adjunct Professor John Skerritt, Deputy Secretary, Regulatory Services Group.

41 Oliver Winder PSM served as the Chair of the Department's Audit Committee from 2009 to May 2015.

42 Jenine Borowik retired from the Audit Committee on 29 June 2015.

Kathleen Conlon - Independent Chair

Kathleen Conlon commenced as the Chair of the Department's Audit & Risk Committee on 3 June 2015. Kathleen is a professional non-executive director, with 20 years' experience at the Boston Consulting Group (BCG), including seven years as a partner. During her time at BCG, Kathleen led BCG's Asia Pacific operational effectiveness practice area, healthcare practice area, and the Sydney office.

Kathleen is a member of Chief Executive Women, and a non-executive director of CSR, the REA Group Limited, Lynas Corporation Limited, Aristocrat Leisure Limited, The Benevolent Society, and the Australian Institute of Company Directors. As a member of these boards, Kathleen currently chairs and serves on a number of committees. She has also previously served on the NSW Better Services and Value Taskforce, and was a senior reviewer for the Department of Communication's Capability Review.

Jenine Borowik - Independent Member

Jenine Borowik was the First Assistant Statistician of the ABS 2017 Program Delivery Division at the Australian Bureau of Statistics (ABS). ABS 2017 was responsible for bringing together the organisation's key strategic initiatives of Business and Information Management Transformation with the public face of the ABS, and the planning and implementation of the 2016 Census of Population and Housing.

Jenine joined the ABS in 1979 and has worked in a number of areas of the organisation, including several years as the organisation's Chief Information Officer. She was a member of the ABS Senior Management Group and a number of UN organising committees related to statistics, as well as Chair of a Modernisation Committee for Products and Sources.

Under the Australian Government's Gateway Review Process, Jenine performs Gateway Reviews of major projects, both in Australia and overseas. She is an Executive Fellow of the Australia and New Zealand School of Government.

Jenny Morison - Independent Member

Jenny Morison is a Fellow Chartered Accountant of Australia and New Zealand, with 34 years of broad experience in accounting and commerce, including audit, taxation, management consulting, corporate advisory, and consulting to government. Jenny has held numerous board positions, and is one of the longest standing independent member and chair of Audit Committees in the Australian Government. Her experience encompasses both large Departments and smaller entities.

Since 1996, Jenny has run her own business, providing strategic financial management, governance and risk advice within the government sector.

Jenny has a Bachelor of Economics, is a Fellow of the Australian Institute of Management, and is a member of Women on Boards.

Penny Shakespeare

Penny Shakespeare is the First Assistant Secretary of the Department's Health Workforce Division, which builds the capacity of Australia's health workforce to meet the challenges of delivering health services to the community and works to increase the availability of health services in rural Australia. She has worked in the Department since 2006, previously in the Medicare Benefits and Private Health Insurance areas.

Prior to joining the Department, Penny worked as an industrial relations lawyer in the Department of Employment and Workplace Relations, and in regulatory policy roles, including as head of the ACT Office of Industrial Relations for three years. She represented the ACT on the National Occupational Health and Safety Commission, and Workers Compensation Advisory Committee and the Workplace Relations Ministers Advisory Council.

Penny has a Bachelor of Law and a Masters degree in International Law and is admitted as a Barrister and Solicitor of the ACT Supreme Court.

Adjunct Professor John Skerritt

Adjunct Professor John Skerritt is the Deputy Secretary with responsibility for the Department's Regulatory Services Group and National Manager of the Therapeutic Goods Administration (TGA). Refer to Part 1: *Executive* for Adjunct Professor Skerritt's full profile.

Internal audit arrangements

Primary responsibility for internal audit arrangements within the Department rest with the Audit and Fraud Control Branch under the broad direction of the Department's Audit and Risk Committee.

Audit and fraud control

Audit and Fraud Control Branch promoted and improved the Department's corporate governance by conducting audits and investigations and providing independent advice and assistance to Departmental senior management.

In 2014-15, Audit and Fraud Control Branch completed 20 audits and reviews based on the Audit Work Plan. The Plan covered compliance with Departmental control frameworks, grants and contract management, IT management, and Departmental expenditure and procurement activities.

Fraud minimisation strategies

During 2014-15, the Department implemented the whole-of-government fraud awareness eLearning package and continued to train staff in fraud awareness. An enterprise level fraud risk assessment was conducted to inform the update to the Fraud and Corruption Control Plan.

The Department received 26 allegations of fraud during 2014-15, with six being referred to the Australian Federal Police or other agencies for investigation. There have been no matters referred for prosecution in this period. All other allegations were subject to internal investigation and administrative action where appropriate.

Risk management

The Department's risk management environment has evolved over the last twelve months with the implementation of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the new *Commonwealth Risk Management Policy*, Departmental Capability Review and the annual Comcover Risk Management Benchmarking Survey.

The Department's Risk Management Policy has been updated to comply with the PGPA Act, the *Commonwealth Risk Management Policy*, and the international standard *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines* whist aligning with the *Comcover – Better Practice Guide: Risk Management*.

The Department has used the outcomes of the Capability Review and the annual Comcover Risk Management Benchmarking Survey to strengthen organisational risk capability, particularly in relation to making evidenced-based and risk-informed decisions.

The 2015 Comcover Risk Management Benchmarking Survey results demonstrate the importance the Department places on risk management and the progress of embedding risk processes. The results have provided a clear vision of future goals and the flexibility in how to achieve them.

Certification of Departmental Fraud Control Arrangements

I, Martin Bowles, certify that:

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

Martin Bowles PSM
Secretary
September 2015

3.2 External Liaison and Scrutiny

We value transparency and accountability

In 2014-15, the Department, through its Audit and Fraud Control Branch, worked with the Australian National Audit Office (ANAO) providing responses to proposed audit findings and recommendations prior to the Auditor-General presenting his reports in Parliament.

The Department also liaised with the Commonwealth Ombudsman on complaints relating to aspects of the Department's administrative activities. Information on the Auditor-General's reports and the Commonwealth Ombudsman's complaints is set out below.

Australian National Audit Office

During 2014-15, the ANAO tabled four audits specific to the Department:

- Administration of the Medical Specialist Training Program[43]
- Administration of the Fifth Community Pharmacy Agreement[44]
- Diagnostic Imaging Reforms[45]
- Implementation of Audit Recommendations.[46]

There were no cross-agency audits involving the Department in 2014-15.

Audits specific to the Department

Audit:	Administration of the Medical Specialist Training Program Audit Report No.26 of 2014-15, tabled 10 March 2015
Objective:	To assess the effectiveness of the Department's administration of the Specialist Training Program (STP). The audit focused on key aspects of the Department's administration of the STP since the consolidation of funding programmes in 2009, and the achievement of key programme targets and objectives. To assess the Department's grants administration, the ANAO focused on the fourth annual grant funding round (the 2014 round) which was completed in December 2013 and funded training positions from the beginning of 2014.
Recommendations:	The ANAO made one recommendation aimed at improving the transparency and equity of the Department's grants administration by: reviewing programme guidelines and assessment criteria to incorporate lessons learned from funding rounds; and providing operational guidance to staff on moderation or other quality control processes to be applied to assessments by third-party advisers.

43 www.anao.gov.au/~/media/Files/Audit%20Reports/2014%202015/Report%2026/AuditReport_2014-2015_26.pdf

44 www.anao.gov.au/Publications/Audit-Reports/2014-2015/Administration-of-the-Fifth-Community-Pharmacy-Agreement

45 www.anao.gov.au/~/media/Files/Audit%20Reports/2014%202015/Report%2012/AuditReport_2014-2015_12.pdf

46 www.anao.gov.au/~/media/Files/Audit%20Reports/2014%202015/Report%208/AuditReport_2014-2015_8.pdf

Audit:	Administration of the Fifth Community Pharmacy Agreement Audit Report No.25 of 2014-15, tabled 5 March 2015
Objective:	To assess the effectiveness of the development and administration of the Fifth Community Pharmacy Agreement (5CPA), and the extent to which the 5CPA has met its objectives. The audit examined the development and negotiation of the 5CPA by the then Department of Health and Ageing (now the Department of Health), and the administration of the 5CPA by the Department. The audit also examined aspects of the 5CPA that were implemented by the Department of Human Services (Human Services) and the Department of Veterans' Affairs (DVA).
Recommendations:	The ANAO made eight recommendations aimed at improving the overall administration of the 5CPA and informing the development of the next community pharmacy agreement. Seven recommendations are directed to the Department, and relate to: the development of costings; improving the clarity of the next agreement and related public reporting; record-keeping; and improving performance information. A further recommendation directed to the Department, Human Services and DVA focuses on improving the accuracy of the Department's calculation of pharmacy remuneration for reporting and evaluation purposes.

Audit:	Diagnostic Imaging Reforms Audit Report No.12 of 2014-15, tabled 11 December 2014
Objective:	The audit objective was to assess the effectiveness of the Department's implementation of the Diagnostic Imaging Review Reform Package, some three years into the five year reform period.
Recommendations:	The ANAO has made two recommendations aimed at improving the effectiveness of the Department's implementation of remaining initiatives by: assessing progress made to date; developing an overall implementation plan to provide strategic direction and a basis for assessing the realisation of anticipated outcomes and benefits; and preparing targeted plans which identify proposed actions to progress key initiatives not yet implemented, including the review of Medicare Benefits Schedule fees for diagnostic imaging and 'appropriate requesting' of diagnostic imaging services. To achieve full implementation of the reform package by 30 June 2016, as announced in the 2011-12 Budget context, will be challenging and will require a strong Departmental focus and effective engagement with key stakeholders.

Audit:	Implementation of Audit Recommendations Audit Report No.8 of 2014-15, tabled 26 November 2014
Objective:	To assess the effectiveness of the Department's monitoring and implementation of both ANAO performance audit and internal audit recommendations. The ANAO examined a sample of 220 ANAO performance audit and internal audit recommendations to assess the timeliness of the Department's implementation of the recommendations. The ANAO also analysed in detail a subset of seven closed ANAO performance audit recommendations and seven closed internal audit recommendations to assess the adequacy of the implementation of the recommendations.
Recommendations:	The ANAO made one recommendation focusing on the introduction of measures to improve the Department's internal processes for monitoring the implementation of audit recommendations, including: the recording of expected deliverables and timeframes; requiring formal requests for extensions to implementation dates; seeking appropriate assurance of implementation before closing recommendations; and recording the basis of decisions to close audit recommendations as implemented.

Other Parliamentary Scrutiny

During 2014-15, the Department received a total of 87 Parliamentary Questions on Notice from the House of Representatives and the Senate, and 946 Senate Estimates Questions on Notice.

Attendance at Senate Estimates hearings

Senate Standing Committees on Community Affairs

The Department appeared before the Community Affairs Legislation Committee (Senate Estimates) on three occasions during 2014-15 for a total of four days:

- Supplementary Budget Estimates – 22 October 2014
- Additional Budget Estimates – 25 February 2015
- Budget Estimates – 1 and 2 June 2015.

Senate Standing Committees on Finance and Public Administration

The Department appeared before the Finance and Public Administration Legislation Committee on three occasions during 2014-15 for a total of three days:

- Supplementary Budget Estimates – 24 October 2014
- Additional Budget Estimates – 27 February 2015
- Budget Estimates – 29 May 2015.

Evidence and/or submissions to Parliamentary Committee inquiries

Senate Standing Committees on Community Affairs

Legislation Committee

- Health Workforce Australia (Abolition) Bill 2014 [Provisions]
- Australian National Preventive Health Agency (Abolition) Bill 2014 [Provisions]
- National Health Amendment (Pharmaceutical Benefits) Bill 2014
- Private Health Insurance Amendment (GP Services) Bill 2014
- Australian Sports Anti-Doping Authority Amendment Bill 2014
- Private Health Insurance Amendment Bill (No. 2) 2014.

References Committee

- Out-of-pocket costs in Australian healthcare
- Prevalence of different types of speech, language and communication disorders and speech pathology services in Australia
- Grandparents who take primary responsibility for raising their grandchildren
- Availability of new, innovative and specialist cancer drugs in Australia
- Adequacy of existing residential care arrangements available for young people with severe physical, mental or intellectual disabilities in Australia.

Senate Standing Committees on Economics – Legislation Committee

- National Health Amendment (Pharmaceutical Benefits) Bill 2015 [Provisions].

Senate Select Committee on Health

- The Department appeared before the Committee on seven separate occasions during 2014-15.

Senate Standing Committees on Legal and Constitutional Affairs – Legislation Committee

- Regulator of Medicinal Cannabis Bill 2014.

Senate Standing Committees on Rural and Regional Affairs and Transport

Legislation Committee

- Biosecurity Bill 2014 and Related Bills Inquiry.

References Committee

- Current requirements for labelling of seafood and seafood products.

House of Representatives Standing Committee on Health

- Inquiry into skin cancer
- Inquiry into hepatitis C.

Judicial Decisions and Decisions of Administrative Appeals Tribunals

During 2014-15, the Department was involved in two matters in the High Court, three matters in the Full Federal Court, 16 matters in the Federal Court, 29 matters in the Administrative Appeals Tribunal and three decisions were made by the Australian Information Commissioner.

Freedom of Information

The Information Publication Scheme is a requirement under Part II of the *Freedom of Information Act 1982* (FOI Act) that requires all agencies subject to the FOI Act to publish information about what is available to the public. The Department's plan showing the information published in accordance with this requirement can be found at:
www.health.gov.au/internet/main/publishing.nsf/Content/foi-doh-pub-scheme-agency-plan

Documents that the Department has released in response to FOI requests can be found on the Disclosure Log at: www.health.gov.au/internet/main/publishing.nsf/Content/foi-disc-log

Decisions of the Australian Information Commissioner

The Australian Information Commissioner made three decisions on applications for review of FOI decisions by the Department: two decisions were affirmed and one decision was varied.

Reports on the operations of the Department by the Commonwealth Ombudsman

Anyone with concerns about the Department's actions or decision-making is entitled to make a complaint with the Commonwealth Ombudsman, to determine whether the Department was wrong, unjust, discriminatory or unfair. Further information on the role of the Commonwealth Ombudsman is available at: www.ombudsman.gov.au

During 2014-15, the Commonwealth Ombudsman investigated six complaints against the Department's administrative practices. These six complaints investigations are now closed. Two investigations were carried over from 2013-14 but were subsequently closed by the Ombudsman's Office.

During 2014-15, the Commonwealth Ombudsman's Office released one report regarding the Department; *Department of Health: Avoiding, acknowledging and fixing mistakes - Investigation of a complaint about the Australian Community Pharmacy Authority*.[47]

Reporting Requirements under Section 108 of the *Tobacco Plain Packaging Act 2011*

The Department, pursuant to section 108 of the *Tobacco Plain Packaging Act 2011* (the Act), reports that in the financial year 2014-15, 226 alleged contraventions of the Act were investigated. Of those matters investigated, none have resulted in criminal prosecutions or civil penalty orders.

A copy of this report has been provided to the Minister for Health.

[47] www.ombudsman.gov.au/files/Commonwealth_Ombudsman_Report_no042014_Dec2014.pdf

3.3 Financial Management

We value using resources effectively

During 2014-15, the Department's financial accountability responsibilities were set out in the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). These responsibilities form the basis of transparent process for efficient, effective, economical and ethical use of Commonwealth resources and related policies. The Department's alignment with the financial control framework supports efficient processing and recording of financial transactions, including the production of audited financial statements. The complete set of financial statements for the Department and the Therapeutic Goods Administration is provided in Part 4.2: *Financial Statements*. Refer to the Chief Operating Officer's Report on page 13 for an overview of the Department's financial results for 2014-15.

The requirements of the annual Compliance Report confirmed that the Department complied with the PGPA framework and other specified Commonwealth policies. The Department has consistently maintained effective financial processes and internal control mechanisms as well as ongoing compliance monitoring and reporting activities to ensure compliance with the requirements in the last financial year.

The Department's corporate governance arrangements include a Finance and Resources Committee to provide advice and make recommendations to the Executive Committee on financial management, and oversee the development and implementation of the Department's ICT projects and other strategically significant projects.

Further detail on the Department's Committee structure is provided at Part 3.1: *Corporate Governance*.

Asset management

The Department's asset management strategy emphasises whole-of-life asset management. The annual asset review and stocktake seek to minimise holdings of surplus and underperforming assets in accordance with the Australian Accounting Standard (AASB 116 Property, Plant and Equipment).

In 2014-15, the Department obtained an independent desktop revaluation of Property, Plant and Equipment in accordance with the Australian Accounting Standards (AASB 13 Fair Value Measurement, AASB 116 Property, Plant and Equipment and AASB 1031 Materiality), to ensure assets are carried at their fair value. Discussion relating to the assets administered by the Department in 2014-15 can be found in Part 4: *Financial Statements*.

Purchasing

The Department complied with the purchasing policies in the Commonwealth Procurement Rules, with the exception of those instances reported in the Department's 2014-15 Compliance Report. The Department's procurement framework continues to align with the Commonwealth's financial framework by encouraging competition, value for money, transparency and accountability as well as the efficient, effective, ethical and economical use of Commonwealth resources.

Consultants

The Department engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the Department's decision making.

Prior to engaging consultants, the Department takes into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise.

Decisions to engage consultants were made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and other internal policies.

During 2014-15, 220 new consultancies were entered into, involving total expenditure of $17.78 million. In addition, 106 ongoing consultancy contracts were active during 2014-15, involving total actual expenditure of $21.77 million.

Table 3.3.1: Comparison of expenditure on consultancy contracts

2011-12	2012-13	2013-14	2014-15
$39.27m	$44.38m	$38.01m	$39.55m

Annual reports are intended to contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website: www.tenders.gov.au

Grants

Information on grants awarded by the Department during the period 1 July 2014 to 30 June 2015 is available at: www.health.gov.au/internet/main/publishing.nsf/Content/pfps-grantsreporting

Australian National Audit Office access clauses

In 2014-15, no contracts were exempt from the standard clauses granting the Auditor-General access to contractor's premises.

Exempt contracts

In 2014-15, seven contracts were exempted from reporting on AusTender on the basis that publishing contract details would disclose exempt matters under the *Freedom of Information Act 1982*.

Procurement initiatives to support small business

The Department supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics are available on the Department of Finance's website:
www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts

The Department 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

The Department's measures to support SMEs include:

- utilisation of the Commonwealth Contracting Suite of documents provided by the Department of Finance
- implementation of the Indigenous Procurement Policy (IPP), which supports supplier diversity to create opportunities for Ingenious businesses to grow and employ more people, noting that the Indigenous business sector is dominated by SMEs
- flagging suppliers as SMEs in the Department's Financial Management Information System
- having regard to the Small Business Engagement Principles (outlined in the Government's Industry Innovation & Competitiveness Agenda), such as communicating in clear, simple language and presenting information in an accessible format.

The Department also continues to be a Supply Nation member, supporting Supply Nation certified Indigenous business suppliers to achieve success and build vital businesses. The Department has entered into new contracts with Aboriginal and Torres Strait Islander businesses and receives Supply Nation self-reports regarding purchases and contracts with their listed certified suppliers.

3.4 People Management

We value the commitment, achievements and development of all staff, and our ability to apply our skills and training to the delivery of better health outcomes

Staffing

As at 30 June 2015, the Department of Health employed 3,598 staff, 20 per cent of which are part-time. This figure compares with 3,464 as at 30 June 2014, and includes staff on leave and secondment, and inoperative staff.

A total of seven staff from Health Workforce Australia and 33 staff from General Practice Education and Training Ltd transferred to the Department in 2014.

At 30 June 2015, a total of 3,267 people were employed on an ongoing basis and 331 were non-ongoing.

Staff retention

The ongoing employee retention rate remains high, with 91 per cent of ongoing employees remaining in the Department for the past 12 months. This is a small increase from 89 per cent in 2013-14.

Staff turnover

The ongoing staff turnover rate is 9 per cent, a decrease from 11 per cent in 2013-14.

Workforce planning

The Department's Workforce Plan 2013-2015 maps existing and anticipated business outcomes against current and future workforce capabilities. This informs strategic workforce planning decisions throughout the organisation. The underpinning strategies include a Learning and Capability Development Strategy, a Talent Management Strategy (to build future leadership), a Critical Role Skills Development Framework (to mitigate critical role risk), and a programme for the development of middle managers.

The Department is currently developing a Workforce Strategy, replacing the existing Workforce Plan, which will examine the Department's workforce context in line with the Strategic Intent 2015-19. It will include a high-level, strategic view of the Department's operating context, and identification of the critical roles, skills and capabilities required to deliver against the Strategic Intent.

Managing performance

The Department is committed to a culture of high performance and all staff engage in a formal Performance Development Scheme (PDS) process twice a year to discuss their achievements, work responsibilities and development.

In response to recommendations arising from the Capability Review, the Department has an increased focus on individual performance. This includes dedicated human resource support for managers, targeted training to enhance managerial capability and a comprehensive intranet portal. In August 2015, the Department implemented a new PDS system, in conjunction with the start of the new PDS cycle. This system provides increased levels of flexibility and functionality and will assist the Department in achieving a high performance culture.

Workforce inclusivity

The Department is committed to building an inclusive culture and to acknowledging and celebrating the diversity of all staff. Our commitment to workplace diversity is outlined in our Workforce Diversity Programme.

In March 2015, the Department held its second Health Diversity Conference, building on the successes of the 2014 Conference and opening up to staff from other Commonwealth entities. The conference was held over two days with the theme of *diversity is everyone's business*. It provided an opportunity for staff to come together to recognise and celebrate diversity within the Department and to share and learn from other colleagues across the Australian Public Service (APS). The conference also provided an opportunity for our diversity staff networks (Disability, Aboriginal and Torres Strait Islander, and Health Pride) to work together to build inclusivity in the workplace.

The Department is undertaking a number of projects under the banner of workplace diversity, including the development of a Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Workforce Action Plan and a review of the Disability Workforce Action Plan. In response to changes to the whole-of-government Indigenous Recruitment and Retention Strategy, the Department's Reconciliation Action Plan 2013-2017 is also under review.

To support the Department's Workforce Diversity Programme 2013-2016, the Department has two Senior Executive Diversity Champions whose role includes promoting inclusivity within the Department and advocating on diversity issues when required.

Supporting staff with a disability

The Department is committed to increasing opportunities for people with disability to participate more broadly in employment opportunities, working with the Australian Public Service Commission (APSC) to implement the *As One* Australian Public Service Disability Employment Strategy. This includes participating in whole-of-government programmes, including the roll out of Recruitability, a major APSC initiative to attract and develop applicants with disability. Actions to improve recruitment and retention of staff with disability, and for those with carer responsibility for people with disability, are implemented through the Department's Disability Workforce Action Plan which is currently under review. The Department also participates in the APS Disability Champions Network.

In November 2014, the Department was the recipient of an APS Diversity Award, winning the Disability Employment Award. Our submission demonstrated how we, over the past seven years, have changed employment practices, culture and levels of support to staff with disability.

The Department is a gold member of the Australian Network on Disability and has an active Staff with Disability Network. Supported by two Senior Executive Disability Champions, the Department provides support for the network, and works with the members to deliver inclusion activities for staff and awareness raising events such as International Day of People with Disability.

Supporting staff from Aboriginal and Torres Strait Islander backgrounds

The Department continues to implement actions identified in the Reconciliation Action Plan 2013-2017 and has commenced a process for review.

During 2014-15, the Department continued to support the APSC Indigenous Pathways Programme and the Indigenous Australian Government Development Programme, recruiting graduates and trainees to increase the participation rate of Aboriginal and Torres Strait Islander staff within the Department.

Under these programmes, three APSC Indigenous Pathways Programme graduates and two Indigenous Australian Government Development Programme trainees were engaged in 2014-15. To increase our ability to engage higher numbers of new Aboriginal and Torres Strait Islander staff into the future, the Department has also signed up to participate in the Department of Human Services Indigenous Apprenticeships Programme.

The Department has an active National Aboriginal and Torres Strait Islander Staff Network, and associate memberships are available for non-Indigenous staff in the Friends of the Network. Associate members support the Network in delivering major cultural events and promote reconciliation in the Department. The Network also has the support of two Senior Executive Champions, who actively advocate on behalf of Aboriginal and Torres Strait Islander staff, attend and support cultural activities and celebrations as well as representing the Department in external Commonwealth Government forums.

During the year, the Department recognised days of significance for Aboriginal and Torres Strait Islander peoples, including National Apology Day, Reconciliation Week and National Aboriginal and Islanders Day Observance Committee (NAIDOC) Week which included the annual Secretary's NAIDOC Week Awards. A target of delivering at least five Aboriginal and Torres Strait Islander events per year is indicated in the current Reconciliation Action Plan with a total of 15 events delivered in 2014-15.

Supporting lesbian, gay, bisexual, transgender and intersex (LGBTI) staff

The Department has established the Health Pride Network for LGBTI and other staff, and is developing an LGBTI Workforce Action Plan to implement the Department's responsibilities to its staff. The Department is a member of Pride in Diversity, a member based organisation that supports the Department to meet its responsibilities to staff, by assisting the new network to develop work plans and conduct awareness sessions and events.

This work is supported by two Senior Executive Health Pride Champions, who advocate and support the Health Pride Network.

In May, the Department participated in events to mark the International Day against Homophobia, Transphobia and Biphobia with invited guests from TranzAustralia and young members of the ANU Queer Collective sharing their stories. Their presentation focused on the challenges faced by transgender and gender diverse youth living as themselves without fear, and supporting others to do so.

Also in May, the Department engaged a Workplace Education & Relationship Manager from Pride in Diversity to run LGBTI and Gender Diversity presentations to staff. These were broadcast to State and Territory offices through videoconference facilities. The Department also hosted a facilitated discussion with the Health Pride Network committee to progress the Network's annual work plan.

Championing diversity

The Department is committed to reflecting the diversity of the Australian community in its workforce to build an inclusive culture. The Department acknowledges the differences in every employee and encourages diversity in our backgrounds, skills, talents and views to enrich our working environment and quality of work.

As part of this commitment, a number of Senior Executive Service officers have volunteered to undertake the role of Diversity Champions and Champions of our staff networks including the Staff with Disability Network, the Health Pride Network and the National Aboriginal and Torres Strait Islander Staff Network.

Champions have a range of roles. They promote diversity in the workplace, raise awareness and understanding, and educate colleagues within their areas and across the Department. They are available to meet with staff networks and individuals to support their work, and advocate where required in relation to diversity issues.

Champions also ensure there is a strong awareness and consideration of diversity and inclusion across the Senior Executive to ensure its importance, impact and value is recognised across the Department.

Employment arrangements in the Department

The Department's practices for making employment arrangements with its staff are consistent with the requirements of the Australian Government Public Sector Workplace Bargaining Policy (the 'Bargaining Policy') and the *Fair Work Act 2009*. The types and main features of employment arrangements either in operation or available to Departmental staff during 2014-15 are outlined below.

Enterprise Agreement

Terms and conditions for employment of non-Senior Executive Service staff are provided through the Department's Enterprise Agreement, which began on 30 November 2011 and nominally expired on 30 June 2014. Though past its nominal expiry, coverage under the existing Agreement has continued in the interim.

Negotiations for a new Agreement are ongoing as at 30 June 2015.

The Agreement contains an individual flexibility arrangements clause, which enables the Department to provide additional or varied terms and conditions to individual non-Senior Executive Service staff where necessary and appropriate.

See Part 3.5: *Staffing Information* for details on the inclusions of the Enterprise Agreement.

Individual determinations

The Department's new Senior Executive Service staff are provided with comprehensive terms and conditions of employment via individual determinations made under Section 24(1) of the *Public Service Act 1999*. The determinations are made following negotiations between the staff member and the Department.

See Part 3.5: *Staffing Information* for more information on individual determinations.

Australian Workplace Agreements

While the Department no longer offers or varies Australian Workplace Agreements (AWAs), there remain some Senior Executive Service staff with AWAs. Section 24(1) determinations are used to supplement the terms and conditions of Senior Executive Service staff covered by an AWA, where new terms and conditions have been negotiated.

Common law contracts

The Department does not generally use common law contracts. However, they may be used where necessary to establish and/or supplement conditions and entitlements.

Employment arrangements currently maintained following Machinery of Government changes

Machinery of Government (MoG) changes announced on 18 September 2013 resulted in the transfer of functions between entities.

To avoid uncertainty regarding terms and conditions of employment, and support the orderly transfers of employees between agencies, the Minister Assisting the Prime Minister for the Public Service, Senator the Hon Eric Abetz, made two Determinations under section 24(3) of the *Public Service Act 1999* (one covering Senior Executive Service (SES) employees, and one covering non-SES). These Determinations act to maintain the terms and conditions of employment (including remuneration) of all employees affected by that particular MoG change to those they had immediately before the making of the Administrative Arrangements Orders on 18 September 2013. These arrangements will remain in place until such time as those affected are removed from coverage under the relevant section 24(3) Determination or a new approved Departmental Enterprise Agreement covers them.

The functions and associated employees of Health Workforce Australia (HWA) and General Practice Education and Training Limited (GPET) were separately moved into the Department during 2014. As these MoG changes required the functions and employees of those agencies to be moved into the APS, the provisions of the *Fair Work Act 2009* relating to the transfer of business applied. This means that the majority of transferred employees remain covered by the terms and conditions provided under their respective former Enterprise Agreements and will remain so until such time as:

- those transferred employees no longer carry out work transferred from HWA or GPET; or
- the HWA and GPET Enterprise Agreements are replaced by a new approved Departmental Enterprise Agreement; or
- the HWA and GPET Enterprise Agreements are terminated.

Remuneration for senior officers

The Department maintained a remuneration position consistent with equivalent public sector agencies during 2014-15. Base salaries and inclusions, such as the allowance paid in lieu of a motor vehicle, complied with Government policy and guidelines. Individual salaries are negotiated on commencement and reviewed annually by the Department's Executive Committee. Total remuneration for Senior Executive Service staff may have included non-monetary inclusions or reimbursements for mobile phones and laptops/tablets.

Performance pay

From 1 July 2014, the Department commenced a process to remove access to performance pay for all staff in receipt of the payment (including Senior Executive Service staff), and has ceased offering performance pay to new staff.

Performance pay was an annual one off payment made to eligible ongoing Executive Level (and equivalent) and Senior Executive Service (and equivalent) staff members who had individual agreements or determinations which provided access to performance pay. To be eligible to receive performance pay, a staff member must have completed at least three months of observable performance during a Departmental performance assessment cycle and achieved the required PDS rating at the end of the cycle. The amount of performance pay was determined by the performance rating the staff member received at the end of the performance assessment period.

Learning and development

Capability development within the Department is driven by the Learning and Capability Development Strategy. The Strategy includes contemporary approaches to meeting current and emerging development needs in line with APS best practice. To ensure quality outcomes, the Department undertakes a needs analysis with internal business areas to inform the scope, design and delivery of learning and development activities.

Off-the-job training courses are designed to develop practical knowledge and skills that participants can use in the workplace. Core capability development programmes include support for on-the-job learning, in recognition that it is a key component in the development of a learning culture. The Department is continuing to emphasise the importance of on-the-job and social learning through the development of coaching and mentoring programmes.

In 2014-15, the Department continued to offer a comprehensive learning and development curriculum that has consistently supported Departmental change initiatives including the Health Capability Programme. In 2014-15, the Department has increasingly used APSC core skills programmes to ensure value for money and consistency with the broader APS.

In total, 2,388 training places were taken up across the following subject areas:

- information technology (26%)
- writing and communications (24%)
- people management (21%)
- planning and policy (17%)
- finance, procurement and grants (12%).

The Department's face-to-face training has continued to be well attended and positively evaluated by staff. This has been particularly evident in new courses, such as those in parliamentary writing, which have been specifically developed to meet identified capability needs.

Online learning programmes were accessed 4,638 times by staff during 2014-15, covering a range of subjects including: fraud awareness; APS Values; cultural awareness; work health and safety; financial management; and IT systems.

A new induction programme was developed in line with the Health Capability Programme and will be rolled out progressively during 2015-16. Framed around the Department's Behaviours in Action and Strategic Intent 2015-19, the induction programme will support new starters to work productively to help build the Department into a high performing organisation.

Training has continued to be delivered to staff with important corporate responsibilities including First Aid Officers, Health and Safety Representatives, and Harassment Contact Officers. The Department used its membership with Supply Nation for the first time to procure a training provider for First Aid Officers.

The Department provided training support for staff from diversity groups in writing and first aid as a result of feedback from Departmental stakeholders. These offerings have included customised courses and modifications to existing courses to best fit the capabilities and development needs of participants. This supports the Department's Reconciliation Action Plan commitment to promoting a sustainable Aboriginal and Torres Strait Islander enterprise sector.

In 2013-14, the Department identified the importance of manager capability in the environment of a changing staff profile and has continued to provide a high level of capability development for managers. In 2014-15 this has included the Middle Manager Development Programme for APS6-EL2 staff and the pilot of the EL2 Talent programme. These key programmes have continued to be positively evaluated by participants and continuously updated to ensure their relevance in a changing environment.

Staff Survey

The Staff Survey (APS State of the Service Employee Census) continues to provide valuable insight into staff views. 73 per cent of staff participated in the survey between 11 May and 12 June 2015.

The Department is positioned above the APS for average staff engagement results (job, team, supervisor and agency), with a score of 6.7 compared to 6.5. Overall, there has been an improvement in staff perception of senior leaders. In particular, staff feel that senior leaders are more visible and are engaging with staff on future challenges.

There has also been an improvement in the way staff are working together to offer ideas, collaborate with and help each other. More staff are satisfied with the recognition they receive for doing a good job. These are key demonstrations of the Department's Behaviours in Action.

The Staff Survey results show the Department is well placed to achieve its objectives and meet future challenges.

Ethical standards

During 2014-15, the Department continued its commitment to ensuring the highest ethical standards. This included the development of an online training course focused on providing all staff with information and guidance on their responsibilities under the APS Values, Employment Principles and Code of Conduct; emphasising the workplace behaviours expected of all staff.

The Department provided education and training sessions on the *Public Interest Disclosure Act 2013* and refresher training provided to Authorised Officers and Investigators.

The managing conduct and complaints intranet site provides comprehensive information for complainants, managers and respondents. This content also highlights the responsibilities of staff in respect of their conduct and compliance with the APS Code of Conduct, Values and Employment Principles and the *Public Interest Disclosure Act 2013*. Information sessions continue to be provided across the Department on respect and appropriate behaviour in the workplace.

The Department takes all alleged breaches of the APS Code of Conduct seriously and manages processes in accordance with best practice. The majority of complaints received were managed through local management action or preliminary investigation. The Department undertook and finalised three formal investigations during 2014-15 for breaches of the APS Code of Conduct.

3.5 Staffing Information

This section provides information on Australian Public Service (APS) employees engaged by the Department in 2014-15 under the *Public Service Act 1999*

The following tables provide details on staff numbers, locations, and aggregated information on salary, performance pay and non-salary benefits provided to staff during the year.

Table 3.5.1: Staff numbers by classification at 30 June 2015

	Female		Male		
Classification	Full-time	Part-time	Full-time	Part-time	Total
Secretary	-	-	1	-	1
Holder of Public Office	1	-	1	-	2
Senior Executive Band 3	2	-	4	-	6
Senior Executive Band 2	14	-	10	-	24
Senior Executive Band 1	57	-	38	-	95
Executive Level 2	233	50	192	16	491
Executive Level 1	421	195	312	26	954
APS 6	478	199	217	13	907
APS 5	277	76	107	8	468
APS 4	216	48	58	7	329
APS 3	55	25	25	5	110
APS 2	7	11	3	19	40
APS 1	1	2	6	3	12
Cadet	-	-	1	-	1
Graduate	27	-	12	-	39
Legal 2	13	2	9	1	25
Legal 1	8	5	4	-	17
Chief Medical Officer	-	-	1	-	1
Principal Medical Consultant	-	-	-	1	1
Medical Officer Class 6	-	1	2	3	6
Medical Officer Class 5	8	-	5	3	16
Medical Officer Class 4	5	4	6	2	17
Medical Officer Class 3	3	2	3	-	8
Medical Officer Class 2	10	3	4	-	17
Professional 1	-	-	1	-	1

Table 3.5.1 continued

Classification	Female		Male		Total
	Full-time	Part-time	Full-time	Part-time	
Public Affairs	4	2	1	-	7
Senior Principal Research Scientist	-	-	1	1	2
Principal Research Scientist	-	-	1	-	1
Grand total	**1,840**	**625**	**1,025**	**108**	**3,598**

This table includes:

- Figures of Departmental staff as at 30 June 2015; and
- Staff on leave, secondment and inoperative staff.

Figure 3.5.1: Comparison of staff numbers by gender between 30 June 2014 and 30 June 2015

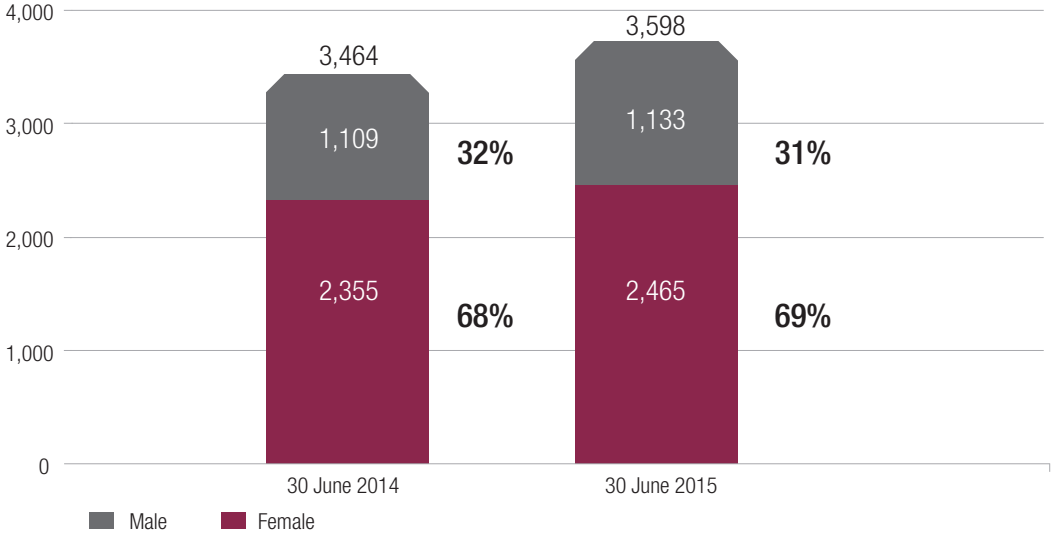


Table 3.5.2: Comparison of Indigenous staff by employment status between 30 June 2014 and 30 June 2015

Employment status	Indigenous employees	
	30 June 2014	30 June 2015
Ongoing	54	58
Non-ongoing	-	6
Total Indigenous staff	**54**	**64**
Percentage of Indigenous staff in the Department	**1.6%**	**1.8%**

Table 3.5.3: Distribution of staff at 30 June 2015

Unit	Female		Male		Total
	Ongoing	Non-ongoing	Ongoing	Non-ongoing	
Acute Care Division	99	16	41	3	159
Best Practice Regulation & Deregulation	38	4	13	5	60
eHealth Division	36	4	26	2	68
Executive	15	2	4	2	23
Grant Services Division	274	19	82	12	387
Health Workforce Division	121	12	46	5	184
Indigenous and Rural Health Division	94	10	20	4	128
Information Technology Division	65	5	83	4	157
Legal and General Counsel	33	7	13	-	53
Medical Benefits Division	162	4	79	1	246
Office for Sport	12	2	18	1	33
Office of Chemical Safety	59	16	30	6	111
Office of Health Protection	109	7	26	2	144
People, Capability and Communication Division	135	24	46	8	213
Pharmaceutical Benefits Division	126	16	59	6	207
Population Health Division	150	8	27	1	186
Portfolio Investment Division	104	37	62	33	236
Portfolio Strategies Division	40	5	21	4	70
Primary and Mental Health Care Division	138	-	37	2	177
Office of the Gene Technology Regulator	25	2	21	2	50
Therapeutic Goods Administration	413	17	265	11	706
Department total	**2,248**	**217**	**1,019**	**114**	**3,598**

This table includes:

- Figures of all staff by unit as at 30 June 2015, including staff on leave, secondment and inoperative staff; and
- Non-ongoing figures include casual staff.

Table 3.5.4: Distribution of staff by State and Territory at 30 June 2015

State	Total
Australian Capital Territory	3,304
New South Wales	131
Victoria	58
Queensland	40
Western Australia	25
Northern Territory	16
South Australia	16
Tasmania	8
Total	**3,598**

This table includes the head count figures of all staff by State and Territory as at 30 June 2015, including staff on leave, secondment, inoperative and outposted staff. Figures include staff from within the Department working in the Therapeutic Goods Administration and in the Office of the Gene Technology Regulator.

Table 3.5.5: Senior Executive Service Staff and equivalent staff with Individual Agreements at 30 June 2015

	Number of staff with Approved Individual Agreements		
Nominal Classification	Female	Male	Total
SES 3	2	4	6
SES 2	13	7	20
SES 1	49	31	80
Chief Medical Officer	-	1	1
Principal Medical Consultant	-	1	1
Medical Officer Class 6	1	4	5
Medical Officer Class 5	8	9	17

Table 3.5.6: Non-Senior Executive Service Staff covered by Individual Flexibility Arrangements and Enterprise Agreement at 30 June 2015

Level	Number of staff covered by Enterprise Agreement	Number of staff covered by Enterprise Agreement and an approved Individual Flexibility Arrangement
Non-Senior Executive Service staff[1]	3,402	476

[1] This data does not include those staff who were part of the Section 72, Machinery of Government moves from the former:

- Department of Regional Australia, Local Government, Arts and Sports - transferring staff are covered under the section 24(3) determination of 18 September 2013 for non-SES employees, which maintains the terms and conditions of their previous agreement.
- Health Workforce Australia and General Practice Education and Training Ltd - transferring staff continue to be covered by their previous agreements under the provisions of the *Fair Work Act 2009* relating to transfer of business.

Table 3.5.7: APS levels salary structure

Classification	Salary ranges as at 1 July 2014 $
Executive Level 2	133,777
	127,355
	123,240
	112,992
Executive Level 1	108,013
	103,738
	98,827
	94,705
APS 6	86,943
	85,039
	80,805
	77,067
APS 5	74,451
	70,716
	68,843
APS 4	67,865
	65,996
	64,229
APS 3	62,837
	59,987
	58,296
	56,691
APS 2	53,533
	52,045
	50,528
	49,056
APS 1	47,140
	44,947
	43,458
	41,974
Staff at 20 years of age	38,197
Staff at 19 years of age	34,000
Staff at 18 years of age	29,382
Staff under 18 years of age	25,185

Table 3.5.8: Graduate APS salary structure – commencement salary

Classification	Salary ranges as at 1 July 2014 $
Graduate APS	53,652

Table 3.5.9: Professional 1 salary structure

Local title	APS classification	Salary ranges as at 1 July 2014 $
Professional 1	APS 5	74,451
	APS 5	70,716
	APS 4	65,996
	APS 4[1]	64,229
	APS 3[2]	59,987
	APS 3	58,296

1 Salary on commencement for a professional with a four year degree (or higher).

2 Salary on commencement for a professional with a three year degree.

Table 3.5.10: Medical Officer salary structure

Local title	Salary ranges as at 1 July 2014 $
Medical Officer Class 4	160,691
	151,676
	145,989
Medical Officer Class 3	140,165
	133,871
Medical Officer Class 2	126,150
	119,726
Medical Officer Class 1	109,410
	99,115
	92,093
	85,012

Table 3.5.11: Legal salary structure

Local title	APS classification	Salary ranges as at 1 July 2014 $
Legal 2	Executive Level 2	138,460
	Executive Level 2	132,450
	Executive Level 2	128,169
Legal 1	Executive Level 1	117,195
	Executive Level 1	107,888
	Executive Level 1	98,827
	APS 6	85,039
	APS 6	80,805
	APS 6	77,067
	APS 5	71,331
	APS 4	66,872

Table 3.5.12: Public Affairs salary structure

Local title	APS classification	Salary ranges as at 1 July 2014 $
Senior Public Affairs 2	Executive Level 2	139,129
	Executive Level 2	133,722
Senior Public Affairs 1	Executive Level 2	127,355
Public Affairs 3	Executive Level 1	116,114
	Executive Level 1	110,481
	Executive Level 1	103,767
Public Affairs 2	APS 6	87,033
	APS 6	80,805
	APS 6	77,067
Public Affairs 1	APS 5	74,451
	APS 5	70,716
	APS 4	67,865
	APS 4[1]	64,229

[1] This level is generally reserved for staff with less than two years experience.

Table 3.5.13: Research Scientist salary structure

Local title	APS classification	Salary ranges as at 1 July 2014 $
Senior Principal Research Scientist	Executive Level 2	169,897
	Executive Level 2	152,828
Principal Research Scientist	Executive Level 2	149,830
	Executive Level 2	145,186
	Executive Level 2	139,261
	Executive Level 2	135,589
	Executive Level 2	130,561
Senior Research Scientist	Executive Level 2	136,052
	Executive Level 2	127,355
	Executive Level 2	123,240
	Executive Level 2	112,992
Research Scientist	Executive Level 1	101,768
	Executive Level 1	94,705
	APS 6	80,954
	APS 6	76,726
	APS 6	74,640

Table 3.5.14: Cadet salary structure

Classification	Salary ranges as at 1 July 2014 $
Cadet Full-Time Study	23,474
(At 20 years)	21,361
(At 19 years)	19,014
(At 18 years)	16,431
(Under 18 years)	14,084
Cadet Practical Training (Adult)	46,953
	44,435
	43,267
	41,863
(At 20 years)	38,095
(At 19 years)	33,909
(At 18 years)	29,305
(Under 18 years)	25,117

Table 3.5.15: Senior Executive Service staff and Senior Medical Officer indicative salary bandwidths[1]

Classification	Minimum $	Maximum $
Senior Executive Band 3	253,133	270,842
Senior Executive Band 2	195,123	216,218
Senior Executive Band 1	147,661	189,850
Medical Officer Class 6	193,924	249,856
Medical Officer Class 5	185,184	197,963

[1] These are indicative as the Secretary may approve salary rates outside these bands.

Table 3.5.16: Non-salary benefits

Non-Senior Executive Service staff
Access to the Employee Assistance Programme
Extended purchased leave
Maternity and adoption leave
Parental leave
Adoption or foster leave
Leave for personal compelling reasons and exceptional circumstances
Eligibility for performance-based pay
Access to paid leave at half pay
Flextime (not all officers)
Flexible working locations and home-based work including, where appropriate, access to lap-top computers, dial-in facilities, and mobile phones
Study assistance
Support for professional and personal development
Access to engage in private medical practice for Medical Officers
Access to remote locality conditions
Public Transport Loan Scheme
Access to negotiated discount registration/membership fees to join a fitness or health club
Family care rooms
Breastfeeding facilities
Reflection room
Eyesight testing and reimbursement of prescribed eyewear costs specifically for use with screen-based equipment
Annual influenza vaccinations
Hepatitis B vaccinations for staff who are required to come into regular contact with members of the community classified as at increased risk with regard to hepatitis B
Recognition of travel time
Annual close down and early stand down at Easter and Christmas Eve
Financial assistance to access financial advice for staff 54 years and older
Access to Individual Flexibility Arrangements

Table 3.5.16 continued

Senior Executive Service staff
All the above benefits except flextime
Car parking
Airport lounge membership
Home office equipment
Motor vehicle allowance or private use of motor vehicle
IT Reimbursement Scheme

Table 3.5.17: Senior Executive Service and Equivalent Staff, Performance-Based Payments, 1 July 2014 to 30 June 2015

Level	Number	Aggregated amount $	Average $	Minimum $	Maximum $
Senior Executive Band 2 and 3	36	792,070	22,002	6,969	44,151
Senior Executive Band 1	83	1,069,407	12,884	691	27,686
Total	**119**	**1,861,477**			

This table includes figures of Senior Executive Service and equivalent staff who received performance pay. Due to the small numbers of staff at the Senior Executive Band 3 level, details for Senior Executive Bands 2 and 3 have been aggregated to preserve employee privacy.

The majority of performance payments made in 2014-15 relate to assessments for the 2013-14 cycle. A small number relate to assessments for the 2014-15 cycle.

Performance bonus payments are only available to staff with a current Individual Agreement which provides eligibility.

The level of performance pay is directly related to the individual's performance agreement.

Table 3.5.18: Non-Senior Executive Service staff, performance-based payments, 1 July 2014 to 30 June 2015

Level	Number	Aggregated amount $	Average $	Minimum $	Maximum $
Non-Senior Executive Service staff	474	3,336,151	7,038	926	17,283

This table includes figures of Non-Senior Executive Service staff who received performance pay. Payments have been aggregated to preserve employees' privacy. The majority of performance payments made in 2014-15 relate to assessments for the 2013-14 cycle. A small number relate to assessments for the 2014-15 cycle.

Performance bonus payments are only available to staff with an individual flexibility arrangement made under the Department's Enterprise Agreement.

The level of performance pay is directly related to the individual's performance agreement.

Staff with an entitlement to a performance bonus are assessed against a five point rating scale, which attracts a percentage payment.

3.6 Work Health and Safety

We are committed to providing workplaces that support and safeguard the health, wellbeing and safety of our people

The Department acknowledges its responsibilities under the *Work Health and Safety Act 2011* (WHS Act) and the *Safety, Rehabilitation and Compensation Act 1988* to ensure health and safety at work, and to assist ill and injured workers. The Department maintains a strong commitment to the health, safety and wellbeing of all staff.

The Department's work health and safety (WHS) policies and procedures aim to achieve best practice in health and safety management in order to reduce the social and financial cost of occupational injury and illness, and improve business performance. A WHS Management Systems Manual has been produced to help ensure compliance with the WHS Act and to support managers, supervisors and individuals in discharging their responsibilities.

A particular strategic focus on primary intervention or injury prevention has been adopted during 2014-15. This has been complemented by the Department's Rehabilitation Management System, which provides for early response in minimising the incidence and severity of injury and disease (illness) at work, and rehabilitation based on the principle of work engagement during recovery.

An Initial Level Comcare WHS management system audit of the Department was conducted in May 2015. The audit examined the existence of systems, their effectiveness and their degree of integration with the Department's normal business. The Department's performance at this level was around the APS average.

Initiatives taken during the year to ensure health, safety and welfare of workers who carry out work for the Department

Several initiatives have been implemented during the year to improve the Department's WHS performance:

- collaboration with the Department of Defence on selection and management of rehabilitation providers
- proactive engagement with treating doctors to emphasise work capability rather than incapacity
- co-operative injury prevention and management with IP Australia
- participation in Australian Public Service (APS) best practice trials addressing excellence in rehabilitation case management, early intervention for high prevalence conditions and development of a model for workers' compensation premium devolution.

To support the Department's strategies for promoting wellbeing, a number of health and lifestyle initiatives are available to staff, including:

- assistance to quit smoking
- flu vaccinations
- eyesight testing
- access to the Employee Assistance Programme.

Health and safety outcomes (including the impact on injury rates of workers) achieved as a result of initiatives

The Department has improved health outcomes in 2014-15 with a new Rehabilitation Management System, for which an Australia Day Award was presented to the Work Health and Safety team. Strong rehabilitation performance has contributed to the Department's 2015-16 workers' compensation premium rate reduction of 41 per cent compared with the 2014-15 rate.

Statistics of any notifiable incidents of which the Department became aware of during the year that arose out of the conduct of business or undertakings by the Department

During 2014-15, there were five serious injuries, illnesses or dangerous incidents reported to Comcare with respect to the Department's statutory obligation under section 35 of the WHS Act. These were all body stressing injuries and are being managed in accordance with rehabilitation procedures.

Any investigations conducted during the year that relate to businesses or undertakings conducted by the Department, including details of all notices given to the Department during the year under Part 10 of the WHS Act

- No notices were issued to the Department in 2014-15 and no investigations were initiated.
- Two Rehabilitation Management Systems Audits were undertaken, with performance recorded within the APS average.
- Comcare conducted a Work Health and Safety Management Systems audit, and noted performance around the APS average.

Such other matters as required by guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit

No matters to report for 2014-15.

3.7 Carer Recognition and Addressing Disability

We are committed to recognising and supporting staff who have caring responsibilities

Carer Recognition Act 2010

The *Carer Recognition Act 2010* (the Act) reflects the Australian Government's commitment to increasing recognition and awareness of the vital role that unpaid carers play in providing daily care and support to people with disability, medical conditions, mental illness or who are frail and aged. The Act places a range of reporting and consultation obligations on those Australian Public Service entities who have responsibility for the development, implementation, provision or evaluation of policies, programmes or services directed to carers or the persons for whom they care.

The criteria below measure the Department's compliance with the Act and the responses provide an overall assessment of performance in 2014-15.

Measures taken by the Department to ensure employees and agents have an awareness and understanding of the Statement for Australia's Carers [Part 3 section 7(1)]

The Department participates as a Care Aware Workplace under the National Carer Awareness Initiative, with this participation reflecting the Department's ongoing commitment to recognising and supporting carers in the workplace.

The Department conducts awareness initiatives including the Departmental Carers Week which includes activities such as information sessions, morning teas and the display of Carers Week promotional material.

Department's Internal Human Resource Policies, so far as they may Significantly Affect an Employee's Caring Role, are to be Developed Having Due Regard to the Statement for Australia's Carers [Part 3 section 7(2)]

The Department's human resource policies and guidelines comply with the principles expressed in the Statement for Australian Carers. The Department offers staff members a range of provisions to assist them with their caring responsibilities, including:

- access to a flexible working arrangements, such as part-time employment, flex-time and home-based work
- an Employee Assistance Programme which offers counselling for staff and their family to assist with work or personal issues
- paid and unpaid carers leave for various reasons, such as meeting family responsibilities and providing care and support to family or household members

- assistance to meet reasonable additional family care costs incurred as a result of the Department requiring the staff member to be away from their household outside of their standard day
- the ability to purchase up to six weeks additional leave per calendar year
- access to family care rooms in the workplace to enable staff to carry out work while caring for dependants, as an alternative to taking personal/carers leave
- providing appropriate facilities to enable mothers returning to work after maternity leave to undertake breastfeeding, lactation and associated activities.

Measures Taken to Ensure that Employees and Agents take Action to Reflect the Principles of the Statement for Australia's Carers in Developing, Implementing, Providing or Evaluating Care Supports [Part 3 section 8(1)]

The Australian Government recognises the contribution that carers make to the Australian community by providing unpaid care and support to family and friends who are diagnosed with a life-limiting condition and require palliative care. The Department provides funding to Carers Australia to deliver a series of workshops to train counsellors and other people to better support carers who are caring for someone with palliative care needs. These workshops focus on the needs of general counsellors, social workers and case managers who deliver services to carers providing end of life care.

The Department also supports training programmes that assist health professionals and other carers to improve the quality of palliative care they provide to aged persons in the community.

Measures previously undertaken by the Department relating to ageing are no longer reported here, as responsibility for aged care was transferred to the Department of Social Services during 2013-14.

Consult Carers or Bodies that Represent Carers when Developing or Evaluating Care Supports [Part 3 section 8(2)]

The Australian Government is committed to developing a more effective and efficient mental health system that improves the lives of Australians with a mental illness and their families. That is why the Government tasked the National Mental Health Commission to undertake a review of all existing services (the Review).

The final report of the Review, *Contributing lives, thriving communities*, presents an ambitious plan for broad, long-term reform of the mental health system. A consultative and collaborative approach has been taken to progressing the Government's long-term response to the Review. The Government is working with States and Territories, experts and representatives from the mental health sector, including those representing carers, to inform this response.

The National Disability Strategy

Since 1994, Australian Government departments and entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at: www.apsc.gov.au. From 2010-11, departments and entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010-2020 which sets out a ten year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. More information on the National Disability Strategy is available at: www.dss.gov.au/nds

Protocol for engaging with people with disability in the development and delivery of Department business

The National Disability Strategy requires all levels of Government to work collaboratively with people with disability in the development of programmes, policies and systems that affect people with disabilities. This includes engaging with representative organisations, families and carers, community service providers, advocacy and other organisations.

Under the Strategy, all Australian Government entities agreed to develop protocols for engaging with disability in the development of policy and programmes. The Department launched its *Protocol for engaging with people with disability in the development and delivery of department business* on 1 July 2014. It is available on the Department's intranet as part of a manager's toolkit for procurement, grants and people management.

The protocol outlines the Department's obligations under the Strategy, and identifies and promotes strategies that improve accessibility and responsiveness of our policies, programmes and services. The protocol includes relevant internal and external policy considerations and case studies to demonstrate the application of health programmes to people with disability. The protocol also includes guidance for engaging with Indigenous Australians with disability.

More information in relation to the Department's activities to support staff with a disability is provided in Part 3.4: *People Management*.

3.8 Ecologically Sustainable Development and Environmental Performance

We are committed to making a positive contribution to ecologically sustainable practices

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires the Department to report on the following subsections of the Act in its Annual Report.

Activities of, and the Administration of Legislation by the Department during 2014-15 Accorded with Ecologically Sustainable Development Principles [section 516A(6)(a)]

The Department administers legislation that is relevant to, and meets the principles of, ecologically sustainable development (ESD). These include the *Gene Technology Act 2000*, and the *Industrial Chemicals (Notification and Assessment) Act 1989*.

The Gene Technology Regulator (the Regulator) administers the *Gene Technology Act 2000*. The Act aims to protect the health and safety of people and the environment by identifying risks posed by gene technology and managing those risks through regulating activities including genetically modified organisms (GMOs).

The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) aids in the protection of the Australian people and the environment by assessing the risks of industrial chemicals and providing information to promote their safe use.

NICNAS operates within an agreed framework for chemical management that is consistent with the National Strategy for ESD, its principles and policies, and this framework aligns with the United Nations Conference on Environment and Development Agenda 21 (Rio Declaration), of which Chapter 19 relates to the environmentally-sound management of toxic chemicals. NICNAS's activities are aligned with a series of ESD principles and decision-making processes that effectively integrate both long-term and short-term environmental, social and equity-supporting considerations. NICNAS environmental risk assessments are conducted under a service level agreement with the Department of the Environment.

Outcome Contribution to Ecologically Sustainable Development [section 516A(6)(b)]

In 2014-15, the Department continued its commitment to ESD by ensuring that it effectively delivered corporate operations while minimising environmental impact. This included a methodical approach to planning, implementing and monitoring the Department's environmental performance through programmes and policies that are in accordance with current legislation, whole-of-government requirements and environmental best practice.

In 2014-15, the Office of the Gene Technology Regulator (OGTR) continued to support the Regulator in regulating activities involving live and viable GMOs. These activities ranged from contained work in certified laboratories to releases of GMOs into the environment. The Regulator imposed licence conditions to protect the environment, and used extensive powers to monitor and enforce those conditions.

During 2014-15, NICNAS continued to assess the health and environmental risks of new industrial chemicals entering Australia (by manufacture and/or import). NICNAS also supported the Department's contribution to ESD by assessing chemicals already in commerce, based on environmental and/or health concerns.

The Effect of Departmental Activities on the Environment [section 516A(6)(c)]

In 2014-15, the Department's key environmental management initiatives were aimed at reducing consumption of energy, maintaining recycling efforts to minimise landfill, and maximising the efficient use of resources such as second-hand stationery.

The Department is committed to making a positive contribution to sustainable practices and uses whole-of-government benchmark indicators and targets to assess and monitor environmental performance.

Measures the Department is Taking to Minimise the Impact of Activities on the Environment [section 516A(6)(d)]

In 2014-15, the Department maintained an Environmental Management System (EMS) in accordance with the International Standard ISO 14001:2004. The EMS tool assists the Department with monitoring and managing its environmental performance through identifying significant environmental aspects, assigning objectives and targets to control environmental impact, and complying with legal and whole-of-government requirements.

Mechanisms for Reviewing and Increasing the Effectiveness of those Measures that Minimise the Impact of the Department on the Environment [section 516A(6)(e)]

Energy consumption and efficiency

The Department continued to decrease its electricity consumption, consuming 37,940 gigajoules in 2014-15 compared with 40,575 gigajoules in 2013-14. This figure includes sites occupied by the Therapeutic Goods Administration (TGA), the Office of the Gene Technology Regulator (OGTR), the Australian Sports Anti-Doping Authority (ASADA), the National Health Funding Body (NHFB) and the National Health Performance Authority (NHPA).

Following Machinery of Government (MoG) changes, the Department will no longer report the energy consumption for the entities and functions that were transferred to other Portfolios as of 1 July 2014.

Table 3.8.1: Electricity consumption (gigajoules) from 2012-13 to 2014-15

Year	Gigajoules
2012-13	40,637
2013-14	40,575
2014-15	37,940

The Department is required to report its energy consumption against core performance indicators established under the Energy Efficiency in Government Operations (EEGO) Policy, which aims to improve overall Australian Government energy performance.

Office tenant light and power

By June 2011, the Department was required to meet the target of 7,500 megajoules per person, per annum (MJ/person/annum) for Tenant Light and Power under the EEGO Policy. The Department met the target by the due date and has continued to outperform these requirements for the subsequent years including achieving 5,580.30 (MJ/person/annum) for 2014-15, which is detailed in the table below.

Table 3.8.2: Office tenant light and power 2014-15

Entity	Energy (MJ)	Area (m^2)	MJ/m^2	People	MJ/Person
Department of Health[1]	15,764,285.56	72,559.40	217.26	2,902	5,432.21
TGA	1,129,542.50	2,834.00	398.57	163	6,929.71
ASADA	472,920.94	1,415.60	334.08	44	10,748.20
OGTR	261,416.80	1,075.00	243.18	50	5,228.34
Total	**17,628,165.80**	**77,884.00**	**226.34[2]**	**3,159**	**5,580.30[3]**

1 The Department of Health figures include 10 Rudd St tenancy which is majority sub-leased to National Health Funding Body and National Health Performance Authority.

2 Total MJ/m^2 (226.34) represents the energy consumption in the Department's office tenancies (17,628,165.80) divided by the entire office floor space measured in square metres (77,884), rather than the cumulative total of values in the MJ/m^2 column.

3 Total MJ/person (5,580.30) represents the energy consumption by the Department (17,628,165.80) divided by the total number of people (3,159), rather than the cumulative total of values in the MJ/person column.

Non-office buildings: electricity

The Department occupies a number of sites which are used for a purpose other than office space. There is no electricity consumption target for properties that fall under this category. Notwithstanding this, the Department has decreased its electricity consumption in its non-office buildings as detailed in Table 3.8.3.

Table 3.8.3: Non-office buildings - electricity 2013-14 to 2014-15

	2013-14			2014-15		
Entity	Energy (MJ)	Area (m^2)	MJ/m^2	Energy (MJ)	Area (m^2)	MJ/m^2
Department of Health	261,986.43	1,050.00	249.51	241,581.60	1,050.00	230.08
TGA	20,049,866.00	18,523.60	1,082.40	18,277,843.20	18,523.60	986.73
Total	**20,311,852.43**	**19,573.60**	**1,037.72[1]**	**18,519,424.80**	**19,573.60**	**946.14**

1 Total MJ/m^2 (946.14) represents the energy consumption in the Department's non-office tenancies (18,519,424.80) divided by the entire office floor space measured in square metres (19,573.6), rather than the cumulative total of values in the MJ/m^2 column.

Non-office buildings: gas

Of the Department's non-office buildings, one site utilised natural gas. Whilst there is no gas consumption target for properties which fall under this category, the Department has decreased its gas consumption in its non-office building as detailed in Table 3.8.4.

Table 3.8.4: Non-office buildings - natural gas 2013-14 to 2014-15

	2013-14			2014-15		
Entity	Energy (MJ)	Area (m^2)	MJ/m^2	Energy (MJ)	Area (m^2)	MJ/m^2
TGA	18,254,148.00	18,523.60	985.45	17,774,254.00	18,523.60	959.55

Energy performance standards

The EEGO Policy contains minimum energy performance standards for Australian Government office buildings as a strategy for achieving the above energy intensity targets. This ensures that departments progressively improve their performance through the procurement and ongoing management of energy efficient office buildings and environmentally sound equipment and appliances.

As part of its strategic accommodation plan, the Department ensures that, where applicable, it occupies buildings that meet the recommended National Australian Built Environment Rating Scheme (NABERS)[48] rating of 4.5 stars and above, and contains a Green Lease Schedule. The table below details the Department's occupied buildings during 2014-15 for which base building NABERS ratings achieved the recommended target.

Table 3.8.5: NABERS energy ratings

Property	Rating
Canberra Central Office (Sirius Building)	6
Canberra Central Office (Scarborough House)	4.5
Victorian State Office	4.5

Energy saving initiatives in the Department's leased property portfolio includes T5 fluorescent and movement activated sensor lighting, double glazed windows and energy efficient heating, ventilation and air-conditioning systems.

Sustainable energy initiatives

The Department accessed the whole-of-government electricity supply contract for the majority of its sites within the ACT and NSW, which includes 10 per cent greenpower.

The Department's Desktop Futures Programme, which replaced the desktop computers with hosted virtual desktops, resulted in the Department achieving the Information and Communications Technology (ICT) Sustainability Plan end user target of 400kWh per user per annum (kWh/user/annum) by 2012.

The Department implemented further ICT energy savings initiatives and has achieved the target of 250kWh/user/annum in 2015. Usage will continue to be actively monitored and opportunities for further improvement investigated as transformation activities commence with the Department's new ICT Service Provider.

The Department participated in Earth Hour 2015 by switching off building lights, computers, monitors and office equipment for all its sites around Australia.

[48] NABERS measures the environmental performance of Australian buildings, tenancies and homes.

Waste management

The Department is committed to the protection of the environment through implementation of efficient and effective waste management programmes.

In the majority of the Department's offices, waste management initiatives include segregated waste streams to improve management of general waste, commingled recycling, organic recycling, and paper and cardboard recycling. Further recycling efforts include recycling of printer and toner cartridges, and mobile phones and batteries to ensure these items are diverted from landfill.

In 2014-15, the Department: recycled over half of its total waste produced; doubled commingled recycling; increased organic recycling by 21 per cent; and reduced paper and cardboard recycling by 10 per cent (8.4 tonnes). These achievements are outlined further in Table 3.8.6.

Table 3.8.6: Waste reporting from 2012-13 to 2014-15[1]

Waste (tonnes)	General waste	Commingled recycling	Paper & cardboard recycling	Organic recycling	Total (tonnes)
2012-13	144.5	42.1	125.3	2.7	314.6
2013-14	123.3	40.8	81.3	3.3	248.7
2014-15	**124.7**	**89.7**	**72.9**	**4**	**291.3**

1 Waste reports provided for Canberra sites only.

Following the closure of Health Workforce Australia in August 2014, the Department obtained some office furniture and a large amount of excess stationery for reuse in the national office. These goods have been made available to staff for reuse. Recycling stationery is both financially and environmentally responsible. It assists the Department to reduce its carbon footprint by helping to eliminate excess waste going to landfill while decreasing demand on resources and energy associated with purchasing new items. In 2014-15, the Department also recycled unrequired furniture and approximately 3.46 tonnes of scrap metal.

The Department has a centrally managed paper supply which monitors the type of paper and quantity purchased. This ensures that the Department continues to comply with the whole-of-government ICT Sustainability Plan's requirement of 100 per cent post-consumer recycled paper being used by Australian Government entities. The Department has decreased its paper consumption by more than 57 per cent in the last two years from 46,101 reams in 2012-13 to 19,433 reams in 2014-15.

Vehicle fleet and travel

The Australian Government Pool Fleet requires Australian Government entities to work towards a voluntary target of 28 per cent of leased/pool vehicles to meet the 10.5 rating of the Green Vehicles Guide (GVG).

The emissions of the Department's fleet vehicles are reported, in accordance with the EEGO Policy (Table 3.8.7 refers).

Table 3.8.7: Fleet vehicle emissions 2014-15

Entity	Number of vehicles	Diesel oil (L)	E-10 (biofuel) (L)	Petroleum (unleaded and premium) (L)	Total (MJ)	Distance travelled (km)	MJ/km	CO_2 emissions 2014-15 (Tonnes)
Department of Health	11	59.6	451.5	4,223.22	190,308.43	49,889	3.81	16.65
TGA	9	5,992.04	2,043.23	1,378.86	378,425.70	88,779	4.26	29.62
Total	**20**	**6,051.64**	**2,494.73**	**5,602.08**	**568,734.13**	**138,668**	**4.10**[1]	**46.27**

[1] Total MJ/km (4.10) represents the Department's total fleet vehicle emissions (568,734.13) divided by the total distance travelled (138,668) rather than the cumulative total of values in the MJ/km column.

The Department has implemented video conferencing facilities nationally to reduce the need for travel.

Water conservation

The Department occupies buildings which are fitted with a range of water-saving technologies including low-flow taps and showers, dual-flush cisterns and waterless or low-flow urinals and grey water systems.

The Department's national office (Sirius Building) has a NABERS water rating[49] of five and a half stars which reflects the building's high level of water efficiency. This is well above the current market average of two and a half stars.

In April 2015, the showers in the change rooms of the Sirius Building were adjusted to have set temperatures; the temperatures are displayed in each shower so that staff can select which shower temperature suits their preference. This system was installed to support the building's NABERS rating for both energy and water consumption.

In addition, the showers are fitted with water usage timers that are push button activated in each shower. In April 2015, the timers were changed from 3 minute to 2 minute running times. While showering time can be extended by pushing the timer button again, this simple change is encouraging staff to be aware of the length of their showers and therefore the amount of water used.

[49] NABERS water rating measures the water consumption of an office building on a scale of one to six stars reflecting the performance of the building relative to the market, from least efficient (one star) to market leading (six stars).

3.9 Advertising and Market Research

We promote community awareness of key health issues and programmes by undertaking advertising campaigns. We also seek the community's views on health matters through market research activities

During 2014-15, the Department of Health conducted the following advertising campaigns:

- National Tobacco campaign
- National Drugs campaign
- National Bowel Cancer Screening campaign
- BreastScreen Australia campaign
- Health Star Rating campaign.

Further information on those advertising campaigns is available at www.health.gov.au and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available at: www.finance.gov.au/advertising/index.html

Table 3.9.1: Advertising agencies (creative advertising agencies which have developed advertising campaigns)

Organisation	Service provided	Amount paid (GST Incl)
303 Lowe	Health Star Rating campaign	$377,434
Ethnic Communications (Etcom)	BreastScreen Australia campaign	$82,088
Ethnic Communications (Etcom)	National Bowel Cancer Screening campaign	$50,534
Ethnic Communications (Etcom)	National Tobacco campaign	$46,024
Gilimbaa	BreastScreen Australia campaign	$33,396
Gilimbaa	National Bowel Cancer Screening campaign	$24,613
Mitchell Adcorp Alliance	Health Star Rating campaign	$27,001
Mitchell Adcorp Alliance	National Tobacco campaign	$71,220
The Trustee for the Knowles Bristow Trust trading as BCM Partnership	National Drugs campaign	$758,058
Ursa Clemenger	BreastScreen Australia campaign	$203,614
Ursa Clemenger	National Bowel Cancer Screening campaign	$203,180

Table 3.9.2: Market research organisations

Organisation	Service provided	Amount paid (GST Incl)
Hall and Partners Open Mind	Concept testing for the Health Star Rating campaign	$173,375
McNair Ingenuity Research Pty Ltd	Evaluation (Benchmark) of the BreastScreen Australia campaign	$20,180
McNair Ingenuity Research Pty Ltd	Evaluation of Cancer Screening campaigns	$141,559
ORIMA Research Pty Ltd	Developmental research on beliefs, attitudes and behaviours towards travel related infectious disease risks and border measures, to inform future communication	$146,956
ORIMA Research Pty Ltd	Evaluation of the National Tobacco campaign	$73,150
Pollinate	Evaluation of the Health Star Rating campaign	$37,150
Pollinate	Evaluation of the Health Star Rating System – Consumer Use and Understanding Component	$24,500
Snapcracker Research	Concept Testing for the National Drugs campaign	$260,920
Stancombe Research and Planning Pty Ltd	Evaluation of the National Drugs campaign	$44,138
The Social Research Centre Pty Ltd	Evaluation of the National Tobacco campaign	$241,036
Woolcott Research Pty Ltd	Concept testing for the BreastScreen Australia campaign	$14,010
Woolcott Research Pty Ltd	Concept testing for the National Bowel Screening campaign	$188,692

Table 3.9.3: Direct mail organisations[1] (includes organisations which handle the sorting and mailing out of information material to the public)

Organisation	Service provided	Amount paid (GST Incl)
National Mailing & Marketing Pty Ltd	Breast and Bowel Cancer Screening Resources mailout	$42,333
National Mailing & Marketing Pty Ltd	Tobacco Plain Packaging Supplement	$28,713
National Mailing & Marketing Pty Ltd	Management fee for preparation and distribution for Hearing Services Online Portal Correspondence for Hearing Services Clients	$29,150

[1] The costs reported cover only the amount paid to the organisation and not the cost of postage or production of the material sent out. Where a creative agency or direct marketing agency has been used to create the direct mail materials, the amount paid to the agency is reported here.

Table 3.9.4: Media advertising organisations (the master advertising agencies which place Government advertising in the media – this covers both campaign and non-campaign advertising)

Organisation	Service provided	Amount paid (GST Incl)
Mitchell Adcorp Alliance	2016 Australian General Practice Training Program press recruitment notice in all Australian city papers and major regional papers, including the Koori mail and Facebook	$41,914
Mitchell Adcorp Alliance	Media Buy for Health Star Rating campaign	$422,548
Mitchell Adcorp Alliance	Media Buy for the BreastScreen Australia campaign	$1,815,000
Mitchell Adcorp Alliance	Media Buy for the National Bowel Cancer Screening campaign	$2,090,000
Mitchell Adcorp Alliance	Media Buy for the National Drugs campaign	$7,558,515
Mitchell Adcorp Alliance	Media Buy for the National Tobacco campaign	$10,010,000
Mitchell and Partners Australia Pty Ltd	Placing advertisements regarding regulatory activities	$18,073
Mitchell and Partners Australia Pty Ltd	Advertisements in national papers for the release of the Primary Health Networks Invitation to Apply and Industry Briefings	$24,965

PART 4

Financial Statements

Contents

Part 4 contains the complete set of financial statements for the Department of Health and the Therapeutic Goods Administration.

4.1: Department Of Health

4.2: Therapeutic Goods Administration

Financial Performance

Administered

The Department's combined financial statements

The Department's combined financial statements include the financial statements of the Therapeutic Goods Administration (TGA) and two departmental special accounts for the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

Machinery of Government changes

There were no Machinery of Government changes in 2014-15, however, the 2013-14 financial year includes the impacts of the September 2013 Administrative Arrangements Order (AAO) changes. These changes included the transfer of the Ageing and Aged Care function and some Indigenous functions to the Department of Social Services and the Department of the Prime Minister and Cabinet respectively, and the Sports function returning to the Health portfolio. As a consequence, comparability of 2014-15 financial information to prior years is reduced.

Income administered on behalf of Government

Revenue was $2.2 billion

Total 2014-15 administered income was $2.2 billion. Major items include:

- other revenue of $1.4 billion, which predominantly relates to Health and Hospitals Fund receipts ($0.7 billion), collections from Private Health Insurance Administration Council (PHIAC) for private health insurance levies ($0.4 billion); and
- High Cost Drugs recoveries of $0.7 billion made under cost sharing arrangements with pharmaceutical companies.

Expenses administered on behalf of Government

Total expenses administered on behalf of Government were $43.3 billion

For the 2014-15 reporting period, total expenses administered on behalf of the Commonwealth were $43.3 billion compared to $44.9 billion in the previous year, a decrease of $1.6 billion (3.6%):

- personal benefits expense increased by $1.4 billion to $36.6 billion ($35.2 billion in 2013-14). Personal benefits primarily relate to Medicare Benefits and the Pharmaceutical Benefits Scheme. These expenses fund access to medical services and medicines;
- subsidies expense decreased by 95% to $0.1 million ($2.5 billion in 2013-14). In prior years, subsidies primarily related to residential, aged and community care programmes which have been transferred to the Department of Social Services following the September 2013 AAO. Subsidies now are limited to the medical indemnity and midwife schemes;
- grants expense amounted to $5.4 billion, a reduction of 12.4% ($6.2 billion in 2013-14). Key recipients of the grant programmes are the non-profit sector, various jurisdictions of local and State Governments as well as the National Blood Authority and PHIAC. The decrease from 2013-14 is as a result of the September 2013 AAO;

- supplier expenses of $0.5 billion were consistent with 2013-14;
- payments to corporate Commonwealth entities increased by 51.0% ($0.2 billion in 2013-14). This increase is primarily due to changes arising from the September 2013 AAO, particularly the inclusion of a full year of payments to the Australian Sports Commission offset by the closure of Health Workforce Australia (HWA) and the General Practice Education and Training Pty Ltd (GPET); and
- other expenses of $0.5 billion (consistent with 2013-14), primarily relates to the transfer of levies from PHIAC to the Official Public Account (OPA).

Administered assets and liabilities

Total administered assets were $1.3 billion

Total administered assets were $1.3 billion. Major administered assets comprise investments of $0.4 billion which has reduced from 2013-14 due to the closure of HWA and GPET. Other assets include cash of $0.3 billion, receivables of $0.3 billion, and inventories of $0.2 billion which are consistent with 2013-14.

Total administered liabilities were $2.7 billion

Total administered liabilities of $2.7 billion are relatively consistent with 2013-14 and are mainly comprised of estimated amounts outstanding for personal benefit payments ($1.9 billion), subsidies ($0.4 billion) and grants ($0.4 billion).

Financial Performance

Departmental

Departmental operating result

The Department of Health recorded a combined 2014-15 operating deficit of $37.2 million under the net cash appropriation model, introduced by the Commonwealth in 2010-11 (compared with $40.5 million in 2013-14). On elimination of unfunded depreciation, the combined group recorded an operating surplus of $0.8 million.

Departmental revenue

Revenue from Government decreased by 17% to $479.9 million

During 2014-15, revenue from Government decreased by 17% ($95.6 million) to $479.9 million. This reduction was primarily relating to the full year impact of the September 2013 AAO changes.

Own source revenue increased by 6% to $167.6 million

During 2014-15, revenue from the sale of goods and rendering of services increased by 6% ($8.8 million) to $165.4 million primarily through an increase in the sale of goods and services in the Department's cost recovery activities in the Therapeutic Goods Administration (TGA).

Other revenue primarily represents recoveries for payments made on behalf of portfolio agencies under a shared services arrangement.

Departmental expenses

Total departmental expenses decreased by 12% to $684.7 million in 2014-15

Operating expenses decreased by 12% ($90.4 million) during 2013-14 to $684.7 million (2013-14: $775.1 million).

Consistent with the variances above, the decrease is primarily relating to the full year impact of the September 2013 AAO changes.

Departmental assets and liabilities

Movement in departmental assets and liabilities

Total assets have decreased by $26.6 million to $370.3 million (2013-14: $397.0 million). There were a number of contributors to the variance including the revaluation of non-current assets and transfer of amounts in finalisation of the September 2013 AAO.

Total liabilities have reduced by $20.6 million to $276.2 million (2013-14: $296.8 million). The major contributors were principally the transfer of amounts in finalisation of the September 2013 AAO and reassessment of make-good provisions.

2014-15 Financial Statements Process

The Department has a robust quality assurance framework to ensure that the annual financial statements are prepared in accordance with Public Governance, Performance & Accountability (Financial Reporting) Rule 2015 and Australian Accounting Standards.

The Audit and Risk Committee has a key role within this framework; they provide independent advice to the Secretary on the preparation and the review of the financial statements. To assist the Audit Committee with this responsibility the Department continued the Financial Statements Sub-Committee. The Audit Committee endorsed the annual financial statements prior to signing by the Secretary and Chief Financial Officer.

The Department's financial statements were audited by the Australian National Audit Office (ANAO). An unmodified audit opinion was issued by the Auditor-General on the 8th September 2015.

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

I have audited the accompanying annual financial statements of the Department of Health for the year ended 30 June 2015, which comprise:

- Statement by the Secretary and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes to and forming part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and

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plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

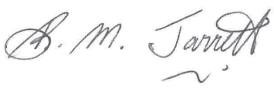
Opinion

In my opinion, the financial statements of the Department of Health:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Department of Health as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Brandon Jarrett
Executive Director

Delegate of the Auditor-General

Canberra
8 September 2015

Statement by the Secretary and Chief Financial Officer

DEPARTMENT OF HEALTH

STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 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 will be able to pay its debts as and when they fall due.

Signed.....

Martin Bowles PSM
Secretary
Department of Health

8 September 2015

Signed.....

Craig Boyd
Chief Financial Officer
Department of Health

8 September 2015

Department of Health

Statement of comprehensive income

for the period ended 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
NET COST OF SERVICES					
EXPENSES					
Employee benefits	3A	**373,865**	446,001	454,860	(80,995)
Suppliers	3B	**252,073**	235,718	179,363	72,710
Depreciation and amortisation	3C	**43,953**	43,093	38,456	5,497
Write-down and impairment of assets	3D	**3,268**	6,842	-	3,268
Other expenses	3E	**11,531**	43,435	2,032	9,499
Total expenses	32(i)	**684,690**	775,089	674,711	9,979
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	4A	**165,362**	156,322	156,444	8,918
Other revenue	4B	**2,226**	2,458	10,558	(8,332)
Total own-source revenue	32(i)	**167,588**	158,780	167,002	586
Gains					
Other gains	4C	**3**	397	964	(961)
Total gains		**3**	397	964	(961)
Total own-source income	32(i)	**167,591**	159,177	167,966	(375)
Net cost of services		**517,099**	615,912	506,745	10,354
Revenue from Government	4D	**479,885**	575,445	473,675	6,210
Deficit attributable to the Australian Government	31	**(37,214)**	(40,467)	(33,070)	(4,144)
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation surplus		**16,395**	24	-	16,395
Total other comprehensive income		**16,395**	24	-	16,395
Total comprehensive loss attributable to the Australian Government		**(20,819)**	(40,443)	(33,070)	12,251

The above statement should be read in conjunction with the accompanying notes.
For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement

Department of Health

Statement of financial position

as at 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	7A	**79,631**	82,992	4,015	75,616
Trade and other receivables	7B	**126,017**	146,226	141,014	(14,997)
Accrued revenue		**257**	173	437	(180)
Total financial assets		**205,905**	229,391	145,466	60,439
Non-financial assets					
Land and buildings	8A	**53,027**	46,425	47,973	5,054
Property, plant and equipment	8A	**7,065**	14,802	9,205	(2,140)
Inventory		**-**	-	186	(186)
Intangibles	8B	**91,405**	98,501	113,680	(22,275)
Other non-financial assets	8C	**3,804**	7,796	5,005	(1,201)
Total non-financial assets		**155,301**	167,524	176,049	(20,748)
Assets held for sale		**9,131**	-	-	-
Total assets	32(i)	**370,337**	396,915	321,515	39,691
LIABILITIES					
Payables					
Suppliers	9A	**86,758**	89,200	59,810	26,948
Other payables	9B	**51,409**	71,356	37,425	13,984
Total payables		**138,167**	160,556	97,235	40,932
Provisions					
Employee provisions	10A	**115,972**	111,814	110,890	5,082
Other provisions	10B	**22,017**	24,396	16,953	5,064
Total provisions		**137,989**	136,210	127,843	10,146
Total liabilities	32(i)	**276,156**	296,766	225,078	51,078
Net assets	32(i)	**94,181**	100,149	96,437	(11,387)
EQUITY					
Parent entity interest					
Contributed equity	32(i)	**217,325**	202,477	231,055	(13,731)
Reserves		**30,507**	14,112	14,088	16,419
Accumulated deficit		**(153,651)**	(116,440)	(148,706)	(4,945)
Total parent entity interest		**94,181**	100,149	96,437	(2,256)
Total equity	32(i)	**94,181**	100,149	96,437	(2,256)

The above statement should be read in conjunction with the accompanying notes.
For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

Department of Health

Statement of changes in equity

for the period ended 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
RETAINED EARNINGS					
Opening balance					
Balance carried forward from previous period		**(116,440)**	(75,946)	(115,636)	(804)
Adjustments for errors		**3**	(27)	-	3
Adjusted opening balance		**(116,437)**	(75,973)	(115,636)	(801)
Comprehensive income					
Deficit for the period		**(37,214)**	(40,467)	(33,070)	(4,144)
Total comprehensive income		**(37,214)**	(40,467)	(33,070)	(4,144)
Closing balance as at 30 June		**(153,651)**	(116,440)	(148,706)	(4,945)
Closing balance attributable to the Australian Government		**(153,651)**	(116,440)	(148,706)	(4,945)
ASSET REVALUATION RESERVE					
Opening balance					
Balance carried forward from previous period		**14,112**	14,088	14,088	24
Adjustments for errors		**-**	-	-	-
Adjusted opening balance		**14,112**	14,088	14,088	24
Comprehensive income					
Other comprehensive income		**16,395**	24	-	16,395
Deficit for the period		**-**	-	-	-
Total comprehensive income		**16,395**	24	-	16,395
Closing balance as at 30 June		**30,507**	14,112	14,088	16,419
Closing balance attributable to the Australian Government		**30,507**	14,112	14,088	16,419
CONTRIBUTED EQUITY/CAPITAL					
Opening balance					
Balance carried forward from previous period		**202,477**	236,739	216,587	(14,110)
Adjustments for errors		**-**	-	-	-
Adjusted opening balance		**202,477**	236,739	216,587	(14,110)
Transactions with Owners					
Distributions to owners					
Return of capital:					
Reduction in equity appropriation		**-**	(7,374)	-	-
Contributions by owners					
Equity injection - appropriations		**8,820**	12,688	8,440	380
Equity injection - restructuring[1]		**-**	2,442	-	-
Departmental capital budget		**6,028**	6,213	6,028	-
Departmental capital budget - restructuring[1]		**-**	351	-	-
Restructuring[2]		**-**	(48,582)	-	-
Total transactions with owners		**14,848**	(34,262)	14,468	380
Closing balance as at 30 June		**217,325**	202,477	231,055	(13,731)
Closing balance attributable to the Australian Government		**217,325**	202,477	231,055	(13,731)

Department of Health

Statement of changes in equity

for the period ended 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
TOTAL EQUITY					
Opening balance					
Balance carried forward from previous period		**100,149**	174,881	115,039	(14,890)
Adjustments for errors		**3**	(27)	-	3
Adjusted opening balance		**100,152**	174,854	115,039	(14,887)
Comprehensive income					
Other comprehensive income		**16,395**	24	-	16,395
Deficit for the period		**(37,214)**	(40,467)	(33,070)	(4,144)
Total comprehensive income		**(20,819)**	(40,443)	(33,070)	12,251
Transactions with Owners					
Distributions to owners					
Return of capital:					
Reduction in equity appropriation		**-**	(7,374)	-	-
Contributions by owners					
Equity injection - appropriations		**8,820**	12,688	8,440	380
Equity injection - restructuring		**-**	2,442	-	-
Departmental capital budget		**6,028**	6,213	6,028	-
Departmental capital budget - restructuring		**-**	351	-	-
Restructuring		**-**	(48,582)	-	-
Total transactions with owners		**14,848**	(34,262)	14,468	380
Closing balance as at 30 June		**94,180**	100,149	96,437	(2,257)
Closing balance attributable to the Australian Government		**94,180**	100,149	96,437	(2,257)

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

1. This relates to Appropriation receivable received as a result of changes to the Administrative Arrangements Order on 18 September 2013 from the Department of Regional Australia, Local Government, Arts and Sport through Appropriation Acts No. 3 and 4. See Note 11: Restructuring.

2. The restructuring amount relates to changes to the Administrative Arrangements Order which occurred on 18 September 2013. Refer to Note 11: Restructuring for details. The Restructuring total net figure differs from the Statement of Changes in Equity, as this has been adjusted for appropriations received through the budgetary process and inter-agency transfers for which a formal agreement has not yet been approved under section 32 of the *Financial Management and Accountability Act 1997* (FMA Act).

Department of Health

Cash flow statement

for the period ended 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations		**545,728**	637,898	574,318	(28,590)
Sale of goods and rendering of services		**210,257**	158,267	155,769	54,488
Net GST received		**24,518**	24,789	24,429	89
Other		**1,176**	2,458	14,090	(12,914)
Total cash received		**781,680**	823,412	768,606	13,074
Cash used					
Employees		**(372,598)**	(490,192)	(458,695)	86,097
Suppliers		**(318,939)**	(209,062)	(178,451)	(140,488)
Net GST paid		**-**	-	(24,429)	24,429
Section 74 receipts transferred to OPA		**(69,808)**	(71,185)	(86,804)	16,996
Other		**(11,531)**	(43,435)	(5,267)	(6,264)
Total cash used		**(772,876)**	(813,874)	(753,646)	(19,230)
Net cash from operating activities	12	**8,804**	9,538	14,960	(6,156)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant, equipment and intangibles		**(30,137)**	(36,720)	(29,509)	(628)
Total cash used		**(30,137)**	(36,720)	(29,509)	(628)
Net cash used by investing activities		**(30,137)**	(36,720)	(29,509)	(628)
FINANCING ACTIVITIES					
Cash received					
Appropriations - Equity injection		**15,757**	27,385	14,468	1,289
Appropriations - Departmental capital budget		**2,215**	6,305	-	2,215
Total cash received		**17,972**	33,690	14,468	3,504
Net cash received from financing activities		**17,972**	33,690	14,468	3,504
Net increase in cash held		**(3,361)**	6,508	(81)	(3,280)
Cash and cash equivalents at the beginning of the reporting period		**82,992**	76,484	4,096	78,896
Cash and cash equivalents at the end of the reporting period	7A	**79,631**	82,992	4,015	75,616

The above statement should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

Department of Health

Schedule of commitments

for the period ended 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	**64,301**	41,091
Total commitments receivable	**64,301**	41,091
Commitments payable		
Capital commitments		
Property, plant and equipment	**(1,652)**	(16)
Total capital commitments	**(1,652)**	(16)
Other commitments		
Operating leases	**(610,528)**	(409,364)
Other	**(79,184)**	(62,477)
Total other commitments	**(689,712)**	(471,841)
Total commitments payable	**(691,364)**	(471,857)
Net commitments by type	**(627,063)**	(430,766)
BY MATURITY		
Commitments receivable		
Within 1 year	**14,293**	11,812
Between 1 to 5 years	**34,095**	14,271
More than 5 years	**15,913**	15,008
Total commitments receivable	**64,301**	41,091
Commitments payable		
Capital commitments		
Within 1 year	**(1,652)**	(16)
Total capital commitments	**(1,652)**	(16)
Operating lease commitments		
Within 1 year	**(100,361)**	(97,086)
Between 1 to 5 years	**(355,425)**	(147,206)
More than 5 years	**(154,742)**	(165,072)
Total operating lease commitments	**(610,528)**	(409,364)

Department of Health

Schedule of commitments

for the period ended 30 June 2015

	2015 $'000	2014 $'000
Other commitments		
Within 1 year	**(58,910)**	(44,151)
Between 1 to 5 years	**(14,056)**	(18,326)
More than 5 years	**(6,218)**	-
Total other commitments	**(79,184)**	(62,477)
Net commitments by maturity	**(627,063)**	(430,766)

NOTE:

1. Commitments are GST inclusive where relevant.

2. The Department's capital commitments for property, plant and equipment relate to the Therapeutic Goods Administration's information technology equipment.

3. Operating leases included are effectively non-cancellable and comprise:

Nature of leases	General description of leasing arrangement
Lease for office accommodation	Lease payments are subject to reviews in accordance with the lease agreement. The reviews range from bi-annually to annually over the lease term and are either a predetermined increase or reviewed against market rentals at the time. Where offered, lease renewal options range from one to five years. A number of the Department's office accommodation leases contain lease payments that are subject to increases in accordance with movements in market rents. These contingent rent payments are not included in the commitment schedule as their value cannot be reliably estimated.
Computer equipment	The Department has entered into a contractual arrangement to outsource the provision of IT infrastructure to 30 June 2020.
Office services	The Department has entered into a contractual arrangement to outsource the provision of office services, including file management and storage to 30 September 2015.
Security	The Department has entered into a contractual arrangement to outsource the provision of building security to 30 May 2017.

Department of Health

Administered schedule of comprehensive income

for the period ended 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
NET COST OF SERVICES					
Expenses					
Suppliers	17A	**453,604**	401,851	258,155	195,449
Subsidies	17B	**126,703**	2,508,880	41,778	84,925
Personal benefits	17C	**36,560,965**	35,174,664	37,495,481	(934,516)
Grants	17D	**5,412,211**	6,178,930	6,048,859	(636,648)
Depreciation and amortisation	17E	**19,272**	19,142	18,309	963
Write-down and impairment of assets	17F	**3,858**	13,714	25,978	(22,120)
Foreign exchange losses (net)		**-**	2	-	-
Payments to corporate Commonwealth entities	17G	**300,847**	199,178	296,283	4,564
Other expenses	17H	**450,900**	442,504	523,312	(72,412)
Total expenses	32(ii)	**43,328,360**	44,938,865	44,708,155	(1,379,795)
Income					
Revenue					
Taxation revenue					
Other taxes	18A	**16,906**	16,817	26,036	(9,130)
Total taxation revenue		**16,906**	16,817	26,036	(9,130)
Non-taxation revenue					
Interest		**-**	1,107	-	-
Recoveries	18B	**781,007**	626,608	656,458	124,549
Other revenue	18C	**1,375,055**	1,071,903	548,602	826,453
Total non-taxation revenue		**2,156,062**	1,699,618	1,205,060	951,002
Total income	32(ii)	**2,172,968**	1,716,435	1,231,096	941,872
Net cost of services		**41,155,392**	43,222,430	43,477,059	(2,321,667)
Deficit		**(41,155,392)**	(43,222,430)	(43,477,059)	2,321,667
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves		**-**	4,266	-	-
Changes in administered investment reserves		**(134,806)**	(8,766)	-	(134,806)
Total other comprehensive income		**(134,806)**	(4,500)	-	(134,806)
Total comprehensive loss		**(41,290,198)**	(43,226,930)	(43,477,059)	2,186,861

The above schedule should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

Department of Health

Administered schedule of assets and liabilities

as at 30 June 2015

	Notes	ACTUAL 2015 $'000	ACTUAL 2014 $'000	BUDGET ESTIMATE Original 2015 $'000	BUDGET ESTIMATE Variance 2015 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	20A	**336,648**	13,254	-	336,648
Personal benefits receivable	20B	**148,511**	183,131	123,512	24,999
Trade and other receivables	20C	**171,851**	171,792	441,166	(269,315)
Other investments	20D	**390,024**	524,830	195,106	194,918
Total financial assets		**1,047,034**	893,007	759,784	287,250
Non-financial assets					
Land and buildings	21A	**24,468**	25,431	20,460	4,008
Intangibles	21B	**36,617**	54,926	36,617	-
Inventories held for distribution		**210,005**	207,866	177,865	32,140
Total non-financial assets		**271,090**	288,223	234,942	36,148
Total assets administered on behalf of Government	32(ii)	**1,318,124**	1,181,230	994,726	323,398
LIABILITIES					
Payables					
Suppliers	22A	**7,110**	10,189	27,187	(20,077)
Subsidies - external parties		**2,708**	2,634	-	2,708
Personal benefits - indirect		**915,091**	850,728	1,024,909	(109,818)
Grants	22B	**375,162**	276,937	374,127	1,035
Other payables		**-**	-	42,396	(42,396)
Total payables		**1,300,071**	1,140,488	1,468,619	(168,548)
Provisions					
Subsidies - external parties	22C,D	**413,000**	395,000	297,796	115,204
Personal benefits - indirect		**1,011,494**	1,027,297	1,027,297	(15,803)
Total provisions		**1,424,494**	1,422,297	1,325,093	99,401
Total liabilities administered on behalf of Government	32(ii)	**2,724,565**	2,562,785	2,793,712	(69,147)
Net liabilities		**1,406,441**	1,381,555	1,798,986	(392,545)

The above schedule should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 32. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

Department of Health

Administered reconciliation schedule

as at 30 June 2015

	2015 $'000	2014 $'000
Opening assets less liabilities as at 1 July	**(1,381,555)**	(1,786,110)
Adjusted opening assets less liabilities	**(1,381,555)**	(1,786,110)
Net cost of services		
Income	**2,172,968**	1,716,435
Expenses		
Payments to entities other than corporate Commonwealth entities	**(43,027,513)**	(44,739,687)
Payments to corporate Commonwealth entities	**(300,847)**	(199,178)
Other comprehensive income		
Revaluations transferred from reserves	**(134,806)**	(4,500)
Net assets assumed from portfolio agencies	**484**	-
Transfers (to)/from Australian Government		
Appropriation transfers from OPA		
Administered assets and liabilities appropriations	**3,713**	28,345
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	**5,341,376**	6,181,779
Payments to corporate Commonwealth entities	**300,847**	199,178
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**36,638,318**	37,726,403
Payments to corporate Commonwealth entities	**445,538**	431,024
Special appropriations (limited)		
Refund of receipts (section 77 of the *PGPA Act*)	**737**	97
Net GST appropriations	**9,644**	(17,781)
Appropriation transfers to OPA		
Transfers to OPA	**(1,475,345)**	(1,112,865)
Restructuring	**-**	195,305
Closing assets less liabilities as at 30 June	**(1,406,441)**	(1,381,555)

Department of Health

Administered cash flow statement

for the period ended 30 June 2015

	Note	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Interest		-	1,107
Taxes		**16,906**	16,817
Net GST received		**315,084**	465,907
Health and hospital fund receipts		**716,916**	625,015
Recoveries		**784,495**	392,546
Transfers from Private Health Insurance Administration Council		**445,538**	431,024
Other		**237,123**	266,521
Total cash received		**2,516,062**	2,198,937
Cash used			
Grants		**(5,642,752)**	(6,697,534)
Subsidies		**(108,669)**	(2,512,466)
Personal benefits		**(36,497,460)**	(35,151,227)
Suppliers		**(462,230)**	(455,795)
Payments to corporate Commonwealth entities		**(300,847)**	(199,178)
Transfers to Private Health Insurance Administration Council		**(445,538)**	(431,024)
Total cash used		**(43,457,496)**	(45,447,224)
Net cash used by operating activities	23	**(40,941,434)**	(43,248,287)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		-	2,740
Total cash received		-	2,740
Cash used			
Advances and loans made		-	(23,431)
Transfers to other entities		-	(57,298)
Total cash used		-	(80,729)
Net cash used by investing activities		-	(77,989)
FINANCING ACTIVITIES			
Cash received			
Restructuring - cash in special accounts		-	2,013
Total cash received		-	2,013
Net cash from financing activities		-	2,013
Net decrease in cash held		**(40,941,434)**	(43,324,263)

Department of Health

Administered cash flow statement

for the period ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash and cash equivalents at the beginning of the reporting period		**13,254**	(98,663)
Cash from Official Public Account			
Appropriations		**42,726,816**	44,538,481
Special Accounts		**5,345**	11,480
Capital appropriations		**3,713**	28,345
Administered GST appropriations		**328,505**	442,054
Total cash from Official Public Account		**43,064,379**	45,020,360
Cash to Official Public Account			
Special Accounts		**(5,345)**	(11,480)
Private Health Insurance Administration Council transfers		**(445,538)**	(431,024)
Return of GST appropriations to the Official Public Account		**(318,861)**	(459,835)
Other		**(1,029,807)**	(681,841)
Total cash to Official Public Account		**(1,799,551)**	(1,584,180)
Cash and cash equivalents at the end of the reporting period	20A	**336,648**	13,254

This schedule should be read in conjunction with the accompanying notes.

Department of Health

Schedule of administered commitments

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	**388,540**	357,882
Total commitments receivable	**388,540**	357,882
Other commitments		
Research and development	**(63)**	(1,626)
Grants	**(4,295,289)**	(5,213,372)
Personal benefits	**(513,188)**	(435,748)
Other	**(537,994)**	(358,115)
Total other commitments	**(5,346,534)**	(6,008,860)
Total commitments payable	**(5,346,534)**	(6,008,860)
Net commitments by type	**(4,957,994)**	(5,650,978)
BY MATURITY		
Commitments receivable		
Within 1 year	**255,847**	250,343
Between 1 to 5 years	**132,693**	107,539
Total commitments receivable	**388,540**	357,882
Commitments payable		
Other commitments		
Within 1 year	**(3,436,962)**	(4,277,375)
Between 1 to 5 years	**(1,909,572)**	(1,731,485)
Total other commitments	**(5,346,534)**	(6,008,860)
Total commitments payable	**(5,346,534)**	(6,008,860)
Net commitments by maturity	**(4,957,994)**	(5,650,978)

Note: Commitments are GST inclusive where relevant.

Other commitments comprise:

Research and development

Provision of funding to enable high quality medical research and improve capacity and capability for research within Australia. Prior year commitments have been reclassified in line with current year classification.

Grants

Amounts payable under agreements in respect of which the grantee has yet to provide the services required. Prior year commitments have been reclassified in line with current year classification.

Personal benefits

Amounts payable for personal benefit schemes administered on behalf of Government, including but not limited to payments to Hearing Services Australia for the voucher program and to Diabetes Australia for the National Diabetes Services Scheme.

Other

Other commitments relate to contracts for service and other supplier expenses.

Department of Health

Contents - Notes to and forming part of the financial statements

Department of Health

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Department of Health

The Department of Health (the Department) is an Australian Government controlled entity which is a not-for-profit entity. The objective of the Department is to lead the development of Australia's health care system that meets the health care needs of all Australians and is structured to meet the following 10 outcomes:

Outcome 1	Population Health;
Outcome 2	Access to Pharmaceutical Services;
Outcome 3	Access to Medical and Dental Services;
Outcome 4	Acute Care;
Outcome 5	Primary Health Care;
Outcome 6	Private Health;
Outcome 7	Health Infrastructure, Regulation, Safety and Quality;
Outcome 8	Health Workforce Capacity;
Outcome 9	Biosecurity and Emergency Response; and
Outcome 10	Sport and Recreation.

Details of these outcomes can be found in Department-Specific Outcomes (refer Part 1).

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.

Department 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:

- payment of subsidies for residential and community programs;
- payment of personal benefits for Medicare services, pharmaceutical services and affordability, and choice of health care initiatives; and
- payment of grants, with the majority of these made to non-profit organisations.

1.2 Basis of Preparation of the Financial Statements

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:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (the FRR); and
- Australian Accounting Standards and Interpretations 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 are in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Administered revenues, expenses, assets, liabilities and cash flows reported in the administered schedules and related notes are accounted for on the same basis and using the same policies as for Departmental items, except as otherwise stated in Note 1.18.

Note 1: Summary of Significant Accounting Policies

The Department's combined financial statements include the financial statements of the Therapeutic Goods Administration (TGA) and two Departmental special accounts, the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

All transactions between these organisations have been eliminated from the combined financial statements. Where necessary, accounting policies of the individual reporting entities have been aligned to ensure consistency in the combined financial statements.

Comparative Figures

Comparative figures have been adjusted, where required, to conform to changes in presentation of the financial statements.

1.3 New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

Adoption of new Australian Accounting Standard requirements

The Department adopted the new standard *AASB 1055 Budgetary Reporting* as per the accounting standards. The adoption of the new standard did not have a material effect on the financial statements but only had a disclosure impact.

Other new and revised accounting standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material financial impact and are not expected to have future financial impact on the department's financial statements.

Future accounting standard requirements

There are no new standards, revised standards, amended standards or interpretations that have been issued by the AASB prior to sign off date that are applicable to the future reporting period and are expected to have a future material financial impact on the Department.

1.4 Significant Accounting Judgements and Estimates

Departmental

In the process of applying the accounting policies listed in this note, the Department has determined that no accounting assumptions and estimates have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Administered

The following assumptions and estimates have been identified that may have a significant risk of causing material adjustments to the carrying amounts of administered assets and liabilities within the next accounting period.

Medical Indemnity

Medical indemnity is administered by the Department under the *Medical Indemnity Act 2002* and the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*. The Department administers the following medical indemnity schemes:

- Incurred But Not Reported Scheme (IBNRS);
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS);
- Run-Off Cover Scheme (ROCS);
- Premium Support Scheme (PSS);
- Midwife Professional Indemnity (Commonwealth Contribution) Scheme (MPIS); and
- Midwife Professional Indemnity Run-off Cover Scheme (MPIRCS).

Department of Health

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

Further detail on each of these schemes is provided at Note 22D.

The payments for medical indemnity are managed by the Department of Human Services (DHS), 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 schemes administered by the Department. At the reporting date, provision for future payment was recognised for IBNRS, HCCS, and ROCS. No provision was recognised for ECS, MPIS or MPIRCS as, to date, no payment has been made against these schemes and they could not be reliably measured and are reported as a contingent liability in Note 24. No provision was recognised for the PSS as the nature and timing of payments associated with this scheme are based on a relatively predictable pattern of annual payments that must be settled within 12 months of the end of a premium period.

The nature of the medical indemnity liability estimates is inherently, and unavoidably uncertain.

The uncertainty arises for the following reasons:

- it is not possible to precisely model the claim process, and random variation both in past and future claims have or will have adverse consequences on the model;
- there can be a long delay between incident occurrences, to notification and to settlement, making the projection of timing very uncertain;
- the nature and cause of injury is difficult to determine and prove;
- the claims experience can be very sensitive to the surrounding factors such as technology, legislation, attitudes and the economy; and
- 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.

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* and the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*. Payment information from the Medicare program complemented the projection. Where appropriate, adjustments have been made to those projections as described below.

- IBNRS:

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:

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 2015, the AGA has relied on the projections from the actuary of each of the MIIs, but has adjusted the IBNRS component on comparison with the projections from its own ROCS internal model.

- HCCS:

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.

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 has used a 2.4% per annum discount rate in the calculation of the estimate for the current year. This discount rate was derived from the Commonwealth bonds yield curve based on the revised average observed liability duration of 5 years for the medical indemnity payments. This discount rate is deemed to be more appropriate than the 10 year bond yield at 30 June 2015, which was 3.01%. A discount rate of 3% was used last year, as it best reflected the ten year bond rate (3.54%) at that time.

Note 1: Summary of Significant Accounting Policies

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 3% would result in a discounted liability estimate which is about 2.9% ($12m) less than the base estimate. On the other hand, decreasing the discount rate to 2% would result in a discounted liability estimate which is about 1.7% ($7m) higher than base estimate.

	2014-15			2013-14
	discounted	discounted	discounted	discounted
	2%	2.4%[1]	3%	3%
	$'m	$'m	$'m	$'m
Incurred But Not Reported	35	34	33	41
High Cost Claims Scheme	304	300	292	272
Run-Off Cover Scheme	81	79	76	82
Total	**420**	**413**	**401**	**395**

[1] 2.4% was used as the basis of estimation in 2014-15, see note 22D.

Medicare Outstanding Claims

Medicare payments processed by the DHS on behalf of the Department are either reimbursement 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. The DHS 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 AGA was engaged to analyse the monthly Medicare payment data from June 2014 to June 2015 across a range of reasonable choices for the smoothing parameters. A range of estimated liabilities from these scenarios, for each month, was then compared with the estimated liability under the Model 5 smoothing parameters. This sensitivity analysis indicates that under a reasonable range of smoothing parameter scenarios, the estimated liabilities vary by up to plus or minus 5%.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Department retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when the:

- amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- probable economic benefits associated with the transaction will flow to the Department.

Note 1: Summary of Significant Accounting Policies

Receivables for goods and services, which have 30 day terms (note the TGA operates on 28 day terms), are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources 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.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue 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 Department 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.

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Australian Government as Owner

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.

Administrative Arrangement Order changes announced during the 2014 year (which have a material impact upon comparative balances) encompassed the following:

- responsibility for aged care programs and functions was transferred to the Department of Social Services (DSS);
- responsibility for a number of Indigenous health programs and functions was transferred to the Department of Prime Minister and Cabinet (PMC); and
- the Department assumed responsibility for sport and recreation policy from the former Department of Regional Australia, Local Government, Arts and Sport (DRALGAS).

Note 1: Summary of Significant Accounting Policies

In addition, the 2014 Budget announced a number of administrative efficiencies and realignment of functions for portfolio agencies as part of a budget measure. This measure saw a number of changes made to portfolio agencies which had an impact on the operations of the Department but which do not impact upon its equity.

Refer to Note 11: Restructuring for the details of assets and liabilities transferred between the affected agencies which occurred in 2014.

Other Distributions to Owners

The FRR require that distributions to owners be debited to contributed equity unless it is in the nature of a dividend.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in *AASB 119 Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as 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 May 2014. An actuary is engaged every three years to reassess the leave liability. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments, as shown at Note 10A: Employee Provisions. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Under the *Superannuation Legislation Amendment (Choice of Funds) Act 2004*, staff 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 super funds.

The CSS and PSS are defined benefit 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 employee superannuation schemes at rates determined by an 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 contribution 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.

Department of Health

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

As at 30 June 2015, a contract has been executed which will give rise to a finance lease in the 2015-16 year for the provision of information technology equipment. Details of this arrangement have been included in the Schedule of Commitments.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Surplus Lease Space

Future net outlays in respect of surplus space under non-cancellable lease agreements are expensed in the period in which the spaces are identified as becoming surplus.

Lease Incentives

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced on a straight-line basis by allocating lease payments between rental expense and reduction of the lease incentive liability.

Provision for Restoration Obligation

Where the Department has a contractual obligation to undertake remedial work upon vacating leased properties, the estimated cost of that work is recognised as a liability. An equal value asset is created at the same time and amortised over the life of the lease of the underlying leasehold property.

1.10 Cash

Cash and cash equivalents include:

- cash on hand;
- demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value;
- other CRF money; and
- cash in special accounts.

Overdrafts

An overdraft occurs when the amount withdrawn from the Department's administered bank account by the DHS, due to an agreed sweeping arrangement, is greater than the original estimated payments. A debit balance of the bank account as a result of an inaccurate estimate is authorised by the Finance Minister's delegations under section 53 (2) of the *PGPA Act*.

1.11 Financial assets

The Department classifies its financial assets in the following categories:

- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Note 1: Summary of Significant Accounting Policies

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of, or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus and deficit for the period.

Where a reliable fair value cannot be established for unlisted investments in equity instruments, these instruments are valued at cost. The Department has no such instruments.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - If there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Available-for-sale financial assets - If there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

1.12 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon trade date.

The Department does not hold any financial liabilities at 'fair value through profit and loss'.

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.14 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.

Note 1: Summary of Significant Accounting Policies

1.15 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment by the Department, OGTR and NICNAS are recognised initially at cost in the Statement of Financial Position, except for information technology equipment purchases costing less than $500, leasehold improvements costing less than $50,000, 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 significant in total).

The TGA recognises purchases of property, plant and equipment initially at cost in the Statement of Financial Position, except for purchases costing less than $2,000 and leasehold improvements to properties costing less than $10,000. Purchases below these thresholds are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

The initial cost of 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 the 'make good' recognised.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at latest 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 as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

An independent valuation of all property, plant and equipment was carried out by Australian Valuation Solutions Pty Ltd on 30 June 2015. Any class of asset not formally revalued in a given year has been subject to independent review, or management assessment (or a desktop review) to ensure the carrying values do not materially differ from fair value.

Revaluation adjustments are made on a class basis. Any revaluation increment was 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.

Any class of asset not formally revalued in a given year has been subject to a management assessment (or a desktop review) to ensure the carrying value does not materially differ to its fair value.

An independent valuation of Administered land and buildings was carried out by Australian Valuation Solutions Pty Ltd on 30 June 2014, refer Note 21A.

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.

Note 1: Summary of Significant Accounting Policies

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2015	2014
Buildings on freehold land	20 to 25 years	20 to 25 years
Leasehold improvements	The lower of the lease term or the estimated useful life	The lower of the lease term or the estimated useful life
Plant and equipment	3 to 20 years	3 to 20 years

Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.16 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 (excluding TGA) recognises internally developed software costing more than $100,000 and purchased software costing more than $500. TGA recognises internally generated and purchased software costing more than $100,000.

Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:

	2015	2014
Internally developed software	2 to 10 years	2 to 10 years
Purchased software	2 to 7 years	2 to 7 years

The useful lives of the TGA's software are:

	2015	2014
Internally developed software	3 to 10 years	3 to 10 years
Purchased software	3 to 10 years	3 to 10 years

All software assets were assessed for indications of impairment as at 30 June 2015.

1.17 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; and for receivables and payables.

Note 1: Summary of Significant Accounting Policies

1.18 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 below, 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.

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 Official Public Account (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 are reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

Revenue

All administered revenues are revenues relating 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.

Recoveries are recognised on an accrual basis and relate to:

- recoveries under the Medical Benefits, Pharmaceutical Benefits and Health Rebate schemes after settlement of personal injury claims;
- rebates associated with high cost drug recoveries; and
- recoveries from the DHS Recovery of Compensation for Health Care and Other Services Special Account.

Inventories

The Department's inventories relate to the National Medical Stockpile (the Stockpile). The Stockpile 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. Not all inventories are expected to be distributed in the next 12 months.

Costs incurred in bringing each item of the Stockpile to its present location and condition include purchase cost plus other reasonably attributable costs, such as overseas shipping and handling and import duties, less any bulk order discounts and rebates received from suppliers.

During 2015, $5.060m of inventory held for distribution was recognised as an expense (2014: $8.083m) of which $3.232m was obsolete stock (2014: $7.420m).

$20.703m of inventory held in the Stockpile will pass its expiry date during the period July to October 2015.

Administered Investments

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 sale are classified as available-for-sale and are measured at their fair value as at 30 June 2015. Fair value has been taken to be the net assets contained in the management accounts of each organisation as at the end of the reporting period.

Personal Benefits

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 the Government that provide a range of health care entitlements to individuals. These include, but are not limited to:

- Pharmaceutical Benefits (the primary means through which the Australian Government ensures Australians have timely access to pharmaceuticals);

Note 1: Summary of Significant Accounting Policies

- Medical Benefits (provide high quality and clinically relevant medical and associated services through Medicare);
- Private Health Insurance Rebate (helps make private health insurance more affordable, provides greater choice and accessibility to access private health care options, and reduces pressure on the public hospital system);
- Primary Care Practice Incentives (support activities that encourage continuing improvements, increase quality of care, enhance capacity, and improve access and health outcomes for patients);
- Targeted Assistance (support the provision of relevant pharmaceuticals, aids and appliances); and
- Hearing Services (reduce the incidence and consequences of avoidable hearing loss in the community by providing access to high quality hearing services and devices).

Personal benefits are assessed, determined and paid by DHS in accordance with provisions of the relevant legislation under delegation from the Department.

In the majority of cases the above payments are initially based on the information provided by customers and providers. Both the Department and DHS have established review mechanisms to identify overpayments made under various schemes. The recognition of receivables and recoveries action take place once the overpayments are identified.

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Payments to corporate Commonwealth entities

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans to the relevant portfolio Department. The appropriation to the Department is disclosed in Table A of Note 27A. Payments to corporate Commonwealth entities are disclosed in Note 17G.

Department of Health

Notes to and forming part of the financial statements

Note 2: Events After the Reporting Period

2.1. Administered Inventory

$20.703m of Administered inventory held in the National Medical Stockpile will pass its expiry date during the period July to October 2015 (2013-14: $2.048m).

2.2. Portfolio Agencies

The functions of the Private Health Insurance Ombudsman have been transferred to the Office of the Commonwealth Ombudsman effective 1 July 2015.

In 2014-15 it was also announced that the Government would transfer the functions of the Private Health Insurance Administration Council (PHIAC) to the Australian Prudential Regulation Authority (APRA) and the Department of Health effective from 1 July 2015.

2.3. eHealth

The Government announced in the 2015-16 Budget that in response to the Review of the Personally Controlled Electronic Health Record (PCEHR), it will redevelop the system to improve its usability and clinical utility, strengthen eHealth governance and operations, and trial new participation arrangements. The PCEHR will be renamed *My Health Record* and the Australian Commission for eHealth will be established to manage governance, operation and ongoing delivery for eHealth from 1 July 2016.

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3A: Employee benefits		
Wages and salaries	**258,503**	310,518
Superannuation:		
Defined contribution plans	**20,979**	29,346
Defined benefit plans	**34,137**	32,597
Leave and other entitlements	**55,209**	63,762
Separation and redundancies	**5,037**	9,778
Total employee benefits	**373,865**	446,001
Note 3B: Suppliers		
Goods and services supplied or rendered		
Contractors and consultants	**59,236**	55,019
Property	**6,922**	13,269
Travel	**7,107**	7,001
Information technology costs	**53,798**	37,734
Contracted services	**10,064**	7,413
Training and other staff related expenses	**5,826**	7,647
Committees	**3,363**	4,104
Legal	**4,455**	2,266
Other	**16,965**	14,129
Total goods and services supplied or rendered	**167,736**	148,582
Goods supplied in connection with		
Related parties	**266**	158
External parties	**3,671**	4,233
Total goods supplied	**3,937**	4,391
Services rendered in connection with		
Related parties	**13,229**	16,874
External parties	**150,571**	127,317
Total services rendered	**163,799**	144,191
Total goods and services supplied or rendered	**167,736**	148,582
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	**71,402**	73,091
Contingent rentals	**3,061**	5,572
Workers compensation premiums	**9,874**	8,473
Total other suppliers	**84,337**	87,136
Total suppliers	**252,073**	235,718

Department of Health

Notes to and forming part of the financial statements

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3C: Depreciation and amortisation		
Depreciation		
Property, plant and equipment	**8,371**	6,356
Buildings - leasehold improvements	**9,648**	11,610
Total depreciation	**18,019**	17,966
Amortisation		
Computer software - internally developed	**25,400**	24,558
Computer software - purchased	**534**	569
Total amortisation	**25,934**	25,127
Total depreciation and amortisation	**43,953**	43,093
Note 3D: Write-down and impairment of assets		
Impairment on financial instruments	**2,019**	2,522
Impairment of property, plant and equipment	**238**	2,204
Impairment on intangibles	**1,011**	2,116
Total write-down and impairment of assets	**3,268**	6,842
Note 3E: Other expenses		
Payments made on behalf of Portfolio agencies [1]	**1,150**	1,352
Payments made on behalf of Other agencies[2]	**-**	42,021
Act of Grace payments	**31**	50
Other	**10,350**	12
Total other expenses	**11,531**	43,435

1. Payments made on behalf of Portfolio agencies are recovered, refer Note 4B.
2. Payments made on behalf of Other agencies were recovered from DSS. These payments were made on behalf of DSS due to AAO changes and have been funded through appropriation revenue.

Note 4: Income

	2015 $'000	2014 $'000
OWN-SOURCE REVENUE		
Note 4A: Sale of goods and rendering of services		
Sale of goods in connection with		
External parties	**1,716**	512
Total sale of goods	**1,716**	512
Rendering of services in connection with		
Related parties	**17,458**	10,032
External parties	**146,189**	145,778
Total rendering of services	**163,647**	155,810
Total sale of goods and rendering of services	**165,363**	156,322
Note 4B: Other revenue		
Recoveries received from Portfolio agencies[1]	**1,150**	1,352
Resources received free of charge		
Remuneration of auditors	**1,050**	1,010
Other revenue	**26**	96
Total other revenue	**2,226**	2,458

1. For payments made on behalf of Portfolio agencies refer Note 3E.

GAINS		
Note 4C: Other gains		
Other gains	**3**	397
Total other gains	**3**	397
Note 4D: Revenue from Government		
Appropriations		
Departmental appropriations	**479,885**	575,445
Total revenue from Government	**479,885**	575,445

Department of Health

Notes to and forming part of the financial statements

Note 5: Applicable Entities

Pursuant to Division 3 of the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* , the Minister for Finance has determined that the TGA is an applicable entity within the Department and as such is deemed to be a reporting entity.

TGA operates via a special account and prepares a set of annual financial statements separately and in addition to the Department, as required by the FRR. The audited TGA 2014-15 financial statements are included in the Department's 2014-15 Annual Report.

The balance of the special account represents a standing appropriation from which payments are made for the purposes of the special account.

Note 6: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.
The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period using			For Levels 2 and 3 fair value measurements		
	2015 $'000	2014 $'000	Category (Level 1, 2 or 3[4])*	Valuation technique(s)[2]	Inputs used	Range (weighted average)
Non-financial assets[3]						
Leasehold Improvements	**80**	2	Level 2	Market Approach	Adjusted market	
	51,773	45,736	Level 3	Depreciated Replacement Cost (DRC)	Replacement Cost New (price per square metre)	
					Consumed economic benefit / Obsolescence of asset	5.0% -16.7% (6.3%) per annum
Property, plant and equipment	**2,362**	8,076	Level 2	Market Approach	Adjusted market transactions	
	69	-	Level 3	Market Approach	Adjusted market transactions	(15.0%) - 10.0%)
	4,635	6,726	Level 3	Depreciated Replacement Cost (DRC)	Replacement Cost New	
					Consumed economic benefit / Obsolescence of asset	12.5% - 25.0% (14.0%) per annum
Total non-financial assets	**58,919**	60,540				
Total fair value measurements of assets in the statement of financial position	**58,919**	60,540				

Note 6: Fair Value Measurements

Assets not measured at fair value in the statement of financial position:		
Intangibles	**35,386**	62,166
Asset Under Construction - Intangibles	**56,020**	36,335
- Leasehold Improvement	**1,173**	687
Assets held for sale	**9,131**	-
Total assets not measured at fair value in the statement of financial position	**101,710**	99,188
Total non-financial assets (excluding prepayments) stated in the statement of financial position	**160,629**	159,728

1. The Department measured non-financial assets at fair value as at March 2015 on non-recurring assets held for sale.

2. There has been changes to the valuation techniques for assets in the property, plant and equipment class. In instances where sufficient observable inputs, such as market transactions of similar assets, were (not) identified in this financial year, the valuation technique was changed from a DRC (Market) approach to a Market (DRC) approach.

3. Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)
The Department of Health's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all NFAs is considered their highest and best use.

4. Recurring and non-recurring Level 3 fair value measurements - valuation processes

The Department of Health tests the procedures of the valuation model as an asset materiality review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The Department of Health's engaged Australian Valuation Solutions (AVS) to undertake a full revaluation and confirm that the models developed comply with AASB 13.

5. Recurring Level 3 fair value measurements - sensitivity analysis for financial assets and liabilities
Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

Property, Plant & Equipment - Adjusted Market Transactions
The significant unobservable inputs used in the fair value measurement of PPE assets relates to the market demand and valuers judgement to determine the fair value measurement of these assets. A significant increase (decrease) in this input would result in a significantly higher (lower) fair value measurement.

Leasehold Improvements, Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset
Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

Note 6B: Level 1 and Level 2 transfers for recurring fair value measurements

There have been no transfers of NFAs between level 1 and 2 of the hierarchy during the year.

Note 6: Fair Value Measurements

Note 6C: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets					
	Leasehold Improvements		Property, Plant and Equipment		Total	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
Opening balance[1]	**45,736**	67,992	**6,726**	4,301	**52,462**	72,293
Total gains/(losses) recognised in net cost of services	**(9,825)**	(13,790)	**(1,645)**	(938)	**(11,471)**	(14,728)
Total gains/(losses) recognised in other comprehensive income[2]	**16,167**	-	**320**	-	**16,487**	-
Purchases	**148**	576	**1,520**	546	**1,668**	1,122
Transfers to Assets Held for Sale	**(453)**	-	**(2,218)**	-	**(2,671)**	-
Transfers/operations including restructuring	-	(9,042)	-	2,817	-	(6,225)
Transfers into Level 3[3]	-	-	**115**	-	**115**	-
Transfers out of Level 3[3]	-	-	**(115)**	-	**(115)**	-
Closing balance	**51,773**	45,736	**4,704**	6,726	**56,476**	52,462
Changes in unrealised gains/(losses) recognised[4]	-	-	-	-	-	-

1. Open balance as determined in accordance with AASB 13
2. The presentation of these gains/(losses) in the Statement of Comprehensive Income will depend on the entity.
3. There have been transfers of property, plant and equipment asset fair value measurements into level 3 during the year due to changes in the valuation technique from a market approach to DRC.
4. There have been transfers of property, plant and equipment asset fair value measurements out of level 3 during the year due to changes in the valuation technique from DRC to a market approach.
Fair value measurements have been determined without the use of significant unobservable inputs.
5. The presentation of unrealised gains/(losses) in the Statement of Comprehensive Income will depend on the entity.

Department of Health

Notes to and forming part of the financial statements

Note 7: Financial Assets

	2015 $'000	2014 $'000
Note 7A: Cash and cash equivalents		
Special accounts	**7,459**	3,176
Cash on hand or on deposit	**762**	1,546
Cash in special accounts	**71,410**	78,270
Total cash and cash equivalents	**79,631**	82,992
Note 7B: Trade and other receivables		
Goods and services receivable in connection with		
Related parties	**5,710**	8,813
External parties	**10,501**	12,108
Total goods and services receivable	**16,211**	20,921
Appropriations receivables		
Existing programs	**93,132**	92,936
Undrawn equity injection	**9,673**	32,353
Departmental capital budget	**5,922**	2,109
Total appropriations receivable	**108,727**	127,398
Other receivables		
GST receivable from the Australian Taxation Office	**2,584**	1,367
Total other receivables	**2,584**	1,367
Total trade and other receivables (gross)	**127,522**	149,686
Less impairment allowance		
Goods and services	**(1,505)**	(3,460)
Total impairment allowance	**(1,505)**	(3,460)
Total trade and other receivables (net)	**126,017**	146,226
Trade and other receivables (net) are expected to be recovered		
No more than 12 months	**125,461**	145,975
More than 12 months	**556**	251
Total trade and other receivables (net)	**126,017**	146,226

Note 7: Financial Assets

	2015	2014
	$'000	$'000
	2015	2014
	$'000	$'000
Trade and other receivables are aged as follows		
Not overdue	**125,326**	145,451
Overdue by		
0 to 30 days	**595**	1,817
31 to 60 days	**94**	277
61 to 90 days	**153**	278
More than 90 days	**1,354**	1,863
Total trade and other receivables (gross)	**127,522**	149,686

	2015	2014
	$'000	$'000
Note 7B: Trade and other receivables		
The impairment allowance aged as follows		
Not overdue	**(67)**	(1,503)
Overdue by:		
0 to 30 days	**(52)**	(9)
31 to 60 days	**(24)**	(81)
61 to 90 days	**(117)**	(104)
More than 90 days	**(1,245)**	(1,763)
Total impairment allowance	**(1,505)**	(3,460)

Credit terms for goods and services were within: the Department 30 days (2014: 30 days), TGA 28 days (2014: 28 days).
Appropriations receivable undrawn, are appropriations controlled by the Department but held in the Official Public Account under the Government's just-in-time drawdown arrangement.

The impairment allowance for amounts not overdue relates to the TGA for disputed debts.

Department of Health

Notes to and forming part of the financial statements

Note 7: Financial Assets

	2015 $'000	2014 $'000
Reconciliation of the impairment allowance		
Movements in relation to 2015		
	Goods and services $'000	**Total $'000**
Opening balance	**(3,460)**	**(3,460)**
Amounts written off	**2,063**	**2,063**
Amounts recovered and reversed	**806**	**806**
Increase recognised in net surplus	**(914)**	**(914)**
Closing balance	**(1,505)**	**(1,505)**
Movements in relation to 2014		
	Goods and services $'000	Total $'000
Opening balance	(1,639)	(1,639)
Amounts written off	500	500
Amounts recovered and reversed	903	903
Increase recognised in net surplus	(3,224)	(3,224)
Closing balance	(3,460)	(3,460)

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the opening and closing balances of land and buildings and property, plant and equipment for 2015

	Land and buildings $'000	Other property, plant and equipment $'000	Total $'000
As at 1 July 2014			
Gross book value	**67,772**	**27,424**	**95,196**
Accumulated depreciation/amortisation and impairment	**(21,347)**	**(12,622)**	**(33,969)**
Total as at 1 July 2014	**46,425**	**14,802**	**61,227**
Additions			
Purchase or internally developed	**721**	**2,396**	**3,117**
Revaluations recognised in other comprehensive income	**16,169**	**224**	**16,393**
Depreciation	**(9,648)**	**(8,371)**	**(18,019)**
Reclassification	**-**	**6,743**	**6,743**
Disposals			
Transfers to Assets Held for Sale	**(454)**	**(8,677)**	**(9,131)**
Other	**(186)**	**(52)**	**(238)**
Total as at 30 June 2015	**53,027**	**7,065**	**60,092**
Total as at 30 June 2015 represented by			
Gross book value[1]	**53,196**	**7,065**	**60,261**
Accumulated depreciation/amortisation and impairment	**(169)**	**-**	**(169)**
Total as at 30 June 2015 represented by	**53,027**	**7,065**	**60,092**

1. Closing gross book value includes Work in progress of Leasehold Improvement of $1.173m.

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the opening and closing balances of land and buildings and property, plant and equipment for 2014

	Land and buildings $'000	Other property, plant and equipment $'000	Total $'000
As at 1 July 2013			
Gross book value	81,359	23,685	105,044
Accumulated depreciation/amortisation and impairment	(12,765)	(6,534)	(19,299)
Total as at 1 July 2013	68,594	17,151	85,745
Additions			
Purchase or internally developed	1,231	1,472	2,703
Acquisitions of entities or operations (including restructuring)	1,595	155	1,750
Impairments recognised in net cost of services	(2,179)	(25)	(2,204)
Depreciation	(11,610)	(6,356)	(17,966)
Other Movements	(277)	3,107	2,830
Disposals			
From disposal of entities or other operations (including restructuring)	(10,929)	(700)	(11,629)
Other	-	(2)	(2)
Total as at 30 June 2014	46,425	14,802	61,227
Total at 30 June 2014 represented by			
Gross book value[1]	67,772	27,424	95,196
Accumulated depreciation/amortisation and impairment	(21,347)	(12,622)	(33,969)
Total as at 30 June 2014	46,425	14,802	61,227

1. Closing gross book value includes Work in progress of Leasehold Improvement of $0.687m.

Note 8: Non-Financial Assets

Note 8B: Reconciliation of the opening and closing balances of intangibles for 2015

	Computer Software - Internally Developed $'000	Computer Software - Purchased $'000	Total $'000
As at 1 July 2014			
Gross book value	**180,072**	**6,145**	**186,217**
Accumulated amortisation and impairment	**(82,707)**	**(5,009)**	**(87,716)**
Total as at 1 July 2014	**97,365**	**1,136**	**98,501**
Additions			
Purchase or internally developed	**26,592**	**-**	**26,592**
Impairments recognised in net cost of services	**(1,011)**	**-**	**(1,011)**
Reclassifications	**(6,742)**	**(1)**	**(6,743)**
Amortisation	**(25,400)**	**(534)**	**(25,934)**
Disposals			
Net book value 30 June 2015	**90,804**	**601**	**91,405**
Total as at 30 June 2015 represented by			
Gross book value[1]	**194,072**	**5,867**	**199,939**
Accumulated amortisation and impairment	**(103,268)**	**(5,266)**	**(108,534)**
Total as at 30 June 2015 represented by	**90,804**	**601**	**91,405**

1. Closing gross book value includes work in progress of internally developed computer software of $56.019m. This balance is made up of multiple projects with the most significant elements being the Prostheses Database and a number of key corporate applications.

Note 8: Non-Financial Assets

Note 8B: Reconciliation of the opening and closing balances of intangibles for 2014

	Computer Software - Internally Developed $'000	Computer Software - Purchased $'000	Total $'000
As at 1 July 2013			
Gross book value	227,385	5,936	233,321
Accumulated amortisation and impairment	(91,910)	(4,488)	(96,398)
Total as at 1 July 2013	135,475	1,448	136,923
Additions			
Purchase or internally developed	27,765	260	28,025
Impairments recognised in net cost of services	(2,116)	-	(2,116)
Amortisation	(24,558)	(569)	(25,127)
Other movements	(2,832)	-	(2,832)
Disposals			
From disposal of entities or operations (including restructuring)	(36,368)	(3)	(36,371)
Other	(1)	-	(1)
Total as at 30 June 2014	97,365	1,136	98,501
Total as at of 30 June 2014 represented by			
Gross book value[1]	180,072	6,145	186,217
Accumulated amortisation and impairment	(82,707)	(5,009)	(87,716)
Total as at 30 June 2014	97,365	1,136	98,501

1. Closing gross book value includes Work in progress of Computer Software of $36.335m.

Note 8: Non-Financial Assets

	2015	2014
	$'000	$'000
Note 8C: Other non-financial assets		
Prepayments	**3,804**	7,796
Total other non-financial assets	**3,804**	7,796
Other non-financial assets are expected to be recovered		
No more than 12 months	**3,651**	5,089
More than 12 months	**153**	2,707
Total other non-financial assets	**3,804**	7,796

No indicators of impairment were found for other non-financial assets.

Department of Health

Notes to and forming part of the financial statements

Note 9: Payables

	2015 $'000	2014 $'000
Note 9A: Suppliers		
Trade creditors and accruals	**86,758**	89,200
Total suppliers	**86,758**	89,200
Suppliers expected to be settled in no more than 12 months in connection with		
Related parties	**28,454**	47,796
External parties	**58,304**	41,404
Total suppliers	**86,758**	89,200
Settlement is usually made within 30 days.		
Note 9B: Other payables		
Wages and salaries	**11,248**	14,652
Superannuation	**2,086**	1,639
Other employee payables	**73**	23
Lease incentive	**16,998**	18,696
Unearned income	**21,004**	20,603
Other[1]	**-**	15,743
Total other payables	**51,409**	71,356
Other payables expected to be settled		
No more than 12 months	**36,217**	56,985
More than 12 months	**15,192**	14,371
Total other payables	**51,409**	71,356

1. This was a payable to DSS as a result of AAO changes.

Note 10: Provisions

	2015 $'000	2014 $'000
Note 10A: Employee provisions		
Leave	**110,972**	107,687
Separations and redundancies	**5,000**	4,127
Total employee provisions	**115,972**	111,814
Employee provisions expected to be settled		
No more than 12 months	**38,430**	36,361
More than 12 months	**77,542**	75,453
Total employee provisions	**115,972**	111,814
Note 10B: Other provisions		
Provision for surplus lease space[1]	**1,000**	2,000
Provision for restoration[2]	**598**	2,670
Provision for lease increases[3]	**20,419**	18,981
Other provisions[1]	**-**	745
Total other provisions	**22,017**	24,396
Other provisions expected to be settled		
No more than 12 months	**7,830**	5,616
More than 12 months	**14,187**	18,780
Total other provisions	**22,017**	24,396

	Provision for surplus lease space[1] $'000	Provision for restoration[2] $'000	Provision for lease increases[3] $'000	Other provisions[4] $'000	Total $'000
As at 1 July 2014	**(2,000)**	**(2,670)**	**(18,981)**	**(745)**	**(24,396)**
Additional provisions made	**-**	**(1)**	**(2,323)**	**-**	**(2,324)**
Amounts used	**1,000**	**90**	**728**	**-**	**1,818**
Amounts reversed	**-**	**1,983**	**157**	**745**	**2,885**
Total as at 30 June 2015	**(1,000)**	**(598)**	**(20,419)**	**-**	**(22,017)**

1. The Department took up a provision for surplus lease space on Anne St, Brisbane for $2.000m. This was as a result of AAO changes where the Aged Care function had been transferred to DSS. As at 30 June 2015, a tenant for the sub-lease had not been found with one year remaining on the lease of the original two year period.
2. The Department currently has three (2014: 6) agreements for the leasing of premises which have provisions requiring the entity 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.
3. The Department holds for provision for lease increases on the existing five leases.
4. The Department's other provisions all related to the TGA, including the provision for low value turnover scheme.

Department of Health

Notes to and forming part of the financial statements

Note 11: Restructuring

Note 11: Restructuring - Machinery of Government changes

There were no Machinery Government changes during the 2015 year for either the Departmental or Administered financial statements.

The following tables relate to the Machinery of Government changes that took effect in the 2014 year.

	2014 Functions in relation to sport and recreation, Department of Regional Australia, Local Government, Arts and Sport[1]	2014 Functions in relation to ageing and aged care, Department of Social Services[2]	2014 Functions in relation to indigenous health, Department of Prime Minister and Cabinet[3]
	$'000	$'000	$'000
FUNCTIONS ASSUMED			
Assets recognised			
Appropriation receivable	2,442	-	-
Departmental Capital Budget (DCB) receivable	351	-	-
GST receivable	5	-	-
Accrued revenue	64	-	-
Property, plant and equipment	170	-	-
Leasehold Improvements	-	1,614	-
Total assets recognised	**3,032**	**1,614**	**-**
Liabilities recognised			
Trade creditors and accruals	(76)	-	-
Employee payables	(123)	-	-
Employee provisions	(2,310)	-	-
Other payables	(2)	-	-
Total liabilities recognised	**(2,511)**	**-**	**-**
Net assets recognised[5]	**521**	**1,614**	**-**
Income assumed			
Recognised by the receiving entity	-	-	-
Recognised by the losing entity	77	-	-
Total income assumed	**77**	**-**	**-**
Expenses assumed			
Recognised by the receiving entity	(5,015)	-	-
Recognised by the losing entity	(2,994)	-	-
Total expenses assumed	**(8,009)**	**-**	**-**

Note 11: Restructuring

	2014 Functions in relation to sport and recreation, Department of Regional Australia, Local Government, Arts and Sport[1]	2014 Functions in relation to ageing and aged care, Department of Social Services[2]	2014 Functions in relation to indigenous health, Department of Prime Minister and Cabinet[3]
	$'000	$'000	$'000
FUNCTIONS RELINQUISHED			
Assets relinquished			
Appropriation receivable - Operational	-	28,000	1,626
Appropriation receivable - DCB	-	-	-
Receivable - Capital	-	15,743	-
Trade and other receivables	-	122	-
Employee receivables	-	266	-
Leasehold improvements	-	9,891	-
Make-good for leasehold improvements	-	1,038	-
Software	-	36,371	-
Plant and Equipment	-	656	40
Furniture and Fittings	-	23	-
Total assets relinquished	**-**	**92,110**	**1,666**
Liabilities relinquished			
Employee provisions	-	(32,985)	(2,102)
Trade creditors and accruals	-	(116)	-
Provisions for make-good, lease incentives and straightlining	-	(10,649)	-
Total liabilities relinquished	**-**	**(43,750)**	**(2,102)**
Net assets/(liabilities) relinquished[6]	**-**	**48,360**	**(436)**

1. Responsibility for sport and recreation functions was assumed from the DRALGAS during 2013-14 following AAO changes on 18 September 2013 and subsequent abolition of DRALGAS.

2. Responsibility for ageing and aged care functions was transferred to the DSS during 2013-14 as a result of a restructuring following AAO changes on 18 September 2013.

3. Responsibility for indigenous health functions was transferred to the PMC during 2013-14 as a result of a restructuring following AAO changes on 18 September 2013.

4. The Restructuring total net figure differs from the Statement of Equity, as this has been adjusted for appropriations received through the budgetary process and inter-agency transfers for which a formal agreement had not been approved under the then section 32 of the FMA Act.

5. The net assets assumed from all entities were $2,135,000.

6. The net assets relinquished to all entities were $47,924,000.

7. In respect of functions assumed, the net book values of assets and liabilities were transferred to the entity for no consideration.

8. By agreement, the transfer of leases to DSS was effective from 1 July 2014.

9. By agreement, staff transferred to DSS and PMC progressively from October 2013 to April 2014.

Department of Health

Notes to and forming part of the financial statements

Note 11: Restructuring

Note 11C: Administered restructuring - Machinery of Government changes

	2014 Functions in relation to sport and recreation, Department of Regional Australia, Local Government, Arts and Sport[1]	2014 Functions in relation to ageing and aged care, Department of Social Services[2]	2014 Functions in relation to indigenous health, Department of Prime Minister and Cabinet[3]
	$'000	$'000	$'000
FUNCTIONS ASSUMED			
Assets recognised			
Cash and cash equivalents	2,013	-	-
Trade and other receivables	1,933	-	-
Investments in portfolio related entities	354,835	-	-
Total assets recognised	**358,781**	**-**	**-**
Liabilities recognised			
Trade creditors and accruals	(629)	-	-
Total liabilities recognised	**(629)**	**-**	**-**
Net assets recognised[4]	**358,152**	**-**	**-**
Income assumed			
Recognised by the receiving entity	2	-	-
Recognised by the losing entity	14,058	-	-
Total income assumed	**14,060**	**-**	**-**
Expenses assumed			
Recognised by the receiving entity	(175,642)	-	-
Recognised by the losing entity	(133,811)	-	-
Total expenses assumed	**(309,453)**	**-**	**-**
FUNCTIONS RELINQUISHED			
Assets relinquished			
Trade and other receivables	-	17,680	401
Advances and loans	-	152,189	-
Subsidies receivable	-	21,250	-
Investments in portfolio related entities	-	14,845	-
Inventories	-	623	-
Total assets relinquished	**-**	**206,587**	**401**
Liabilities relinquished			
Subsidies payable	-	(36,544)	-
Personal benefits payable	-	(401)	-
Grants payable	-	(6,750)	-
Trade creditors and accruals	-	(246)	(200)
Total liabilities relinquished	**-**	**(43,941)**	**(200)**
Net assets relinquished[5]	**-**	**162,646**	**201**

1. Responsibility for sport and recreation functions was assumed from the DRALGAS during 2013-14 following AAO changes on 18 September 2013 and subsequent abolition of DRALGAS.
2. Responsibility for ageing and aged care functions was transferred to the DSS during 2013-14 as a result of a restructuring following AAO changes on 18 September 2013.
3. Responsibility for indigenous health functions was transferred to the PMC during 2013-14 as a result of a restructuring following AAO changes on 18 September 2013.
4. The net assets assumed from all entities were $358,152,000.
5. The net assets relinquished to all entities were $162,847,000.
6. In respect of functions assumed, the net book values of assets and liabilities were transferred to the entity for no consideration.

Note 12: Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Report cash and cash equivalents as per		
Cash Flow Statement	**79,631**	82,992
Statement of Financial Position	**79,631**	82,992
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	**(517,099)**	(615,912)
Add revenue from Government	**479,885**	575,445
Adjustment for non-cash items		
Depreciation/amortisation	**43,953**	43,093
Net write-down of non-financial assets	**3,269**	6,842
Decrease in net assets from restructure	**15,743**	-
Movements in assets and liabilities		
Assets		
Decrease/(increase) in net receivables	**(673)**	(4,717)
Decrease/(increase) in other financial assets	**(83)**	200
Decrease/(increase) in inventories	**-**	186
Decrease/(increase) in other non-financial assets	**3,992**	(919)
Liabilities		
Increase/(decrease) in employee provisions	**4,158**	(1,541)
Increase/(decrease) in supplier payables	**(2,014)**	6,525
Increase/(decrease) in other payables	**(19,947)**	680
Increase/(decrease) in other provisions	**(2,379)**	(344)
Net cash from operating activities	**8,804**	9,538

Note 13: Contingent Assets and Liabilities

	Guarantees		Claims for damages or costs		Total	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Contingent assets						
Assets recognised	**-**	-	**238**	-	**238**	-
Total contingent assets	**-**	-	**238**	-	**238**	-
Contingent liabilities						
Balance from previous period	**27,600**	27,600	**1,768**	2,058	**29,368**	29,658
New	**-**	-	**2,630**	-	**2,630**	-
Re-measurement	**(22,600)**	-	**232**	-	**(22,368)**	-
Liabilities recognised	**-**	-	**-**	(135)	**-**	(135)
Obligations expired	**-**	-	**-**	(155)	**-**	(155)
Total contingent liabilities	**5,000**	27,600	**4,630**	1,768	**9,630**	29,368
Net contingent liabilities	**(5,000)**	(27,600)	**(4,392)**	(1,768)	**(9,392)**	(29,368)

Note 13: Contingent Assets and Liabilities

Quantifiable Contingencies

Quantifiable Contingent Assets

The Department has a quantifiable contingent asset as at 30 June 2015 of $.238m (2014: Nil).

Quantifiable Contingent Liabilities

Claims for damages and costs

The Schedule of Contingencies reports contingent liabilities in respect of claims for damages/costs of $4.630m (2014: $1.768m). The amount represents an estimate of the Department's liability based on precedent cases. The Department is defending the claims.

Guarantees

The Schedule of Contingencies reports a contingent liability in respect of claims for payments made for Price Disclosure Services of $5.000m(2014: $27.600m). This represents the maximum exposure to the Commonwealth in the event that the current contractor fails to deliver.

Unquantifiable Contingencies

Unquantifiable Contingent Assets

At 30 June 2015, the Department was involved in a number of litigation cases before the courts. The Department has been advised by its solicitors that it is not possible to quantify amounts relating to these cases. Therefore, in accordance with Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* , the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcomes of these cases.

Unquantifiable Contingent Liabilities

At 30 June 2015, the Department was involved in a number of litigation cases before the courts. The Department has been advised by its solicitors that it is not possible to quantify amounts relating to these cases. Therefore, in accordance with Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* , the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcomes of these cases.

The Department has provided an indemnity to its transactional bankers in relation to any claims made against the bank resulting from errors in the Department's payment files. There were no claims made during the year.

Significant Remote Contingencies

The Department did not have any significant remote contingencies in either reporting year.

Note 14: Senior Management Personnel Remuneration

	2015 $	2014 $
Short-term employee benefits:		
Salary	**22,647,935**	22,913,907
Performance bonuses	**-**	1,775,366
Allowances	**4,017,741**	3,650,027
Total short-term employee benefits	**26,665,676**	28,339,300
Post-employment benefits:		
Superannuation	**4,314,012**	4,108,462
Total post-employment benefits	**4,314,012**	4,108,462
Other long-term employee benefits:		
Annual leave	**2,191,540**	2,107,167
Long service leave	**963,072**	637,736
Total other long-term employee benefits	**3,154,612**	2,744,903
Termination benefits	**854,629**	1,077,330
Total senior executive remuneration expenses	**34,988,929**	36,269,995

Notes:

The total number of senior management personnel that are included in the above table is 164 (2014: 136) and represents the nominal positions for the current year. The current year number has been impacted by the number of transfers of SES positions which took place during the year. Average Staffing Levels (ASL) for the current year is 128 (2014: 130).

The 2014 comparatives have been restated to reflect the application of a revised definition for inclusion, relating to substantive SES positions.

Note 15: Financial Instruments

	2015 $'000	2014 $'000
Note 15A: Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**79,631**	82,992
Goods and services receivable	**14,706**	17,461
Accrued revenue	**257**	173
Total loans and receivables	**94,594**	100,626
Total financial assets	**94,594**	100,626
Financial Liabilities		
Financial Liabilities measured at amortised cost		
Trade creditors	**86,758**	89,200
Total financial liabilities measured at amortised cost	**86,758**	89,200
Total financial liabilities	**86,758**	89,200
Note 15B: Net income and expenses from financial instruments		
Loans and receivables:		
Impairment expense	**2,019**	2,522
Net expense from loans and receivables	**2,019**	2,522
Net expense from financial assets	**2,019**	2,522

There was no interest income from financial assets not at fair value through profit or loss in the year ending 2015. (2013-14: $NIL)

Department of Health

Notes to and forming part of the financial statements

Note 15: Financial Instruments

Note 15C: Credit risk

The Department was exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk was the risk that arises from potential default of a debtor. The amount was equal to the total amount of trade receivables $16,468,000 (2013-14: $21,094,000). The Department had assessed the risk of default on payment and had allocated $1,505,000 in 2015 (2013-14: $3,460,000) to an allowances for impairment account. The entity managed its credit risk by establishing policies and procedures with regard to debt management and recovery techniques that were to be applied.

The following table illustrates the Department's maximum exposure to credit risk, (excluding any collateral or credit enhancements).

	2015	2014
	$'000	$'000
Financial assets carried amount not best representing maximum exposure to credit risk		
Goods and services receivable	**16,211**	20,921
Accrued revenue	**257**	173
Total financial assets carried at amount not best representing maximum exposure to credit risk	**16,468**	21,094

The Department holds no collateral to mitigate against risk.

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	**Past due or impaired**	Past due or impaired
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables				
Goods and services receivable	**13,948**	15,183	**2,263**	5,738
Accrued revenue	**257**	173	**-**	-
Total	**14,205**	15,356	**2,263**	5,738

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loans and receivables					
Goods and services receivable	**543**	**70**	**36**	**109**	**758**
Accrued revenue	**-**	**-**	**-**	**-**	**-**
Total	**543**	**70**	**36**	**109**	**758**

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
Goods and services receivable	1,808	196	174	100	2,278
Accrued revenue	-	-	-	-	-
Total	1,808	196	174	100	2,278

Note 15: Financial Instruments

Note 15D: Liquidity risk

The Department's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with financial liabilities.

This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations. The Department has no prior experience of default.

Maturities for non-derivative financial liabilities 2015

	within 1 year	**between 1 to 2 years**	**Total**
	$'000	**$'000**	**$'000**
Other liabilities			
Trade creditors	**86,758**	**-**	**86,758**
Total	**86,758**	**-**	**86,758**

Maturities for non-derivative financial liabilities 2014

	within 1 year	between 1 to 2 years	Total
	$'000	$'000	$'000
Other liabilities			
Trade creditors	89,200	-	89,200
Total	89,200	-	89,200

The Department has no derivative financial liabilities in both the current and prior year.

Note 15E: Market risk

The Department's financial instruments are of a nature that does not expose the Department to certain market risks.
The Department is not exposed to 'currency risk' or 'other price risk'.
The Department has no interest bearing items on the Statement of Financial Position.

Department of Health

Notes to and forming part of the financial statements

Note 16: Financial Assets Reconciliation

	Notes	2015 $'000	2014 $'000
Total financial assets as per Statement of Financial Position		**205,905**	229,391
Less: non-financial instruments components			
GST receivable from the ATO	7B	**2,584**	1,367
Appropriations receivable	7B	**108,727**	127,398
Total non-financial instrument components		**111,311**	128,765
Total financial assets as per financial instruments note	15A	**94,594**	100,626

Note 17: Administered - Expenses

	2015 $'000	2014 $'000
Note 17A: Suppliers		
Goods and services supplied or rendered		
Consultants	**13,984**	19,051
Contract for services	**385,993**	336,792
Travel	**485**	380
Communications and publications	**24,776**	11,873
Committee related expenses	**1,450**	2,039
Other	**26,916**	31,716
Total goods and services supplied or rendered	**453,604**	401,851
Services rendered in connection with		
Related parties	**87,195**	56,569
External parties	**366,409**	345,282
Total services rendered	**453,604**	401,851
Total goods and services supplied or rendered	**453,604**	401,851
Note 17B: Subsidies		
Subsidies in connection with external parties		
Aged care	**-**	2,418,360
Medical indemnity	**83,920**	48,560
Mental health	**32,735**	31,681
Other	**10,048**	10,279
Total subsidies	**126,703**	2,508,880
Note 17C: Personal benefits		
Indirect		
Medical services	**20,470,868**	19,247,909
Pharmaceuticals and pharmaceutical services	**9,072,126**	9,122,535
Private health insurance	**5,804,467**	5,608,642
Primary care practice incentives	**228,069**	210,723
Hearing services	**443,628**	398,956
Targeted assistance	**441,984**	423,626
Other	**99,823**	162,273
Total personal benefits	**36,560,965**	35,174,664
Note 17D: Grants		
Public sector		
Australian government entities (related entities)	**672,200**	1,139,407
Health and hospital fund	**661,980**	492,034
Local governments	**-**	10,653
Private sector		
Profit and non-profit organisations	**4,000,865**	4,391,871
Health and hospital fund	**57,436**	132,981
Overseas	**19,730**	11,984
Total grants	**5,412,211**	6,178,930

Department of Health

Notes to and forming part of the financial statements

Note 17: Administered - Expenses

	2015 $'000	2014 $'000
Note 17E: Depreciation and amortisation		
Depreciation		
Buildings	**963**	833
Total depreciation	**963**	833
Amortisation		
Intangibles	**18,309**	18,309
Total amortisation	**18,309**	18,309
Total depreciation and amortisation	**19,272**	19,142
Note 17F: Write-down and impairment of assets		
Impairment on financial instruments	**626**	6,294
Write-off of inventories	**3,232**	7,420
Total write-down and impairment of assets	**3,858**	13,714
Note 17G: Payments to corporate Commonwealth entities		
Australian Institute of Health and Welfare	**15,800**	15,898
Food Standards Australia New Zealand	**17,479**	19,306
Australian Sports Commission	**267,568**	163,974
Total payments to corporate entities	**300,847**	199,178
Note 17H: Other expenses		
Act of Grace payments	**12**	-
Cost of inventory distributed	**5**	-
Transfers to Private Health Insurance Administration Council	**445,538**	431,024
Payments to Special Accounts	**5,345**	11,480
Total other expenses	**450,900**	442,504

Note 18: Administered - Income

	2015 $'000	2014 $'000
Revenue		
Taxation revenue		
Note 18A: Other taxes		
Medical indemnity levy	**14,744**	14,655
Other	**2,162**	2,162
Total other taxes	**16,906**	16,817
Non-taxation revenue		
Note 18B: Recoveries		
Medical and pharmaceutical benefits and health rebate schemes	**59,793**	117,962
High cost drug recoveries	**721,214**	508,646
Total recoveries	**781,007**	626,608
Note 18C: Other revenue		
Transfers from Private Health Insurance Administration Council	**445,538**	431,024
Health and hospital fund	**716,916**	625,015
Other	**212,601**	15,864
Total other revenue	**1,375,055**	1,071,903

Note 19: Administered - Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.
The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 19A: Fair value measurements, valuation techniques and inputs used

	Fair value measurements at the end of the reporting period			For Level 2 and 3 fair value measurements		
	2015	2014	**Category (Level 1, 2 or 3[2])**	**Valuation technique(s)**	**Inputs used**	**Range (weighted average)**
	$'000	$'000				
Financial assets[3]						
Other investments	**390,024**	524,830	Level 3	Net assets	Net assets position of each entity	(5%) - 5%
Total financial assets	**390,024**	524,830				
Non-financial assets[1]						
Land	**605**	605	Level 2	Market approach (price per square metre)	Adjusted market transactions	N/A
Land	**1,290**	1,290	Level 3	Market approach (price per square metre)	Adjusted market transactions	(10%) - 10%
Buildings	**677**	705	Level 2	Market approach	Adjusted market transactions	N/A
Buildings	**21,896**	22,831	Level 3	Depreciated Replacement Cost (DRC)	Replacement cost for a new asset, consumed economic benefit /obsolescence of the asset	4.0% - 1.5% (1.61%) per annum rate of obsolescence
Total non-financial assets	**24,468**	25,431				
Total fair value measurements of assets in the administered schedule of assets and liabilities	**414,492**	550,261				

Note 19: Administered - Fair Value Measurements

Note 19A: Fair value measurements, valuation techniques and inputs used (continued)

1. Fair value measurements - highest and best use differs from current use for non-financial assets (NFAs)
The highest and best use of all non-financial assets is the same as their current use.

2. Recurring and non-recurring Level 3 fair value measurements - valuation process
Land and Buildings - general
The Department engages an independent valuer to undertake valuations of Administered land and buildings. The Department tests the procedures of the valuation model as an internal management review at least once every 12 months, with a formal revaluation undertaken once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practical, regardless of the timing of the last specific valuation.

The Department procured services of the Australian Valuation Solutions Pty Ltd (AVS) to undertake a valuation of Administered land and buildings as at 30 June 2014. AVS provided written assurance to the Department that the valuation models developed are in compliance with AASB 13.

Land and buildings - Adjusted market transactions
The Department controls land and buildings assets situated in Latrobe, Tasmania. Reference was made to available sales evidence together with other relevant information related to local economic and property market conditions. Market transactions for the main hospital site and ancillary car parks (CP zoned) had been scarce, and the valuer has used significant professional judgement in determining the fair value measurements.

Buildings - Consumed economic benefit / Obsolescence of asset
Mersey Community Hospital is an asset that is held to provide health-related services to the Northern Region of Tasmania. Assets of this nature are not transacted with by market participants with sufficient frequency or transparency to develop objective opinions of value from observable market evidence. Therefore, value has been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence. Consumed economic benefit / asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

Other investments - Net assets
The value of investments is estimated annually on the basis of net asset position of each entity, as obtained from management accounts.

3. Recurring and non-recurring Level 3 fair value measurements - sensitivity analysis for financial assets and liabilities
Other investments - Net assets
Significant unobservable inputs used in the fair value measurement of other investments relate to the assets and liabilities reported in the management accounts of each entity. A significant increase / (decrease) in this input would result in a significantly lower / (higher) fair value measurement.

Note 19: Administered - Fair Value Measurements

Note 19B: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets				Non-financial assets			
	Other investments		Total		Land and buildings		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
As at 1 July	**524,830**	193,606	**524,830**	193,606	**24,121**	19,288	**24,121**	19,288
Total gains recognised in other comprehensive income	**-**	339,990	**-**	339,990	**-**	4,101	**-**	4,101
Total losses recognised in other comprehensive income[1]	**(134,806)**	(8,766)	**(134,806)**	(8,766)	**-**	-	**-**	-
Total gains recognised in net cost of services	**-**	-	**-**	-	**-**	1,538	**-**	1,538
Total losses recognised in net cost of services[2]	**-**	-	**-**	-	**(935)**	(806)	**(935)**	(806)
Total as at 30 June	**390,024**	524,830	**390,024**	524,830	**23,186**	24,121	**23,186**	24,121
Changes in unrealised gains/(losses) recognised in net cost of services for assets held at the end of the reporting period	**-**	-	**-**	-	**-**	-	**-**	-

1. Of the total losses recognised, $184.206m is the result of elimination of investments in HWA and GPET following the abolition of these agencies. The remainder is the result of revaluation of administered investments as at 30 June 2015. The full value of losses has been taken to the Administered Schedule of Comprehensive Income.

2. These losses are presented in the Administered Schedule of Comprehensive Income under depreciation and amortisation (Note 17E).

Note 20: Administered - Financial Assets

	2015 $'000	2014 $'000
Note 20A: Cash and cash equivalents		
Cash on hand or on deposit	**331,001**	1,288
Cash in special accounts	**5,647**	11,966
Total cash and cash equivalents	**336,648**	13,254
Note 20B: Personal benefits receivable		
Pharmaceutical benefits	**97,236**	133,722
Medicare benefits	**51,258**	49,320
Other personal benefits	**17**	89
Total personal benefits receivable	**148,511**	183,131
Note 20C: Trade and other receivables		
Goods and services receivables in connection with		
Related parties	**216**	403
External parties	**138,139**	154,771
Total goods and services receivables	**138,355**	155,174
These amounts represent receivables for		
Subsidies		
Medical indemnity	**11,187**	11,147
Other - recoveries and miscellaneous receivables	**127,168**	144,027
Total goods and services receivables	**138,355**	155,174
Other receivables		
GST receivable from the Australian Taxation Office	**41,171**	27,750
Total other receivables	**41,171**	27,750
Total trade and other receivables (gross)	**179,526**	182,924
Less impairment allowance		
Goods and services	**(7,675)**	(11,132)
Total impairment allowance	**(7,675)**	(11,132)
Total trade and other receivables (net)	**171,851**	171,792
All trade and other receivables (net) are expected to be recovered within 12 months.		
Trade and other receivables (gross) aged as follows		
Not overdue	**165,140**	158,692
Overdue by:		
0 to 30 days	**4,606**	13,327
31 to 60 days	**134**	63
61 to 90 days	**134**	85
More than 90 days	**9,512**	10,757
Total trade and other receivables (gross)	**179,526**	182,924

Department of Health

Notes to and forming part of the financial statements

Note 20: Administered - Financial Assets

	2015 $'000	2014 $'000
Impairment allowance is aged as follows		
Not overdue	-	-
Overdue by:		
0 to 30 days	-	(227)
31 to 60 days	-	(63)
61 to 90 days	-	(85)
More than 90 days	**(7,675)**	(10,757)
Total impairment allowance	**(7,675)**	(11,132)

Credit terms for goods and services were net 30 days (2014: 30 days).

Reconciliation of the Impairment Allowance

Movement in relation to 2015

	Goods and Services Receivable $'000	Total $'000
As at 1 July 2014	**(11,132)**	**(11,132)**
Amounts written off	**222**	**222**
Amounts recovered and reversed	**3,951**	**3,951**
Increase recognised in net cost of services	**(716)**	**(716)**
Total as at 30 June 2015	**(7,675)**	**(7,675)**

Movement in relation to 2014

	Goods and Services Receivable $'000	Total $'000
As at 1 July 2013	(25,524)	(25,524)
Amounts written off	209	209
Amounts recovered and reversed	269	269
Restructure	20,477	20,477
Increase recognised in net cost of services	(6,563)	(6,563)
Total as at 30 June 2014	(11,132)	(11,132)

Note 20D: Other investments

Equity interest - Australian Institute of Health and Welfare	(i)	**5,880**	4,861
Equity interest - Food Standards Australia New Zealand	(ii)	**7,592**	7,332
Equity interest - General Practice Education and Training Ltd	(iii)	**-**	25,068
Equity interest - Private Health Insurance Administration Council	(iv)	**2,774**	4,915
Equity interest - Health Workforce Australia	(v)	**-**	159,138
Equity interest - Australian Commission on Safety and Quality in Health Care	(vi)	**1,774**	1,300
Equity interest - Australian Sports Commission	(vii)	**315,108**	310,306
Equity interest - Australian Sports Foundation Ltd	(viii)	**15,889**	11,910
Equity interest - Independent Hospital Pricing Authority	(ix)	**17,500**	-
Equity interest - National Health Performance Authority	(x)	**23,507**	-
Total other investments		**390,024**	524,830

None of the investments are expected to be recovered within 12 months.

Note 20: Administered - Financial Assets

(i) Australian Institute of Health and Welfare informs community discussion and decision making through national leadership and collaboration in developing and providing health and welfare statistics and information. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(ii) Food 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. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(iii) General Practice Education and Training Ltd works to ensure general practice education and training meet the needs of communities, individuals and general practitioners across Australia. General Practice Education and Training Ltd was wound up during 2014-15 and its functions were assumed by the Department.

(iv) Private Health Insurance Administration Council regulates the financial performance of the private health industry, calculates the reinsurance pool, reviews pricing applications, registers health insurance organisations, and provides information relating to membership in private health insurance and the benefits paid by the industry. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(v) Health Workforce Australia aims to ensure that Australia has the health workforce necessary to meet future needs through integrated clinical training, workforce planning and reform. Health Workforce Australia was wound up during 2014-15 and its functions were assumed by the Department.

(vi) 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. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(vii) The Australian Sports Commission manages, develops and invests in sport at all levels. It works closely with a range of national sporting organisations, state and local governments, schools and community organisations to ensure sport is well run and accessible. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(viii) The Australian Sports Foundation Ltd assists sporting, community, educational and other government organisations to raise funds for the development of sports infrastructure. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(ix) Independent Hospital Pricing Authority was established on 1 July 2014 to contribute to significant reforms to improve Australian public hospitals. A major component of these reforms is the implementation of national Activity Based Funding (ABF) for Australian public hospitals. The implementation of ABF provides incentives for efficiency and increases transparency in the delivery and funding of public hospital services across Australia. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

(x) National Health Performance Authority was established on 1 July 2014 to monitor and report on the performance of local health care organisations including Local Hospital Networks, public and private hospitals, and primary health care organisations such as Medicare Locals and other organisations that provide health care services to the community. It provides nationally consistent, locally relevant and comparable information about Australia's health system to inform consumers, stimulate and inform improvements and increase transparency and accountability. The Department classifies this investment as 'available for sale' and it was measured at fair value as at 30 June 2015. Fair value has been taken to be the unaudited net assets of the entity as at the end of the reporting period.

Department of Health

Notes to and forming part of the financial statements

Note 21: Administered - Non-Financial Assets

Note 21A: Reconciliation of the opening and closing balances of land and buildings for 2015

	Land	Buildings	Total Land and Buildings
	$'000	$'000	$'000
As at 1 July 2014			
Gross book value	**1,895**	**23,536**	**25,431**
Total as at 1 July 2014	**1,895**	**23,536**	**25,431**
Depreciation	**-**	**(963)**	**(963)**
Total as at 30 June 2015	**1,895**	**22,573**	**24,468**
Total as at 30 June 2015 represented by			
Gross book value	**1,895**	**23,536**	**25,431**
Accumulated depreciation and impairment	**-**	**(963)**	**(963)**
Total as at 30 June 2015	**1,895**	**22,573**	**24,468**

No indications of impairment were found for land and buildings.

No land and buildings are expected to be sold or disposed of within the next 12 months.

Note 21A: Reconciliation of the opening and closing balances of land and buildings for 2014

	Land	Buildings	Total Land and Buildings
	$'000	$'000	$'000
As at 1 July 2013			
Gross book value	1,760	20,365	22,125
Accumulated depreciation and impairment	-	(1,665)	(1,665)
Total as at 1 July 2013	1,760	18,700	20,460
Revaluations and impairments recognised in other comprehensive income	135	4,131	4,266
Revaluations recognised in net cost of services	-	1,538	1,538
Depreciation	-	(833)	(833)
Total as at 30 June 2014	1,895	23,536	25,431
Total as at 30 June 2014 represented by			
Gross book value	1,895	23,536	25,431
Total as at 30 June 2014	1,895	23,536	25,431

Note 21: Administered - Non-Financial Assets

Note 21B: Reconciliation of the opening and closing balances of intangibles for 2015

	Computer software internally developed $'000	Total $'000
As at 1 July 2014		
Gross book value	**91,544**	**91,544**
Accumulated amortisation and impairment	**(36,618)**	**(36,618)**
Total as at 1 July 2014	**54,926**	**54,926**
Amortisation	**(18,309)**	**(18,309)**
Total as at 30 June 2015	**36,617**	**36,617**
Total as at 30 June 2015 represented by		
Gross book value	**91,544**	**91,544**
Accumulated amortisation and impairment	**(54,927)**	**(54,927)**
Total as at 30 June 2015	**36,617**	**36,617**

No indications of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 21B: Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed $'000	Total $'000
As at 1 July 2013		
Gross book value	91,544	91,544
Accumulated amortisation and impairment	(18,309)	(18,309)
Total as at 1 July 2013	73,235	73,235
Amortisation	(18,309)	(18,309)
Total as at 30 June 2014	54,926	54,926
Total as at 30 June 2014 represented by		
Gross book value	91,544	91,544
Accumulated amortisation and impairment	(36,618)	(36,618)
Total as at 30 June 2014	54,926	54,926

Department of Health

Notes to and forming part of the financial statements

Note 22: Administered - Payables

	2015 $'000	2014 $'000
Note 22A: Suppliers		
Trade creditors and accruals	**7,110**	10,189
Total suppliers	**7,110**	10,189
All suppliers payable are expected to be settled within 12 months.		
Suppliers in connection with		
Related parties	**2,947**	793
External parties	**4,163**	9,396
Total suppliers	**7,110**	10,189
Settlement is usually made within 30 days.		
Note 22B: Grants		
Public sector		
Australian Government entities (related entities)	**15,101**	6,968
Private sector		
Profit and non-profit organisations	**360,061**	269,969
Total grants	**375,162**	276,937
All grants payable are expected to be settled within 12 months.		
Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.		

Note 22: Administered - Provisions

	Notes	2015 $'000	2014 $'000
Note 22C: Subsidies - external parties			
Medical Indemnity provision			
Incurred But Not Reported Scheme	22D	**34,000**	41,000
High Cost Claims Scheme	22D	**300,000**	272,000
Run-Off Cover Scheme	22D	**79,000**	82,000
Total subsidies		**413,000**	395,000
Subsidies expected to be settled			
No more than 12 months		**51,363**	20,210
More than 12 months		**361,637**	374,790
Total subsidies		**413,000**	395,000
The reconciliation of this provison is disclosed in 22D.			

Note 22: Administered - Provisions

Note 22D: Medical Indemnity Provision

The table below provides a summary of the movement of medical indemnity provisions in the Department's Schedule of Administered Items for the financial year ended 30 June 2015.

	Balance as at 30 June 2014	Claims paid	Administered Statement of Comprehensive Income Impact	Balance as at 30 June 2015
	$'000	$'000	$'000	$'000
Medical Indemnity Liabilities				
Incurred But Not Reported Scheme	**41,000**	**(2,259)**	**(4,741)**	**34,000**
High Cost Claims Scheme	**272,000**	**(47,182)**	**75,182**	**300,000**
Run-Off Cover Scheme	**82,000**	**(7,432)**	**4,432**	**79,000**
Total	**395,000**	**(56,873)**	**74,873**	**413,000**

Medical Indemnity is administered by the Department under the *Medical Indemnity Act 2002* and the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010* . The Department administers the following medical indemnity schemes:

- Incurred But Not Reported Scheme (IBNRS);
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS);
- Run-Off Cover Scheme (ROCS);
- Premium Support Scheme (PSS);
- Midwife Professional Indemnity (Commonwealth Contribution) Scheme (MPIS); and
- Midwife Professional Indemnity Run-off Cover Scheme (MPIRCS).

In accordance with Note 1.4 a liability can only be recognised for IBNRS, HCCS and ROCS.
A summary of each of the schemes is provided below:

Incurred But Not Reported Scheme (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.

High Cost Claims Scheme (HCCS)

Under HCCS, the Government pays 50% of the cost of claims made to all Medical Indemnity Insurers (MIIs) that exceed a specified threshold, up to the limit of the practitioner's insurance. The threshold to be applied depends on the date of notification of the claim, as follows:

- from 1 January 2003 to 21 October 2003 - $2m;
- from 22 October 2003 to 31 December 2003 - $0.500m; and
- on or after 1 January 2004 - $0.300m.

Exceptional Claims Scheme (ECS)

The ECS provides coverage for practitioners for the cost of medical indemnity claims that exceed the limit of their contract of insurance. To be covered by the ECS, the practitioner must have medical indemnity insurance cover to at least $15m for the period 1 January to 30 June 2003 and $20m from 1 July 2003.

Run-Off Cover Scheme (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 MIIs.

Premium Support Scheme (PSS)

The PSS helps eligible doctors with the costs of their medical indemnity insurance. Under this scheme, if a doctor's gross medical indemnity costs exceed 7.5% of his or her gross private medical income, he or she will receive a subsidy towards the cost of the premium beyond that threshold limit.

Midwife Professional Indemnity (Commonwealth Contribution) Scheme (MPIS)

Under this scheme, Medical Insurance Australia Pty Ltd (MIGA) is reimbursed for part of the costs of claims notified to MIGA on or after 1 July 2010. MIGA will pay the first $0.100m of each eligible claim, plus 20 cents in the dollar for claims costs between $0.100m and $2m. The Government will contribute the remaining 80 cents in the dollar for claims costs between $0.100m and $2m (i.e. Level 1 Commonwealth contributions) and will meet 100% of that part of the cost of any claim which exceeds the $2m threshold (i.e. Level 2 Commonwealth contributions).

Midwife Professional Indemnity Run-off Scheme (MPI ROCS)

Under this scheme, MIGA is fully reimbursed for the costs of claims made by midwives who have ceased practice. The MPI ROCS applies to claims (including incidents) notified to MIGA on or after 1 July 2010 by midwives.

Department of Health

Notes to and forming part of the financial statements

Note 23: Administered - Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Administered Cash Flow Statement	**336,648**	13,254
Administered Schedule of Assets and Liabilities	**336,648**	13,254
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash used by operating activities		
Net cost of services	**(41,155,392)**	(43,222,430)
Adjustment for non-cash items		
Depreciation and amortisation	**19,272**	19,142
Net write-down of assets	**3,858**	13,714
Asset revaluations taken to the net cost of services	**-**	(1,538)
Inventory adjustments	**5**	-
Foreign exchange losses (net)	**-**	2
Movements in assets and liabilities		
Assets		
Decrease/(increase) in net receivables	**34,419**	87,906
Decrease/(increase) in inventories	**(5,373)**	(19,136)
Liabilities		
Increase/(decrease) in suppliers payable	**(3,082)**	(34,782)
Increase/(decrease) in subsidies payable	**74**	14,447
Increase/(decrease) in personal benefits payable	**64,363**	3,406
Increase/(decrease) in grants payable	**98,225**	(74,781)
Increase/(decrease) in subsidies provision	**18,000**	3,000
Increase/(decrease) in personal benefits provision	**(15,803)**	(37,237)
Net cash used by operating activities	**(40,941,434)**	(43,248,287)

Note 24: Administered - Contingent Assets and Liabilities

Contingent Assets

There were no quantifiable administered contingent assets as at 30 June 2015 (2014: Nil).

	Indemnities		Claims for costs		Aged Care Accommodation Bond Guarantee Scheme		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Contingent liabilities								
Balance from previous period	**53,000**	48,000	**263**	167	**-**	27,000	**53,263**	75,167
New contingent liabilities recognised	**-**	-	**50**	164	**-**	-	**50**	164
Re-measurement	**(1,000)**	5,000	**-**	-	**-**	-	**(1,000)**	5,000
Liabilities recognised	**-**	-	**(4)**	(4)	**-**	-	**(4)**	(4)
Obligations expired	**-**	-	**(228)**	(64)	**-**	-	**(228)**	(64)
Restructure	**-**	-	**-**	-	**-**	(27,000)	**-**	(27,000)
Total contingent liabilities	**52,000**	53,000	**81**	263	**-**	-	**52,081**	53,263
Net contingent liabilities	**52,000**	53,000	**81**	263	**-**	-	**52,081**	53,263

Department of Health

Notes to and forming part of the financial statements

Note 24: Administered - Contingent Assets and Liabilities

Quantifiable Contingent Liabilities

Indemnities
The above table reports a contingent liability in respect of medical indemnity payments under the High Cost Claims Scheme of up to $52m (2014: $53m).

Claims for Costs
The table also reports a contingent liability in respect of claims for costs payments related to medical benefits of up to $0.081m (2014: $0.263m).

Unquantifiable Contingent Assets

Compensation from Sanofi
The Department has initiated legal action to seek compensation from Sanofi, the original patent owner of clopidogrel (Plavix®), for additional costs to the Pharmaceutical Benefits Scheme (PBS) resulting from a delay in listing a generic version of clopidogrel. Listing a generic form of clopidogrel on the Australian market in 2008 would have triggered an automatic reduction to the price paid by the Government for clopidogrel through the PBS and is likely to have resulted in a Price Disclosure reduction in 2010. The first generic version of this medicine was listed in 2010 and the first Price Disclosure reduction occurred in 2012.

Compensation from Wyeth
The Department has initiated legal action to seek compensation from Wyeth, the original patent owner of venlafaxine (Efexor®), for additional costs to the Pharmaceutical Benefits Scheme (PBS) resulting from a delay in listing a generic version of venlafaxine. Listing a generic form of venlafaxine on the Australian market in 2009 would have triggered an automatic reduction to the price paid by the Government for venlafaxine through the PBS. The first generic version of this medicine was listed in 2012.

Unquantifiable Contingent Liabilities

Tobacco plain packaging litigation
The Australian Government will continue to fund the defence of legal challenges to the tobacco plain packaging legislation in international forums. Further information about these cases has not been disclosed on the grounds that it may prejudice the outcomes of these cases or may relate to commercial information.

Diagnostic Products Agreement
The Australian Government has provided an indemnity to a review of certain matters in relation to the Diagnostics Products Agreement. The indemnity provides certain specified members of the review the same level of indemnity as Australian Government officers for the purpose of the review. For the period ended 30 June 2015 no claims have been made (2014: Nil).

Medical Indemnity
DHS delivers the Incurred But Not Reported Scheme (IBNRS) on behalf of the Australian Government. Eligibility for claim payments under this scheme is dependent on whether the Medical Indemnity Insurer (MII) is deemed to be a participating Medical Defence Organisation under the *Medical Indemnity Act 2002* and the *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010* .

DHS also delivers the Exceptional Claims Scheme (ECS) on behalf of the Australian Government. Under this scheme, the Australian Government will be liable for the cost of medical indemnity claims that exceed certain thresholds. The Consolidated Revenue Fund is appropriated to make payments under this scheme. To be covered by the ECS, practitioners must have medical indemnity insurance cover to at least a threshold of $15m for claims arising from incidents notified between 1 January to 30 June 2003 and $20m for claims notified from 1 July 2003. At 30 June 2015, the Department had received no notification of any incidents that would give rise to claims under this scheme. However, the nature of these claims is such that there is usually an extended period between the date of the medical incident and notification to the insurer. For the period ended 30 June 2015 no claims have been made or notified (2014: Nil).

CSL Ltd
Under existing agreements, the Australian Government has indemnified CSL Ltd for certain existing and potential claims made for personal injury, loss or damage suffered through therapeutic and diagnostic use of certain products manufactured by CSL Ltd. For the period ended 30 June 2015 no claims have been made (2014: Nil).

The Australian Government has indemnified CSL Ltd for a specific range of events that occurred during the Plasma Fractionation Agreement from 1 January 1994 to 31 December 2004, where alternative cover was not arranged by CSL Ltd. For the period ended 30 June 2015 no claims have been made (2014: Nil).

Note 24: Administered - Contingent Assets and Liabilities

Australian Red Cross Blood Service
The Deed of Agreement between the Commonwealth and the Australian Red Cross Society (ARCS) and the National Blood Authority (NBA) in relation to the operations of the Blood Service, includes certain indemnities and limited liability in favour of ARCS. These cover a defined set of potential business, product and employee risks and liabilities arising from the operation of the Blood Service. The indemnities and limitation of liability only operate in the event of the expiry and non-renewal, or the early termination of the Deed, and only within a certain scope. They are also subject to appropriate limitations and conditions including in relation to mitigation, contributory fault, and the process of handling relevant claims.

Under certain conditions the Australian Government, States and Territories jointly provide indemnity for the Blood Service through a cost-sharing arrangement in relation to the National Managed Fund claims, both current and potential, regarding personal injury and loss or damages suffered by a recipient of certain blood and blood products where other available mitigation or cover is not available. Under a Memorandum of Understanding between governments and the Blood Service, the blood and blood products liability cover for the Blood Service remains in force until all parties agree to terminate the arrangements from an agreed date.

For the period ended 30 June 2015 no claims have been made (2014:Nil).

Vaccines
Under certain conditions the Australian Government has provided an indemnity for the supply of certain vaccines to the suppliers of the vaccines. A range of contracts are in place, expiring at various dates during 2015-16 and beyond. However, until replacement stock is sourced the contingent liability for use of the vaccine currently held remains with the Commonwealth. For the period ended 30 June 2015 no claims have been made (2014: Nil).

Human Pituitary Hormone Program
Under certain conditions the Australian Government has provided indemnity for the supply of growth hormones manufactured from human pituitary glands and human pituitary gonadotrophin manufactured before 31 December 1985. For the period ended 30 June 2015 no claims have been made (2014: Nil).

The Australian Medical Association
This is an agreement between the Australian Medical Association Ltd (AMA), the Commonwealth, Australian Private Hospitals Association Ltd and Private Healthcare Australia for participation in and support of the Private Mental Health Alliance. In respect of identified information collected, held or exchanged by the parties in connection with the National Model for the Collection and Analysis of a Minimum Data Set with Outcome Measures in Private, Hospital-based Psychiatric Services each party has agreed to indemnify each other in respect of any loss, liability, cost, claim or expense, misuse of Confidential Information or breach of the Privacy Act. The AMA's liability to indemnify the other parties will be reduced proportionally to the extent that any unlawful or negligent act or omission of the other parties or their employees or agents contributed to the loss or damage. For the period ended 30 June 2015 no claims have been made (2014: Nil).

Medicare Locals
Due to the Government's commitment to cease all Commonwealth funding to Medicare Locals from 30 June 2015 the Commonwealth is terminating the Medicare Locals Deed for Funding and Program Schedules under clause 22.1 (i). The Commonwealth is therefore liable for any reasonable costs incurred by Medicare Locals which are directly attributable to the termination. Some funds are also expected to be recovered from a number of sites as a result of the termination, which would partially offset the liability. Neither costs nor potential recoveries can be estimated at present.

Asian Football Confederation Cup
The Australian Government has agreed to pay a percentage of any amount payable by a State beyond an agreed threshold for hosting the Asian Football Confederation Cup 2015, given by that State under or in connection with the Competition Agreement.

2018 Commonwealth Games
The Australian Government has provided guarantees in support of the Gold Coast bid to host the 2018 Commonwealth Games.

Significant Remote Contingencies
The Department did not have any significant remote contingencies this year or prior year.

Department of Health

Notes to and forming part of the financial statements

Note 25: Administered - Financial Instruments

	2015 $'000	2014 $'000
Note 25A: Categories of financial instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**336,648**	13,254
Personal benefits receivable	**121,996**	129,284
Goods and services receivable	**119,493**	132,895
Total loans and receivables	**578,137**	275,433
Available-for-sale financial assets		
Equity interest - Australian Institute of Health and Welfare	**5,880**	4,861
Equity interest - Food Standards Australia New Zealand	**7,592**	7,332
Equity interest - General Practice Education and Training Ltd	**-**	25,068
Equity interest - Private Health Insurance Administration Council	**2,774**	4,915
Equity interest - Health Workforce Australia	**-**	159,138
Equity interest - Australian Commission on Safety and Quality in Health Care	**1,774**	1,300
Equity interest - Australian Sports Commission	**315,108**	310,306
Equity interest - Australian Sports Foundation Ltd	**15,889**	11,910
Equity interest - Independent Hospital Pricing Authority	**17,500**	-
Equity interest - National Health Performance Authority	**23,507**	-
Total available-for-sale financial assets	**390,024**	524,830
Total financial assets	**968,161**	800,263
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**7,110**	10,189
Grants payable	**375,162**	276,937
Total financial liabilities measured at amortised cost	**382,272**	287,126
Total financial liabilities	**382,272**	287,126
Note 25B: Net gains or losses on financial assets		
Loans and receivables		
Interest revenue	**-**	1,107
Impairment	**(626)**	(6,294)
Net losses on loans and receivables	**(626)**	(5,187)
Net losses on financial assets	**(626)**	(5,187)
Note 25C: Net gains or losses on financial liabilities		
Financial liabilities measured at amortised cost		
Exchange loss	**-**	(2)
Net losses on financial liabilities measured at amortised cost	**-**	(2)
Net losses on financial liabilities	**-**	(2)

Note 25: Administered - Financial Instruments

Note 25D: Credit risk

The Administered activities of the Department are not exposed to a high level of credit risk as the majority of financial assets were goods and services receivables and shares in Government controlled and funded entities. The Department has policies and procedures that outline the debt recovery techniques to be applied. The Department has assessed the risk of default on payment and has allocated $7.675m in 2015 (2014: $11.132m) to an impairment allowance account for 'Goods and services receivables'. The Department held no collateral to mitigate against credit risk.

Maximum exposure to credit risk

	2015	2014
	$'000	$'000
Financial assets carried at amount not best representing maximum exposure to credit risk		
Personal benefits receivable	**121,996**	129,284
Goods and services receivable	**127,168**	144,027
Equity interest - Australian Institute of Health and Welfare	**5,880**	4,861
Equity interest - Food Standards Australia New Zealand	**7,592**	7,332
Equity interest - General Practice Education and Training Ltd	**-**	25,068
Equity interest - Private Health Insurance Administration Council	**2,774**	4,915
Equity interest - Health Workforce Australia	**-**	159,138
Equity interest - Australian Commission on Safety and Quality in Health Care	**1,774**	1,300
Equity interest - Australian Sports Commission	**315,108**	310,306
Equity interest - Australian Sports Foundation Ltd	**15,889**	11,910
Equity interest - Independent Hospital Pricing Authority	**17,500**	-
Equity interest - National Health Performance Authority	**23,507**	-
Total	**639,188**	798,141

Note 25: Administered - Financial Instruments

Note 25D (Continued): Credit risk

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2015 $'000	Not past due nor impaired 2014 $'000	**Past due or impaired 2015 $'000**	Past due or impaired 2014 $'000
Personal benefits receivable	**121,996**	129,284	**-**	-
Goods and services receivable	**112,782**	119,795	**14,386**	24,232
Equity interest - Australian Institute of Health and Welfare	**5,880**	4,861	**-**	-
Equity interest - Food Standards Australia New Zealand	**7,592**	7,332	**-**	-
Equity interest - General Practice Education and Training Ltd	**-**	25,068	**-**	-
Equity interest - Private Health Insurance Administration Council	**2,774**	4,915	**-**	-
Equity interest - Health Workforce Australia	**-**	159,138	**-**	-
Equity interest - Australian Commission on Safety and Quality in Health Care	**1,774**	1,300	**-**	-
Equity interest - Australian Sports Commission	**315,108**	310,306	**-**	-
Equity interest - Australian Sports Foundation Ltd	**15,889**	11,910	**-**	-
Equity interest - Independent Hospital Pricing Authority	**17,500**	-	**-**	-
Equity interest - National Health Performance Authority	**23,507**	-	**-**	-
Total	**624,802**	773,909	**14,386**	24,232

Ageing of financial assets that were past due but not impaired in 2015

	0 to 30 days $'000	**31 to 60 days $'000**	**61 to 90 days $'000**	**90+ days $'000**	**Total $'000**
Goods and services receivable	**4,606**	**134**	**134**	**1,837**	**6,711**
Total	**4,606**	**134**	**134**	**1,837**	**6,711**

Ageing of financial assets that were past due but not impaired in 2014

	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Goods and services receivable	13,100	-	-	-	13,100
Total	13,100	-	-	-	13,100

Note 25: Administered - Financial Instruments

Note 25E: Liquidity risk

The Department's administered financial liabilities are suppliers payable and grants payable. The exposure to liquidity risk is based on the notion that the Department will encounter difficulty in meeting its obligations associated with its administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Department (e.g. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations. The Department has no past experience of default.

Maturities for non-derivative financial liabilities in 2015

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade creditors	-	7,110	-	-	-	7,110
Grants payable	-	375,162	-	-	-	375,162
Total	-	382,272	-	-	-	382,272

Maturities for non-derivative financial liabilities in 2014

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade creditors	-	10,189	-	-	-	10,189
Grants payable	-	276,937	-	-	-	276,937
Total	-	287,126	-	-	-	287,126

The Department had no derivative financial liabilities in both the current and prior financial year.

Note 25F: Market risk

The Department holds financial instruments that are of a nature that do not expose the Department to certain market risks.

The Department is not exposed to ‘currency risk’ or 'other price risk'.

The Department has no interest bearing items on the Administered Schedule of Assets and Liabilities.

Department of Health

Notes to and forming part of the financial statements

Note 26: Administered - Financial Assets Reconciliation

	Notes	2015 $'000	2014 $'000
Total financial assets as per administered schedule of assets and liabilities		**1,047,034**	893,007
Less: non-financial instrument components			
GST receivable from the Australian Taxation Office	20C	**41,171**	27,750
Subsidies receivable	20C	**11,187**	11,147
Personal benefits receivable (statutory component)	20B	**26,515**	53,847
Total non-financial instrument components		**78,873**	92,744
Total financial assets as per administered financial instruments note		**968,161**	800,263

Note 27A: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2015 Appropriations							
	Appropriation Act		*PGPA Act*					
	Annual appropriation[1] $'000	AFM $'000	Section 74 $'000	Section 75 $'000	Total appropriation $'000	Appropriation applied in 2015 (current and prior years) $'000	Variance[2] $'000	Section 51 determinations[4] $'000
DEPARTMENTAL								
Ordinary annual services	486,349	-	50,746	-	537,095	546,682	(9,587)	-
Other services								
Equity	8,820	-	-	-	8,820	15,757	(6,937)	-
Total departmental	495,169	-	50,746	-	545,915	562,439	(16,524)	-
ADMINISTERED								
Ordinary annual services								
Administered items	5,837,790	-	44,248	-	5,882,038	5,385,625	496,413	(46,699)
Payments to corporate Commonwealth entities	299,363	-	-	-	299,363	299,347	16	-
Other services								
Administered assets and liabilities	5,682	-	-	-	5,682	3,713	1,969	-
Payments to corporate Commonwealth entities	1,500	-	-	-	1,500	1,500	-	-
Total administered	6,144,335	-	44,248	-	6,188,583	5,690,185	498,398	(46,699)

1. There were no amounts temporarily quarantined from 2015 departmental appropriations. In administered a total of $44,800,000 has been temporarily quarantined against 2015 ordinary annual services appropriations. These amounts have been disclosed as available in Note 27A, Table C.

2. The variance of $9,587,000 for departmental annual services primarily represents the timing difference of payments to suppliers or employees. The variance of $6,937,000 for departmental equity primarily represents the timing difference of payments on asset acquisition. The administered ordinary annual services items variance of $496,413,000 relates to the difference in 2013-14 and 2014-15 formal reductions (the former section 11 of the Appropriation Acts). The administered other services assets and liabilities variance of $1,969,000 relates to funding for the National Medical Stockpile.

3. DHS spent money from the CRF on behalf of the Department of Health under drawing rights. The money spent has been included in the table above.

4. An amount of $436,000 was permanently reduced under section 51 of the *PGPA Act* in July 2015. This reduction has not been recorded in the Appropriations Note, as this amount was legally available as at 30 June 2015. This amount has not been included in either the appropriation revenue or appropriations receivable in the primary statements.

Note 27A: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2014 Appropriations								
	Appropriation Act			*FMA Act*					
	Annual appropriation $'000	Appropriations reduced[1] $'000	AFM[2] $'000	Section 30 $'000	Section 31 $'000	Section 32[3] $'000	Total appropriation $'000	Appropriation applied in 2014 (current and prior years) $'000	Variance[4] $'000
DEPARTMENTAL									
Ordinary annual services	655,912	-	-	-	57,133	(72,163)	640,882	633,543	7,339
Other services									
Equity	28,912	-	-	-	-	(13,782)	15,130	27,385	(12,255)
Total departmental	684,824	-	-	-	57,133	(85,945)	656,012	660,928	(4,916)
ADMINISTERED									
Ordinary annual services									
Administered items	7,996,306	(508,842)	-	22,996	-	(1,427,960)	6,082,500	6,193,723	(111,223)
Payments to CAC Act bodies	199,178	-	-	-	-	-	199,178	199,178	-
Other services									
State, ACT, NT and Local government	11,058	(405)	-	-	-	-	10,653	11,053	(400)
Administered assets and liabilities	16,579	-	-	-	-	-	16,579	28,346	(11,767)
Total administered	8,223,121	(509,247)	-	22,996	-	(1,427,960)	6,308,910	6,432,300	(123,390)

1. Appropriations reduced under Appropriation Acts (Nos. 1 & 3) 2013-14: sections 10, 11, 12 and 15 and under Appropriation Acts (Nos. 2 & 4) 2013-14: sections 12, 13, 14 and 17. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014, there was no reduction in departmental appropriations for ordinary annual services. As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1, 3 & 5) 2013-14 and section 12 of Appropriation Acts (Nos. 2, 4 & 6) 2013-14, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

2. The following was transferred to DSS: Appropriation Act 1 administered ordinary services $1,436,571,491. Additionally, $8,611,000 was transferred to Appropriation Act 1 administered ordinary services from DRALGAS. In departmental, the following was transferred to DSS: $69,670,000 from Appropriation Act 1 departmental ordinary services, $2,493,000 from Appropriation Act 1 departmental capital budget, and $13,782,000 from Appropriation Act 2 departmental equity.

3. The variance of $7,339,000 for departmental annual services primarily represents the timing difference of payments to suppliers or employees. The variance of $12,255,000 for departmental equity primarily represents the timing difference of payments on asset acquisition. The administered ordinary annual services items variance of $111,223,000 relates to the difference in 2012-13 and 2013-14 section 11 retention amounts. The administered other services specific payments to States, ACT, NT and Local Governments variance of $400,000 is due to the value 2012-13 grant accruals paid during 2013-14. The administered other services assets and liabilities variance of $11,767,000 relates to funding for the National Medical Stockpile.

4. DHS spent money from the CRF on behalf of the Department of Health under drawing rights. The money spent has been included in the table above.

Note 27A: Appropriations

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

	2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (current and prior years)			
	Appropriation Act	*PGPA Act*					
	Annual Capital Budget $'000	**Section 75 $'000**	**Total Capital Budget Appropriations $'000**	**Payments for non-financial assets[2] $'000**	**Payments for other purposes $'000**	**Total payments $'000**	**Variance[3] $'000**
DEPARTMENTAL							
Ordinary annual services - Departmental Capital Budget[1]	**6,028**	**-**	**6,028**	**2,211**	**-**	**2,211**	**3,817**

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3). They form part of ordinary annual services and are not separately identified in Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Payments made on non-financial assets include purchases of assets, expenditure on assets which have been capitalised, costs incurred to make good an asset to its original condition and the capital repayment component of finance leases.
3. The variance of $3,817,000 for departmental ordinary annual services departmental capital budget primarily represents the timing difference of payments on asset acquisition.

	2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (current and prior years)			
	Appropriation Act		*FMA Act*					
	Annual Capital Budget $'000	Appropriations reduced[2] $'000	Section 32 $'000	Total Capital Budget Appropriations $'000	Payments for non-financial assets[3] $'000	Payments for other purposes $'000	Total payments $'000	Variance $'000
DEPARTMENTAL								
Ordinary annual services - Departmental Capital Budget[1]	9,057	-	(2,493)	6,564	4,249	2,056	6,305	259

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1, 3). They form part of ordinary annual services and are not separately identified in Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1, 3) 2013-14: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which have been capitalised, costs incurred to make good an asset to its original condition and the capital repayment component of finance leases.

Department of Health

Notes to and forming part of the financial statements

Note 27A: Appropriations

Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015 $'000	2014 $'000
DEPARTMENTAL		
Appropriation Act (No. 5) 2011-12	-	3,773
Appropriation Act (No. 2) 2012-13	**2,919**	24,679
Appropriation Act (No. 1) 2013-14	-	69,376
Appropriation Act (No. 1) 2013-14 - Cash at Bank	-	1,546
Appropriation Act (No. 1) 2013-14 - Departmental Capital Budget (DCB)	**871**	1,524
Appropriation Act (No. 2) 2013-14	**1,780**	4,939
Appropriation Act (No. 3) 2013-14	-	9,702
Appropriation Act (No. 3) 2013-14 - Departmental Capital Budget (DCB)	**585**	585
Appropriation Act (No. 4) 2013-14	**2,444**	2,735
Appropriation Act (No. 5) 2013-14	-	10,085
Appropriation Act (No. 1) 2014-15[4]	**86,922**	-
Appropriation Act (No. 1) 2014-15 - Cash at Bank[1]	**762**	-
Appropriation Act (No. 1) 2014-15 - Departmental Capital Budget (DCB)	**4,466**	-
Appropriation Act (No. 2) 2014-15	**2,530**	-
Appropriation Act (No. 3) 2014-15	**6,646**	-
Total departmental	**109,925**	128,944
ADMINISTERED		
Appropriation Act (No. 6) 2011-12	-	3,214
Appropriation Act (No. 1) 2012-13[2]	**3,323**	3,323
Appropriation Act (No. 1) 2013-14	**26,391**	742,760
Appropriation Act (No. 2) 2013-14	**14,226**	16,579
Appropriation Act (No. 2) 2013-14 - SPP	-	405
Appropriation Act (No. 3) 2013-14	-	69,171
Appropriation Act (No. 5) 2013-14	-	970
Appropriation Act (No. 1) 2014-15[3,4]	**721,216**	-
Appropriation Act (No. 2) 2014-15	**4,322**	-
Appropriation Act (No. 3) 2014-15	**6,168**	-
Total administered	**775,646**	836,422

[1] Cash at bank mainly relates to deposits made on 30 June that are subject to Section 74 of the *PGPA Act* (annotated Appropriation Act 1).

[2] This balance includes a temporarily quarantined amount of $1,847,305.47.

[3] This balance includes a temporarily quarantined amount of $44,800,000.00.

[4] These balances include amounts permanently quarantined under section 51 of the *PGPA Act* . In 2014-15 such amounts were $436,000 in departmental and $46,698,832.16 in administered. These amounts were not included in either appropriation revenue or appropriations receivable in the face statements.

Note 27A: Appropriations

Table D: Special Appropriations Applied ('Recoverable GST exclusive')

			Appropriation applied	
			2015	2014
Authority	**Type**	**Purpose**	**$'000**	$'000
Aged Care Act 1997, Administered	Unlimited Amount	- to provide for the Commonwealth to give financial support for the provision of aged care.	**-**	2,435,187
Health Insurance Act 1973, Administered	Unlimited Amount	- an Act providing for payments by way of medical benefits and payments for hospital services and for other purposes.	**20,160,432**	19,136,982
National Health Act 1953, Administered	Unlimited Amount	- an Act relating to the provision of pharmaceutical, sickness and hospital benefits and of medical and dental services.	**9,989,313**	10,207,388
Medical Indemnity Act 2002, Administered	Unlimited Amount	- to provide Commonwealth funding to assist medical practitioners in obtaining affordable and secure medical indemnity cover.	**66,001**	51,701
Private Health Insurance Act 2007, Administered	Unlimited Amount	- to enable payments of Government funds to be made to people who claim the Government rebate on private health insurance.	**5,783,998**	5,583,416
Dental Benefits Act 2008, Administered	Unlimited Amount	- sets up a framework for provision of dental benefits.	**311,647**	159,377
Private Health Insurance Act 2007, Administered	Unlimited Amount	- shares the cost of claims within the private health insurance industry.	**440,874**	424,434
Private Health Insurance Act 2007, Administered	Unlimited Amount	- levies private health insurance to meet general operating costs of PHIAC	**4,664**	6,590
Health and Other Services (Compensation) Act 1995, Administered	Unlimited Amount	- an Act relating to the consequences of certain compensation payments.	**-**	**-**
Medical Indemnity Agreement (Financial Assistance - Binding Commonwealth Obligations) Act 2002, Administered	Unlimited Amount	- an Act about binding Commonwealth obligations to provide financial assistance under indemnity agreements relating to Australasian Medical Insurance Limited and United Medical Protection Limited.	**-**	**-**
Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010, Administered	Unlimited Amount	- an Act to make provision in relation to professional indemnity cover for certain midwives, and for related purposes.	**-**	**-**
Financial Management and Accountability Act 1997 s.28(2), Administered	Refund	- to provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	**-**	97
Public Governance, Performance and Accountability Act 2013 s.77, Administered	Refund	- to provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	**737**	-
Total special appropriations applied			**36,757,666**	38,005,172

DHS drew money from the CRF on behalf of the Department against the following special appropriations:

Health Insurance Act 1973;
National Health Act 1953;
Medical Indemnity Act 2002;
Dental Benefits Act 2008; and
Private Health Insurance Act 2007.

Department of Health

Notes to and forming part of the financial statements

Note 27A: Appropriations

Table E: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Social Services
2015	**$'000**
Total receipts	**4,992**
Total payments	**(4,992)**

	Department of Social Services
2014	$'000
Total receipts	8,380
Total payments	(8,380)

The Department made wage supplementation payments from the Social and Community Services Pay Equity Special Account administered by the Department of Social Services (DSS) to the eligible social and community services workers during 2015 and 2014.

Note 27B: Compliance with Statutory Requirements for Payments from the Consolidated Revenue Fund

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. Approximately 430 million payments totalling around $37 billion each year are authorised against Special Appropriations by the Department in accordance with a range of frequently complex legislation. Most of the payments are administered by the DHS under the Medicare program, on behalf of the Department. In the vast majority of cases DHS relies on information or estimates provided by customers and medical providers to calculate and pay entitlements. Despite future payments being adjusted to recover any overpayment, a breach of section 83 could nevertheless result. In addition, simple administrative errors can also 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 the legislation governing these payments, the risk of a section 83 breach cannot be fully mitigated. However, the reported section 83 breaches represent only a very small portion of payments, both in number and in value, and the Department is committed to implementing measures to ensure that 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. This approach is reviewed annually. During 2014-15, the Department:

- reviewed legislation (including administrative processes) enacted since 1 July 2013 that creates or modifies payment eligibility as to whether processes are in place to minimise the risk of breaches of section 83;
- received assurance from DHS that action has been undertaken to detect and prevent any potential breaches of section 83;
- continued its ongoing reviews of special accounts by internal audit as part of its rolling compliance program;
- obtained legal advice, as appropriate, to resolve questions of potential non-compliance; and
- identified legislative/procedural changes to reduce the risk of non-compliance in the future.

Special Accounts

Currently the Department has eight Special Accounts, as per Note 28. Seven are assessed as low risk and one, the Sport and Recreation Special Account, is assessed as medium risk for non-compliance with section 83.

One payment of $66 was made in error to a general practice from the Australian Childhood Immunisation Register Special Account. The over payment was identified by the general practice and returned. However, the overpayment is a potential breach of section 83.

Special Appropriations

The Department administers 13 pieces of legislation, as disclosed in Note 27A Table D, as having Special Appropriations involving statutory requirements for payments. Of these legislations, some payments under the following legislation have been identified as having either actual or potential breaches of section 83 of the constitution.

Health Insurance Act 1973

In 2014-15, there were 397 cases of non-compliance under the Chronic Disease Dental Scheme (CDDS) totalling $58,212,817.20.

These breaches have been confirmed by the Australian Government Solicitor (AGS) and the related debts have been waived on the basis that it would be inequitable to recover the debts owed by various patients and providers of medical services, as they received the payments in good faith and would have been eligible for the benefit had the intended amendments to the legislation been correctly implemented.

Corrective action involving regulatory amendments and the enactment of legislative instruments has been implemented where appropriate.

Note 27B: Compliance with Statutory Requirements for Payments from the Consolidated Revenue Fund

In addition to the above, DHS has estimated overpayments resulting in potential breaches of the *Health Insurance Act 1973* of $1,092,000 (or approximately 0.01% of total payments under this Act) that have been recognised for recovery. These in the main reflect debt recovery action against claimants that have subsequently been found to not meet the definition under section 10AC and 10 AD. The department is currently seeking to change the legislation to allow these payments from 1 January 2016.

National Health Act 1953

In 2014-15, there was 1 case of non-compliance under the Paraplegic and Quadriplegic Program totalling $15,045.07.

This breach has been confirmed by the Australian Government Solicitor (AGS) and the related debt has been waived on the basis that it would be inequitable to recover the debt owed as the debt arose from an administrative error and the payment was used for its intended purpose with no anomalous result.

Medical Indemnity Act 2002

DHS has identified overpayments as part of its compliance process. Debts have been raised for the ineligible portion of payments for legal fees claimed by Guild Insurers. During 2014-15:

- 37 instances of potential breaches were identified totalling $310,798 (less than 0.5% of total payments under this Act); and
- there have been no recoveries. DHS will be adjusting future payments to Guild Insurers to recover the amount paid in breach.

Continued Focus

The Department will continue to review legislation (including any related administrative processes) that creates or modifies payment eligibility as it is enacted to determine whether process are in place to minimise the risk of breaches of section 83. It will continue with an ongoing review program that involves reviewing legislation, New Policy Proposals, business rules and payment processes. In addition, the Department will continue ongoing reviews of special accounts by internal audit as part of its rolling compliance program.

Note 27B: Compliance with Statutory Requirements for Payments from the Consolidated Revenue Fund

Appropriations identified as subject to conditions	Expenditure in 2014-15 $000	Review complete? [1] (Yes/No)	Breaches identified to date[3]			Potential breaches yet to be resolved Yes/No	Remedial action taken or proposed[2]
			Actuals $000	Potential $000	Recovered $000		
Special Appropriations							
Health Insurance Act 1973	20,160,432	Yes	58,212	1,092	-	Yes	LM
National Health Act 1953	9,989,313	Yes	15	-	-	No	PR
Medical Indemnity Act 2002	66,001	Yes	-	32	-	Yes	M
	30,215,746		**58,227**	**1,124**	**-**		

[1] Reviewed legislation (including any administrative processes) enacted since 1 July 2012 that creates or modifies payment eligibility as to whether processes are in place to minimise the risk of breaches of section 83.

[2] L=Legislative Change; S=Systems Change; D=Debt Recovery; M=Made; PR=Planned Review.

[3] Recoveries can relate to prior periods.

Note 28: Special Accounts

Note 28: Special Accounts ('Recoverable GST exclusive')

	Services for Other Entities and Trust Moneys Account [1]		Australian Childhood Immunisation Register Account [2]		Human Pituitary Hormones Account [3]		Sport and Recreation Account [4]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**16,246**	26,581	**2,442**	2,517	**2,857**	2,987	**5,187**	-
Increases								
Appropriation credited to special account	**7,340**	14,151	**5,802**	5,747	**-**	-	**-**	-
Receipts from State Governments	**9,275**	8,465	**3,705**	3,469	**-**	-	**7,236**	3,579
Industry contributions	**456**	973	**-**	-	**-**	-	**-**	-
Transfer of balance from DRALGAS subject to AAO changes	**-**	-	**-**	-	**-**	-	**-**	2,013
Other receipts	**-**	-	**-**	-	**-**	-	**203**	219
Total increases	**17,071**	23,589	**9,507**	9,216	**-**	-	**7,439**	5,811
Available for payments	**33,317**	50,170	**11,949**	11,733	**2,857**	2,987	**12,626**	5,811
Decreases								
Administered								
Suppliers	**-**	-	**-**	-	**-**	-	**11,912**	624
Subsidies	**-**	-	**9,691**	9,291	**-**	-	**-**	-
Grants	**-**	-	**-**	-	**182**	130	**-**	-
Total administered decreases	**-**	-	**9,691**	9,291	**182**	130	**11,912**	624
Relevant Money								
Suppliers	**6,608**	8,177	**-**	-	**-**	-	**-**	-
Grants	**11,275**	19,696	**-**	-	**-**	-	**-**	-
Return of funds to contributors	**95**	704	**-**	-	**-**	-	**-**	-
Other expenses	**1,490**	2,040	**-**	-	**-**	-	**-**	-
Transfer of balance to DSS subject to AAO changes	**-**	3,307	**-**	-	**-**	-	**-**	-
Total relevant money decreases	**19,468**	33,924	**-**	-	**-**	-	**-**	-
Total decreases	**19,468**	33,924	**9,691**	9,291	**182**	130	**11,912**	624
Total balance carried to the next period	**13,849**	16,246	**2,258**	2,442	**2,675**	2,857	**714**	5,187

Note 28: Special Accounts

[1] Establishing Instrument: *Public Governance, Performance and Accountability Act 2013;* section 78
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 78
Purpose: to disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth; disburse amounts in connection with services performed on behalf of other government bodies that are not non-corporate Commonwealth entities (formerly FMA Act agencies); to repay amounts where an Act or other law requires or permits the repayment of an amount received; to reduce the balance of the special account (and, therefore the available appropriation for the special account) without making a real or notional payment.

[2] Establishing Instrument: *Public Governance, Performance and Accountability Act 2013;* section 78
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 78
Purpose: for expenditure relating to the operations of the Australian Childhood Immunisation Register, including payments to providers for the provision of information.

[3] Establishing Instrument: *Public Governance, Performance and Accountability Act 2013;* section 78
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 78
Purpose: for expenditure through grants and other payments for:
- counselling and support services to recipients of pituitary-derived hormones and their families; and
- medical and other care to people treated with pituitary-derived hormones should they contract Creutzfeldt-Jakob disease as a result of the treatment; and
- one-off payments for recipients of pituitary-serviced hormones who can demonstrate that they have suffered a psychiatric illness prior to 1 January 1998 due to their having been informed that they are at a greater risk of contracting Creutzfeldt-Jakob disease; and
- one-off payments for the children of recipients of pituitary-derived hormones who can demonstrate that they have suffered a psychiatric illness as a consequence of the death of their parent from Creutzfeldt-Jakob disease.
The Human Pituitary Hormones Special Account will cease on 1 October 2015 under Part 6 (sunsetting) of the *Legislative Instruments Act 2003* . A new special account will be established to replace it.

[4] Establishing Instrument: *Public Governance, Performance and Accountability Act 2013;* section 78
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 78
Purpose: to undertake sport and recreation related projects of common interest to the Sport and Recreation Ministers' Council, its successor or subordinate bodies, and that benefit all or a majority of members.

Note 28: Special Accounts

Note 28: Special Accounts ('Recoverable GST exclusive')

	Therapeutic Goods Administration Account [5]		Gene Technology Account [6]		Industrial Chemicals Account [7]		HHF Health Portfolio Account [8]		Local Hospitals Network Account [9]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**63,329**	58,341	**7,042**	6,828	**11,069**	10,319	**-**	-	**1,261**	1,261
Increases										
Appropriation credited to special account	**8,579**	4,748	**7,814**	7,976	**354**	436	**-**	-	**-**	-
Other receipts	**126,650**	130,574	**116**	199	**13,433**	13,201	**716,916**	625,015	**-**	-
Total increases	**135,229**	135,322	**7,930**	8,175	**13,787**	13,637	**716,916**	625,015	**-**	-
Available for payments	**198,558**	193,663	**14,972**	15,003	**24,856**	23,956	**716,916**	625,015	**1,261**	1,261
Decreases										
Departmental										
Employee benefits	**85,347**	85,044	**5,793**	6,135	**8,917**	8,437	**-**	-	**-**	-
Suppliers	**41,119**	40,406	**1,590**	1,826	**5,353**	4,450	**-**	-	**-**	-
Purchase of property, plant and equipment	**11,033**	4,885	**4**	-	**83**	-	**-**	-	**-**	-
Total departmental decreases	**137,499**	130,334	**7,387**	7,961	**14,353**	12,887	**-**	-	**-**	-
Administered										
Grants	**-**	-	**-**	-	**-**	-	**716,916**	625,015	**-**	-
Reduction transfer to the OPA	**-**	-	**-**	-	**-**	-	**-**	-	**1,261**	-
Total administered decreases	**-**	-	**-**	-	**-**	-	**716,916**	625,015	**1,261**	-
Total decreases	**137,499**	130,334	**7,387**	7,961	**14,353**	12,887	**716,916**	625,015	**1,261**	-
Total balance carried to the next period	**61,059**	63,329	**7,585**	7,042	**10,503**	11,069	**-**	-	**-**	1,261

Note 28: Special Accounts

[5] Establishing Instrument*: Therapeutic Goods Act 1989*
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 80
Purpose: The purpose has been set out in section 45 of the *Therapeutic Goods Act 1989* and are:
- to make payments to further the objects of the Act; and
- to enable the Commonwealth to participate in the international harmonisation of regulatory controls on therapeutic goods and other related activities.

[6] Establishing Instrument: *Gene Technology Act 2000*
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 80
Purpose: for the receipt of all moneys and payment of all expenditures and disbursements related to all operations of the Gene Technology Regulator.

[7] Establishing Instrument: *Industrial Chemicals (Notification and Assessment) Act 1989*
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 80
Purpose: for the receipt of all moneys and payment of all expenditures and disbursements related to all operations of the National Industrial Chemicals Notification and Assessment Scheme.

[8] Establishing Instrument: *Nation Building Funds Act 2008*
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 80
Purpose: the main purpose of the Health and Hospitals Fund Special Account is to make payments in relation to the creation or development of health and infrastructure.

[9] Establishing Instrument: *Public Governance, Performance and Accountability Act 2013;* section 78
Appropriation: *Public Governance, Performance and Accountability Act 2013* ; section 78
Purpose: to make grants of financial assistance to Local Hospital Networks, in accordance with agreements entered into between them and the Commonwealth, for the provision of hospital and pharmaceutical benefits, and medical and dental services.

The Local Hospitals Network Special Account ceased from 1 July 2014. Remaining funds were returned to contributors.

Note 29: Reporting of Outcomes

The Department allocates shared items to outcomes in proportion to the employee costs directly assigned to outcomes in the 2014-15 financial year.

Note 29A: Net Cost of Outcome Delivery

	Outcome 1		Outcome 2		Outcome 3		Outcome 4	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Departmental								
Expenses	**64,762**	65,752	**65,859**	65,066	**54,162**	49,841	**54,965**	61,973
Own-source income	**2,308**	1,539	**1,604**	839	**1,594**	802	**714**	487
Administered								
Expenses	**439,402**	658,789	**10,103,504**	10,112,952	**21,088,272**	19,780,622	**95,975**	99,151
Own-source income	**5,678**	150,304	**758,385**	521,647	**89,658**	75,613	**145**	1,704
Net cost of outcome delivery	**496,178**	572,698	**9,409,374**	9,655,532	**21,051,182**	19,754,048	**150,081**	158,933

	Outcome 5		Outcome 6		Outcome 7		Outcome 8	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Departmental								
Expenses	**115,207**	114,601	**13,385**	13,495	**223,382**	216,171	**43,763**	27,477
Own-source income	**3,452**	1,983	**4,829**	4,708	**146,781**	143,597	**1,327**	455
Administered								
Expenses	**2,103,577**	2,118,648	**6,252,248**	6,042,012	**1,570,740**	1,456,962	**1,276,008**	1,256,137
Own-source income	**21,155**	24,316	**450,292**	435,783	**718,893**	492,134	**119,184**	4,306
Net cost of outcome delivery	**2,194,177**	2,206,950	**5,810,512**	5,615,016	**928,448**	1,037,402	**1,199,260**	1,278,853

Note 29: Reporting of Outcomes

The Department allocates shared items to outcomes in proportion to the employee costs directly assigned to outcomes in the 2014-15 financial year.

Note 29A: Net Cost of Outcome Delivery

	Outcome 9		Outcome 10		Payments to Corporate Commonwealth Entities/Not attributed[1]		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Departmental								
Expenses	**24,736**	27,061	**12,969**	10,108	**11,500**	123,544	**684,690**	775,089
Own-source income	**4,127**	3,303	**856**	157	**-**	1,307	**167,592**	159,177
Administered								
Expenses	**42,894**	25,647	**54,893**	12,292	**300,847**	3,375,653	**43,328,360**	44,938,865
Own-source income	**1,347**	103	**8,185**	4,019	**46**	6,506	**2,172,968**	1,716,435
Net cost of outcome delivery	**62,156**	49,302	**58,821**	18,224	**312,301**	3,491,384	**41,672,490**	43,838,342

From 1 July 2014, the Department has reduced the number of outcomes from 15 to 10. Outcomes 1 to 10 are described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome Resourcing Tables in the performance reporting section of this Annual Report.

[1] Administered payments to corporate entities are not related to outcomes. They are included here for completeness and agreement to resourcing tables. Also included are minor amounts that cannot be attributed to outcomes and amounts relating to programmes no longer in the outcome structure. Departmental payments made on behalf of portfolio agencies and recoveries from portfolio agencies are not allocated to outcomes.

Note 29: Reporting of Outcomes

Note 29B: Major classes of Departmetal expense, income, assets and liabilities by outcome

	Outcome 1[1]		Outcome 2[1]		Outcome 3[1]		Outcome 4[1]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Expenses								
Employees	**38,951**	43,715	**29,734**	29,323	**31,541**	32,211	**12,972**	16,852
Suppliers	**22,405**	18,855	**32,061**	31,928	**19,841**	15,242	**28,422**	31,290
Depreciation and amortisation	**3,359**	2,595	**4,026**	3,198	**2,736**	1,961	**13,554**	13,560
Other	**47**	587	**38**	617	**44**	427	**17**	271
Total expenses	**64,762**	65,752	**65,859**	65,066	**54,162**	49,841	**54,965**	61,973
Revenue								
Own source revenue	**2,308**	1,539	**1,604**	839	**1,594**	802	**714**	487
Revenue from Government	**58,419**	61,191	**59,713**	60,743	**49,282**	46,762	**40,451**	47,736
Total revenue	**60,727**	62,730	**61,317**	61,582	**50,876**	47,564	**41,165**	48,223
Assets								
Trade and other receivables	**1,826**	2,140	**1,392**	1,438	**1,485**	1,581	**665**	962
Land and buildings	**6,972**	6,418	**5,310**	4,313	**5,667**	4,740	**2,536**	2,883
Infrastructure, plant and equipment	**76**	1,395	**68**	954	**68**	1,039	**30**	628
Intangibles	**5,182**	6,348	**10,027**	11,341	**21,627**	17,121	**21,169**	32,125
Assets held for resale	**1,287**	-	**979**	-	**1,045**	-	**468**	-
Other non-financial assets	**284**	940	**216**	632	**231**	695	**103**	422
Total assets	**15,627**	17,241	**17,992**	18,678	**30,123**	25,176	**24,971**	37,020
Liabilities								
Suppliers	**11,449**	12,647	**8,714**	8,500	**9,299**	9,342	**4,162**	5,682
Other payables	**4,184**	7,127	**3,185**	4,791	**3,399**	5,266	**1,521**	3,203
Employee provisions	**11,208**	11,696	**9,955**	9,055	**10,496**	9,990	**5,379**	6,172
Other provisions	**3,071**	3,551	**2,336**	2,387	**2,493**	2,623	**1,116**	1,595
Total liabilities	**29,912**	35,021	**24,190**	24,733	**25,687**	27,221	**12,178**	16,652

Note 29: Reporting of Outcomes

Note 29B: Major classes of Departmetal expense, income, assets and liabilities by outcome

	Outcome 5[1]		Outcome 6[1]		Outcome 7[1]		Outcome 8[1]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Expenses								
Employees	**68,529**	76,218	**6,825**	8,157	**136,812**	140,712	**26,314**	18,303
Suppliers	**40,477**	32,845	**5,412**	4,725	**74,867**	65,650	**15,147**	7,845
Depreciation and amortisation	**6,125**	4,535	**580**	481	**9,253**	7,241	**2,271**	1,088
Other	**76**	1,003	**568**	132	**2,450**	2,568	**31**	241
Total expenses	**115,207**	114,601	**13,385**	13,495	**223,382**	216,171	**43,763**	27,477
Revenue								
Own source revenue	**3,452**	1,983	**4,829**	4,708	**146,781**	143,597	**1,327**	455
Revenue from Government	**104,440**	107,337	**7,859**	8,227	**78,227**	70,897	**39,707**	25,755
Total revenue	**107,892**	109,320	**12,688**	12,935	**225,008**	214,494	**41,034**	26,210
Assets								
Cash and cash equivalents	**-**	-	**-**	-	**79,169**	81,446	**-**	-
Trade and other receivables	**3,215**	3,739	**316**	397	**6,112**	6,496	**1,236**	897
Other financial assets	**-**	-	**-**	-	**257**	173	**-**	-
Land and buildings	**12,266**	11,211	**1,205**	1,190	**10,377**	9,449	**4,715**	2,691
Infrastructure, plant and equipment	**135**	2,437	**13**	259	**6,571**	6,731	**53**	586
Intangibles	**9,267**	11,559	**895**	1,731	**16,368**	11,605	**3,501**	2,661
Assets held for resale	**2,262**	-	**222**	-	**1,265**	-	**869**	-
Other non-financial assets	**499**	1,643	**49**	174	**2,068**	2,378	**192**	394
Total assets	**27,644**	30,589	**2,700**	3,751	**122,187**	118,278	**10,566**	7,229
Liabilities								
Suppliers	**20,129**	22,093	**1,978**	2,345	**17,061**	16,332	**7,737**	5,302
Other payables	**7,358**	12,452	**723**	1,322	**25,824**	30,285	**2,828**	2,989
Employee provisions	**18,676**	18,501	**2,137**	2,530	**40,242**	38,997	**8,161**	5,020
Other provisions	**5,397**	6,204	**530**	659	**3,249**	3,934	**2,074**	1,489
Total liabilities	**51,560**	59,250	**5,368**	6,856	**86,376**	89,548	**20,800**	14,800

Note 29: Reporting of Outcomes

Note 29B: Major classes of Departmetal expense, income, assets and liabilities by outcome

	Outcome 9[1]		Outcome 10[1]		Not attributed		Previous Outcomes[1]	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Expenses								
Employees	**14,616**	17,643	**7,571**	6,289	**-**	-	**-**	56,578
Suppliers	**8,732**	8,022	**4,709**	3,339	**-**	-	**-**	15,977
Depreciation and amortisation	**1,369**	1,163	**680**	397	**-**	-	**-**	6,874
Other	**19**	233	**9**	83	**11,500**	43,373	**-**	742
Total expenses	**24,736**	27,061	**12,969**	10,108	**11,500**	43,373	**-**	80,171
Revenue								
Own source revenue	**4,127**	3,303	**856**	157	**-**	-	**-**	1,307
Revenue from Government	**18,986**	22,421	**11,301**	9,492	**11,500**	43,373	**-**	71,511
Total revenue	**23,113**	25,724	**12,157**	9,649	**11,500**	43,373	**-**	72,818
Assets								
Cash and cash equivalents	**-**	-	**-**	-	**762**	1,546	**-**	-
Trade and other receivables	**687**	869	**356**	309	**108,727**	127,398	**-**	-
Other financial assets	**-**	-	**-**	-	**-**	-	**-**	-
Land and buildings	**2,622**	2,605	**1,357**	925	**-**	-	**-**	-
Infrastructure, plant and equipment	**36**	572	**15**	201	**-**	-	**-**	-
Intangibles	**2,362**	3,095	**1,007**	915	**-**	-	**-**	-
Assets held for resale	**484**	-	**250**	-	**-**	-	**-**	-
Other non-financial assets	**107**	382	**55**	136	**-**	-	**-**	-
Total assets	**6,298**	7,523	**3,040**	2,486	**109,489**	128,944	**-**	-
Liabilities								
Suppliers	**4,303**	5,134	**2,226**	1,823	**-**	-	**-**	-
Other payables	**1,573**	2,894	**814**	1,027	**-**	-	**-**	-
Employee provisions	**7,171**	7,487	**2,547**	2,366	**-**	-	**-**	-
Other provisions	**1,154**	1,442	**597**	512	**-**	-	**-**	-
Total liabilities	**14,201**	16,957	**6,184**	5,728	**-**	-	**-**	-

Note 29: Reporting of Outcomes

Note 29B: Major classes of Departmetal expense, income, assets and liabilities by outcome

	Total	
	2015	2014
	$'000	$'000
Expenses		
Employees	**373,865**	446,001
Suppliers	**252,073**	235,718
Depreciation and amortisation	**43,953**	43,093
Other	**14,799**	50,277
Total expenses	**684,690**	775,089
Revenue		
Own source revenue	**167,592**	159,177
Revenue from Government	**479,885**	575,445
Total income	**647,477**	734,622
Assets		
Cash and cash equivalents	**79,931**	82,992
Trade and other receivables	**126,017**	146,226
Other financial assets	**257**	173
Land and buildings	**53,027**	46,425
Infrastructure, plant and equipment	**7,065**	14,802
Intangibles	**91,405**	98,501
Assets held for resale	**9,131**	-
Other non-financial assets	**3,804**	7,796
Total assets	**370,637**	396,915
Liabilities		
Suppliers	**87,058**	89,200
Other payables	**51,409**	71,356
Employee provisions	**115,972**	111,814
Other provisions	**22,017**	24,396
Total liabilities	**276,456**	296,766

1. 10 Outcomes are described in Note 1.1. Net costs shown include intra-government costs that were eliminated in calculating the actual Budget Outcome. Refer to Resourcing Tables in the Annual Report.

2. Assets and liabilities that could not be reliably attributed to outcomes.

Note 29: Reporting of Outcomes

Note 29C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

	Outcome 1		Outcome 2		Outcome 3		Outcome 4	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Expenses								
Suppliers	**251,718**	230,229	**11,733**	21,130	**7,959**	10,758	**8,636**	10,877
Subsidies	**9,692**	10,280	**-**	-	**83,920**	48,543	**-**	-
Personal benefits	**429**	-	**9,514,110**	9,547,295	**20,982,489**	19,710,616	**-**	-
Grants	**176,895**	414,045	**577,661**	544,459	**13,846**	10,643	**86,376**	87,441
Other	**668**	4,235	**-**	68	**58**	62	**963**	833
Total expenses	**439,402**	658,789	**10,103,504**	10,112,952	**21,088,272**	19,780,622	**95,975**	99,151
Income								
Taxation revenue	**-**	-	**-**	-	**14,744**	14,655	**-**	-
Goods and services	**-**	-	**-**	-	**-**	-	**-**	-
Other	**5,678**	150,304	**758,385**	521,647	**74,914**	60,958	**145**	1,704
Total income	**5,678**	150,304	**758,385**	521,647	**89,658**	75,613	**145**	1,704
Assets								
Cash and cash equivalents	**2,258**	2,442	**-**	-	**-**	-	**-**	1,261
Personal benefits receivable	**-**	-	**97,236**	133,722	**51,258**	49,320	**-**	-
Trade and other receivables	**302**	-	**110,803**	114,071	**10,175**	11,691	**91**	-
Other investments	**-**	4,861	**-**	-	**-**	-	**41,007**	-
Land and buildings	**-**	-	**-**	-	**-**	-	**24,468**	25,431
Intangibles	**-**	-	**-**	-	**-**	-	**-**	-
Inventories	**-**	1,091	**-**	1	**-**	-	**-**	-
Total assets	**2,560**	8,394	**208,039**	247,794	**61,433**	61,011	**65,566**	26,692
Liabilities								
Suppliers payable	**3,054**	5,909	**-**	769	**-**	215	**-**	666
Subsidies payable	**-**	-	**-**	-	**-**	-	**-**	-
Personal benefits payable	**-**	-	**22,526**	18,093	**362,679**	320,358	**-**	-
Grants payable	**30,483**	23,244	**38,252**	70,608	**3,673**	2,182	**4,250**	3,431
Other payables	**-**	-	**-**	-	**-**	-	**-**	-
Subsidies provision	**-**	-	**-**	-	**413,000**	395,000	**-**	-
Personal benefits provision	**-**	-	**329,968**	296,623	**681,526**	730,674	**-**	-
Total liabilities	**33,537**	29,153	**390,746**	386,093	**1,460,878**	1,448,429	**4,250**	4,097

Note 29: Reporting of Outcomes

Note 29C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

	Outcome 5		Outcome 6		Outcome 7		Outcome 8	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Expenses								
Suppliers	**35,356**	38,727	**84**	155	**92,968**	66,965	**1,995**	611
Subsidies	**32,735**	31,681	**-**	-	**356**	16	**-**	-
Personal benefits	**251,221**	244,439	**5,804,467**	5,608,642	**8,249**	6,475	**-**	41
Grants	**1,783,782**	1,797,396	**2,162**	2,162	**1,446,308**	1,358,264	**1,273,786**	1,255,462
Other	**483**	6,405	**445,535**	431,053	**22,859**	25,242	**227**	23
Total expenses	**2,103,577**	2,118,648	**6,252,248**	6,042,012	**1,570,740**	1,456,962	**1,276,008**	1,256,137
Income								
Taxation revenue	**-**	-	**2,162**	2,162	**-**	-	**-**	-
Goods and services	**-**	-	**-**	-	**-**	-	**-**	-
Other	**21,155**	24,316	**448,130**	433,621	**718,893**	492,134	**119,184**	4,306
Total income	**21,155**	24,316	**450,292**	435,783	**718,893**	492,134	**119,184**	4,306
Assets								
Cash and cash equivalents	**-**	-	**-**	-	**-**	-	**-**	-
Personal benefits receivable	**17**	89	**-**	-	**-**	-	**-**	-
Trade and other receivables	**1,395**	8,975	**637**	797	**6,508**	8,256	**686**	247
Other investments	**-**	-	**2,774**	4,915	**15,246**	8,632	**-**	184,206
Land and buildings	**-**	-	**-**	-	**-**	-	**-**	-
Intangibles	**-**	-	**-**	-	**36,617**	54,926	**-**	-
Inventories	**-**	597	**-**	-	**-**	-	**-**	-
Total assets	**1,412**	9,661	**3,411**	5,712	**58,371**	71,814	**686**	184,453
Liabilities								
Suppliers payable	**3,941**	1,828	**-**	-	**79**	638	**-**	16
Subsidies payable	**2,708**	2,634	**-**	-	**-**	-	**-**	-
Personal benefits payable	**44,007**	46,474	**485,495**	465,027	**384**	670	**-**	41
Grants payable	**52,691**	18,462	**-**	-	**26,513**	13,052	**194,115**	143,301
Other payables	**-**	-	**-**	-	**-**	-	**-**	-
Subsidies provision	**-**	-	**-**	-	**-**	-	**-**	-
Personal benefits provision	**-**	-	**-**	-	**-**	-	**-**	-
Total liabilities	**103,347**	69,398	**485,495**	465,027	**26,976**	14,360	**194,115**	143,358

Note 29: Reporting of Outcomes

Note 29C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

	Outcome 9		Outcome 10		Payments to Corporate Commonwealth Entities		Not Attributed		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses										
Suppliers	**30,994**	10,341	**12,161**	831	**-**	-	**-**	11,227	**453,604**	401,851
Subsidies	**-**	-	**-**	-	**-**	-	**-**	2,418,360	**126,703**	2,508,880
Personal Benefits	**-**	-	**-**	-	**-**	-	**-**	57,156	**36,560,965**	35,174,664
Grants	**8,663**	7,886	**42,732**	11,461	**-**	-	**-**	689,711	**5,412,211**	6,178,930
Other	**3,237**	7,420	**-**	-	**300,847**	199,178	**-**	21	**774,877**	674,540
Total expenses	**42,894**	25,647	**54,893**	12,292	**300,847**	199,178	**-**	3,176,475	**43,328,360**	44,938,865
Income										
Taxation revenue	**-**	-	**-**	-	**-**	-	**-**	-	**16,906**	16,817
Goods and services	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other	**1,347**	103	**8,185**	4,019	**-**	-	**46**	6,506	**2,156,062**	1,699,618
Total income	**1,347**	103	**8,185**	4,019	**-**	-	**46**	6,506	**2,172,968**	1,716,435
Assets										
Cash and cash equivalents	**2,675**	2,857	**714**	5,406	**-**	-	**331,001**	1,288	**336,648**	13,254
Personal benefits receivable	**-**	-	**-**	-	**-**	-	**-**	-	**148,511**	183,131
Trade and other receivables	**-**	5	**45**	-	**-**	-	**41,209**	27,750	**171,851**	171,792
Other investments	**-**	-	**330,997**	322,216	**-**	-	**-**	-	**390,024**	524,830
Land and buildings	**-**	-	**-**	-	**-**	-	**-**	-	**24,468**	25,431
Intangibles	**-**	-	**-**	-	**-**	-	**-**	-	**36,617**	54,926
Inventories	**210,005**	206,177	**-**	-	**-**	-	**-**	-	**210,005**	207,866
Total assets	**212,680**	209,039	**331,756**	327,622	**-**	-	**372,210**	29,038	**1,318,124**	1,181,230
Liabilities										
Suppliers payable	**6**	148	**30**	-	**-**	-	**-**	-	**7,110**	10,189
Subsidies payable	**-**	-	**-**	-	**-**	-	**-**	-	**2,708**	2,634
Personal benefits payable	**-**	-	**-**	65	**-**	-	**-**	-	**915,091**	850,728
Grants payable	**24,175**	1,744	**928**	913	**-**	-	**82**	-	**375,162**	276,937
Other payables	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Subsidies provision	**-**	-	**-**	-	**-**	-	**-**	-	**413,000**	395,000
Personal benefits provision	**-**	-	**-**	-	**-**	-	**-**	-	**1,011,494**	1,027,297
Total liabilities	**24,181**	1,892	**958**	978	**-**	-	**82**	-	**2,724,565**	2,562,785

Note 30: Cost Recovery

	2015 $'000	2014 $'000
Amounts applied		
Departmental		
Annual appropriations	**23,376**	23,086
Special appropriations (including special account)	**141,226**	137,680
Administered		
Annual appropriations	**2,594**	2,285
Total amounts applied	**167,196**	163,051
Expenses		
Departmental	**166,796**	167,917
Administered	**2,592**	2,341
Total expenses	**169,388**	170,258
Revenue		
Departmental	**150,159**	146,940
Administered	**16,213**	14,630
Total revenue	**166,372**	161,570
Receivables		
Not overdue	**8,441**	5,192
Overdue by:		
0 to 30 days	**361**	919
31 to 60 days	**82**	105
61 to 90 days	**459**	160
More than 90 days	**641**	778
Not overdue	**4,962**	458
Overdue by:		
0 to 30 days	**15**	517
31 to 60 days	**147**	1
61 to 90 days	**25**	-
More than 90 days	**17**	78
Total receivables	**15,150**	8,208
Amounts written-off		
Departmental	**3,723**	495
Administered	**-**	
Total amounts written-off	**3,723**	495

The TGA's Cost Recovery Impact Statements for the above activities are available at http://www.tga.gov.au/about/fees-cris.htm.

NICNAS

Registration levies charged for registration of chemicals across Australia .
Assessment fees charged on assessment of chemicals.
http://www.nicnas.gov.au/about-nicnas/cost-recovery/cris-2012-2016-full-version

Health

Prostheses List : The prostheses listing arrangements refer to the activities involved in listing prostheses and their benefits for the purposes of private health insurance reimbursement.
National Joint Replacement Registry - Administered.
Lifetime Health cover Mail Out - Administered.
Private Health Insurance Ombudsman Levy - Administered Revenue only.

Department of Health

Notes to and forming part of the financial statements

Note 31: Net Cash Appropriation Arrangements

	2015 $'000	2014 $'000
Total comprehensive profit/(loss) less depreciation/amortisation expenses previously funded through revenue appropriations [1]	**801**	(2,426)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation[2]	**(38,016)**	(38,041)
Total comprehensive loss - as per the Statement of Comprehensive Income	**(37,214)**	(40,467)

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

2. Depreciation/amortisation expense for NICNAS and the TGA have been excluded as these entities are not in receipt of the Departmental capital budget.

Note 32: Explanation of Budget Variances

The following provides a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements to the actual outcome as presented in the 2014-15 Financial Statements. As part of the budget process the original budget was revised in the 2014-15 Portfolio Additional Estimates Statements and in the 2014-15 final outcome as presented in in the 2015-16 Portfolio Budget Statements. The intention of this variance analysis is to provide the reader with information relevant to assessing the performance of the Department, including the accountability for the resources entrusted to it.

Australian Accounting Standard *AASB 1055 Budgetary Reporting* requires variance explanations of major variances between the original budget as presented in the 2014-15 Portfolio Budget Statements and the actual outcome as reported in these financial statements. It should be noted that the original budget was prepared before the 2013-14 actual figures could be known. As a consequence the opening balance of the 2014-15 Statement of Financial Position needed to be estimated and in some cases variances between 2014-15 actuals and budget numbers can be at least in part attributed to unanticipated movements in the prior period figures.

Variances attributable to factors which would not reasonably have been identifiable at the time of the budget preparation, such as revaluation or impairment of assets or reclassifications of asset reporting categories have not been included as part of the analysis.

The Department considers that major variances are those greater than 10% of the original, or updated, estimate. Variances below this threshold are not included unless considered significant by their nature.

The Budget is not audited.

General Commentary

In accordance with the Commonwealth budget framework, the Department updates estimates during the year for a number of reasons, including Government decisions and policy, prior year outcomes, current year trends, the effects of price and growth, and transfers to and from other Commonwealth entities. The revised estimates for the 2014-15 financial year are published in the 2014-15 Portfolio Additional Estimate Statements and the 2015-16 Portfolio Budget Statements. Reference has been made to the revised estimates where appropriate.

The departmental activities of the Department, net of unfunded depreciation, achieved a balanced operating result in 2014-15 consistent with the requirement under the Commonwealth budgeting framework to work within the resources provided by Government and revenues received from cost recovered activity.

Note 32(i): Major Departmental Budget Variances for 2015

Departmental expenses

The total variation in departmental expenses for 2014-15 between the original estimate published in the 2014-15 Portfolio Budget Statements and the actual outcome is $10m greater than the original estimate (1.5%). While there has been a series of reallocations between line items for the resources utilised by the Department, these largely offset each other. Employee benefits are lower than the original budget due to the impact of the Governments recruitment restriction offset by additional supplier payments including to support sporting initiatives through the Australian Sports Commission.

Departmental assets

Total Assets are $39m (or 10%) less than the original budgeted position. The predominant cause is the estimate for transfers to Department of Social Services for the September 2013 Machinery of Government (MOG) in the original budget were not finalised at the time of completion of the 2013-14 Financial Statements.

Department of Health

Notes to and forming part of the financial statements

Note 32: Explanation of Budget Variances

Since the time of the publication of the original budget estimate, the estimated departmental asset position as at 30 June 2015 has been revised to include known adjustments including results from prior years, changes to the disclosures for certain items such as cash held by special accounts, changes to the classification of non-current assets including intangibles and the revised position is included in the 2015-16 Portfolio Budget Statements. Total estimated departmental assets at 30 June 2015, as included in the updated estimates, are consistent with the actual outcome of $371m which included the impacts of an independent revaluation of tangible assets offset by movements in other asset classes.

Departmental liabilities

Total Liabilities are $51m (or 18%) higher than the original budgeted position. The predominant cause is the estimate for transfers to Department of Social Services for the September 2013 Machinery of Government (MOG) in the original budget were not finalised at the time of completion of the 2013-14 Financial Statements.

Similar to the commentary on assets above, the estimated departmental liability position at 30 June 2015 has been revised to include known adjustments including results from prior years and expected movements in 2015-16 and this revised position is included in the 2015-16 Portfolio Budget Statements. The final variance from the revised liability position is $17m less than the final outcome (5.8%) mainly attributable to a reduction in other payables due to timing difference in payments.

Departmental Cash flow

Variances relating to cash flows occur because of the factors detailed under expenses, own source income, assets or liabilities. The assumptions under pinning the original budgeted cashflow for supplier payments differed from actual. However, the original budget was adjusted in the 2014-15 Portfolio Additional Estimates Statement.

Note 32: Explanation of Budget Variances

Note 32(ii): Major Administered Budget Variances for 2015

Administered expenses

Administered expenses in 2014-15 were $1,380m (3.1%) lower than the original estimate published in the 2014-15 Portfolio Budget Statements. The key drivers are underspends in personal benefits ($934.5m), grants ($636.6m) and other expenses ($72.4m), partially offset by overspends in suppliers ($195.4m) and subsidies ($84.9m).

Personal benefits expenses relate to a range of programme groups, most of which are funded by significant special appropriations, including but not limited to the Pharmaceutical Benefits Scheme, Medicare Benefits Scheme, Dental Benefits and Private Health Insurance Rebate. The most significant elements of the 2014-15 underspend were:

- Pharmaceutical Benefits Scheme: down by $175.6m, attributed to section 100 programmes, particularly the Efficient Funding for Chemotherapy (EFC) due to impacts from PBS pricing policy for these medicines;

- Medicare Benefits Scheme: down by $154.8m, due to Pathology Services, and Specialist and Consultant Physician Attendances;

- Dental Services: down by $281.8m, attributable to the unavailability of past trend data for the new Child Dental Benefit Scheme to provide a reliable demand forecast;

- Community Pharmacy and Pharmaceutical Awareness: down by $257.6m, due to the fact that the payments under this programme group are deemed to be grants for reporting purposes, but had been budgeted for as personal benefits.

Grant expenses were $636.6m less than the original budget estimate, with the overall variance being made up of underspends across a range of programme groups, partially offset by overspends in Community Pharmacy and Pharmaceutical Awareness ($234.9m) and Public Hospitals and Information ($58.1m).

The overspends represent classification differences in expense categories between the budgets and the actuals and does not result in expenditure in excess of budget. These classification differences are consistent with variances (underspends) reported against personal benefits and suppliers respectively.

When the above overspends are taken into account, the remaining underspend of $929.1m was attributable to number of underspends across programmes including Health Workforce, Workforce Development and Innovation, Mental Health, Aboriginal and Torres Strait Islander Health, and Health Infrastructure as a consequence of the closure of Health Workforce Australia and the General Practice Education and Training, delays in programme reviews, transitions to new Government programmes and expenditure being less than originally forecast.

The majority of the underspend in other expenses is due to lower payments to corporate entities. The Department of Health, as the Portfolio entity, is required to transfer these appropriations.

The overspend in suppliers is the result of higher contracts for service fees across most programme groups, but most notably:

- Public Health, Chronic Disease and Palliative Care: $73.3m of the overspend, relating to contracts for service (a large element being attributable to the Early Detection of Bowel Cancer initiative), legal costs and advertising, no expenses budgeted for;

- Aboriginal and Torres Strait Islander Health: $24.9m of the overspend, relating to contracts for service and other expenses, where no expenses had been budgeted for;

- e-Health: $79.2m of the overspend, attributable to contracts for service in relation to the Personally Controlled Electronic Health Record system, no expenses budgeted for;

- Health Emergency Planning and Response: $31m of the overspend, largely relating to the Health Protection Fund, no expenses budgeted for.

Department of Health

Notes to and forming part of the financial statements

Note 32: Explanation of Budget Variances

The above overspends were partially offset by an underspend in Public Hospitals and Information ($72.4m), relating to the Lead Clinicians Group initiative.

The overspend for subsidies is largely attributable to Medical Indemnity expenses and is driven by the associated year-end adjustments to the value of Medical Indemnity provision. The final year-end valuation prepared by the Australian Government Actuary (AGA) was substantially higher than that initially provided by the AGA at the time of preparing the budget.

Administered revenues

Administered revenue in 2014-15 was $942m (76.5%) higher than the original budget estimate. The two key contributors to this result were recoveries ($124.5m) and other revenue ($826.5m).

The majority of the additional recoveries related to the high cost drugs recoveries ($99.3m), which are collected in accordance with cost-sharing agreements between the Commonwealth and pharmaceutical companies, with the latter required to contribute to the cost of providing certain listed drugs when specified conditions are met. These recoveries are generally collected quarterly, however different agreements operate on various reporting periods, which do not necessarily align with the financial year quarters. Furthermore, the thresholds which must be reached before the pharmaceutical companies are liable to contribute to the costs also vary for different listed drugs and between the different agreements. As a result, actual recoveries in a given year fluctuate with no predictable patterns and in 2014-15 they substantially exceeded the estimates prepared at the time of the original budget.

The most significant contributor for the increase in other revenue was the Health and Hospital Fund (HFF), accounting for $716.9m of the variance. No estimates of revenue were included in the original budget given the anticipation of legislation being passed to close the existing special account and establish a new appropriation mechanisms to fund this activity. Due to the delay in the passage of legislation, the actual receipts for the year were $716.9m, with this entire amount being reported as a variance. The remainder of the variance in other revenue relates to the receipt of funds relating to the closure of Health Workforce Australia ($107m) and other miscellaneous receipts, such as acquittal and collection of unspent grant funding from the original recipients.

Administered assets

Total assets administered on behalf of the Commonwealth at 30 June 2015 were $323m (32.4%) greater than the original budget estimate. The majority of this variance ($324m) is due to the increase in cash balances from the banking arrangements predominately relating to the Pharmaceutical Benefits Scheme and the Medicare Benefits Scheme. While a balance of around $150m is maintained to facilitate the timely payment of benefits, the actual balance of this account fluctuates from month to month and year to year. This is partially offset by a decrease in receivables related to unbudgeted receipt of cash related to high cost drug recoveries. Other variances in assets include increases in the investments held in corporate entities, being adjustments relating to the inclusion, exclusion and reclassification of Portfolio entities (Administered Investments are disclosed in note 20D), inventory holdings in National Medical Stockpile, the effects of new Government measures and updates to estimates for prior year outcomes.

Administered liabilities

Total liabilities administered on behalf of the Commonwealth at 30 June 2015 were $69m (2.5%) less than the original budget estimate. This small variance is not considered significant and is comprised of a number of offsetting variances, including updates to estimates for prior year outcomes and current year activity and the actuarial review of the Medical and Midwife Indemnity schemes.

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

I have audited the accompanying annual financial statements of the Therapeutic Goods Administration for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority, Deputy Secretary and Assistant Secretary;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes to and forming part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Secretary of the Department of Health is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

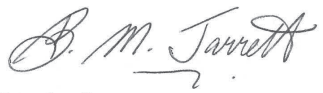
Opinion

In my opinion, the financial statements of the Therapeutic Goods Administration:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Therapeutic Goods Administration as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Brandon Jarrett
Executive Director

Delegate of the Auditor-General

Canberra
27 August 2015

Therapeutic Goods Administration

Statement by the Accountable Authority, Deputy Secretary and Assistant Secretary

THERAPEUTIC GOODS ADMINISTRATION

STATEMENT BY THE ACCOUNTABLE AUTHORITY, DEPUTY SECRETARY AND ASSISTANT SECRETARY

In our opinion, the attached financial statements for the year ended 30 June 2015 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 Therapeutic Goods Administration will be able to pay its debts as and when they fall due.

Signed.....	Signed.....	Signed.....
Martin Bowles PSM	Adj Prof John Skerritt	Nicole McLay
Secretary	Deputy Secretary	Assistant Secretary
Department of Health	Regulatory Services Group	Regulatory Services and Improvement Branch
24 August 2015	24 August 2015	24 August 2015

Therapeutic Goods Administration

Statement of comprehensive income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	**84,612**	87,011
Suppliers	3B	**42,468**	39,439
Depreciation and amortisation	3C	**5,620**	4,786
Write-down and impairment of assets	3D	**2,205**	1,795
Total expenses		**134,905**	133,031
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**130,764**	127,238
Other revenue	4B	**200**	180
Total own-source revenue		**130,964**	127,418
Gains			
Other gains	4C	**3**	397
Total gains		**3**	397
Total own-source income		**130,967**	127,815
Net cost of services		**(3,938)**	(5,216)
Revenue from Government	4D	**8,579**	4,748
Surplus/(deficit) on continuing operations		**4,641**	(468)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		**824**	24
Total comprehensive income/(loss) attributable to the Australian Government		**5,465**	(444)

The above statement should be read in conjunction with the accompanying notes.

Therapeutic Goods Administration

Statement of financial position

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	6A	**61,061**	63,330
Trade and other receivables	6B	**5,936**	5,046
Other financial assets	6C	**275**	173
Total financial assets		**67,272**	68,549
Non-financial assets			
Land and buildings	7A,C	**2,510**	2,847
Property, plant and equipment	7B,C	**6,429**	5,475
Intangibles	7D,E	**11,204**	5,622
Other non-financial assets	7F	**1,703**	1,466
Total non-financial assets		**21,846**	15,410
Total assets		**89,118**	83,959
LIABILITIES			
Payables			
Suppliers	8A	**(5,522)**	(4,298)
Other payables	8B	**(18,831)**	(20,919)
Total payables		**(24,353)**	(25,217)
Provisions			
Employee provisions	9A	**(25,816)**	(25,537)
Other provisions	9B	**(101)**	(822)
Total provisions		**(25,917)**	(26,359)
Total liabilities		**(50,270)**	(51,576)
Net assets		**38,848**	32,383
EQUITY			
Contributed equity		**2,029**	1,029
Asset revaluation reserve		**4,217**	3,393
Retained surplus		**32,602**	27,961
Total equity		**38,848**	32,383

The above statement should be read in conjunction with the accompanying notes.

Therapeutic Goods Administration

Statement of changes in equity

for the period ended 30 June 2015

	Retained earnings		Asset revaluation reserves		Contributed equity/capital		Total equity	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous period	**27,961**	28,429	**3,393**	3,369	**1,029**	1,029	**32,383**	32,827
Adjusted opening balance	**27,961**	28,429	**3,393**	3,369	**1,029**	1,029	**32,383**	32,827
Comprehensive income								
Surplus/(deficit) for the period	**4,641**	(468)	**-**	-	**-**	-	**4,641**	(468)
Other comprehensive income	**-**	-	**824**	24	**-**	-	**824**	24
Total comprehensive income	**4,641**	(468)	**824**	24	**-**	-	**5,465**	(444)
Contribution by owners								
Equity injection - appropriation	**-**	-	**-**	-	**1,000**	-	**1,000**	-
Total transactions with owners	**-**	-	**-**	-	**1,000**	-	**1,000**	-
Closing balance as at 30 June	**32,602**	27,961	**4,217**	3,393	**2,029**	1,029	**38,848**	32,383
Closing balance attributable to the Australian Government	**32,602**	27,961	**4,217**	3,393	**2,029**	1,029	**38,848**	32,383

The above statement should be read in conjunction with the accompanying notes.

Therapeutic Goods Administration

Cash flow statement

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**8,579**	4,748
Sale of goods and rendering of services		**126,769**	130,753
Net GST received		**4,684**	3,473
Total cash received		**140,032**	138,974
Cash used			
Employees		**(85,347)**	(85,044)
Suppliers		**(45,921)**	(44,057)
Total cash used		**(131,268)**	(129,101)
Net cash from operating activities	10	**8,764**	9,873
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		**(11,033)**	(4,885)
Total cash used		**(11,033)**	(4,885)
Net cash used by investing activities		**(11,033)**	(4,885)
Net (decrease)/increase in cash held		**(2,269)**	4,988
Cash and cash equivalents at the beginning of the reporting period		**63,330**	58,342
Cash and cash equivalents at the end of the reporting period	6A	**61,061**	63,330

The above statement should be read in conjunction with the accompanying notes.

Therapeutic Goods Administration

Schedule of commitments

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	**2,837**	3,070
Total commitments receivable	**2,837**	3,070
Commitments payable		
Capital commitments		
Property, plant and equipment	**(1,652)**	(16)
Total capital commitments	**(1,652)**	(16)
Other commitments		
Operating leases	**(20,084)**	(28,812)
Other	**(9,486)**	(5,010)
Total other commitments	**(29,570)**	(33,822)
Total commitments payable	**(31,222)**	(33,838)
Net commitments by type	**(28,385)**	(30,768)
BY MATURITY		
Commitments receivable		
Net GST recoverable on commitments		
Within 1 year	**1,979**	1,254
Between 1 to 5 years	**858**	1,816
Total commitments receivable	**2,837**	3,070
Commitments payable		
Capital commitments		
Within 1 year	**(1,652)**	(16)
Total capital commitments	**(1,652)**	(16)
Operating lease commitments		
Within 1 year	**(11,014)**	(10,413)
Between 1 to 5 years	**(9,070)**	(18,399)
Total operating lease commitments	**(20,084)**	(28,812)

Therapeutic Goods Administration

Schedule of commitments

as at 30 June 2015

	2015 $'000	2014 $'000
Other commitments		
Within 1 year	**(9,112)**	(3,432)
Between 1 to 5 years	**(374)**	(1,578)
Total other commitments	**(9,486)**	(5,010)
Total commitments payable	**(31,222)**	(33,838)
Net commitments by maturity	**(28,385)**	(30,768)

Notes:

1. Commitments are GST inclusive where relevant.
2. Capital commitments relate to contractor costs that will be capitalised to intangible assets or to purchases of laboratory equipment.

3. Operating leases are effectively non-cancellable and comprise leases for office accommodation and motor vehicles. Lease payments for the Symonston property are subject to annual adjustments for the Consumer Price Index or 3% (whichever is higher) with a Market Rent Review every third year. The initial term of the Symonston accommodation lease is still current and may be extended at the end of the lease at the Therapeutic Goods Administration's (TGA's) option. Other office leases (offices located in Canberra) are subject to annual rent adjustments of between 3.5% and 5% and can be renewed at the TGA's option.

The above schedule should be read in conjunction with the accompanying notes.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Therapeutic Goods Administration

Notes to and forming part of the financial statements

for the period ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.1 Objective of the Therapeutic Goods Administration

The Therapeutic Goods Administration (TGA) is a part of the Department of Health, which is an Australian Government controlled not for profit entity. The TGA contributes to Outcome 7 of the Department of Health – health infrastructure, regulation, safety and quality. The Australian Government, through Outcome 7, aims to support a sustainable world class health system in Australia through support for deregulation, effective regulation, quality and safety, and strategic investments in health infrastructure and research.

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 continued existence of the TGA in its present form and with its present priorities is dependent on Government policy. The TGA is reflected as a departmental special account in the Department of Health's statements. Departmental activities involve the use of assets, liabilities, income and expenses controlled by the TGA.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in Williams v Commonwealth [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* and section 6(1)(c) of the Financial Reporting Rule (FRR).

The financial statements and notes have been prepared in accordance with:

a) the FRR for reporting periods ending on or after 1 July 2014; and
b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

for the period ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

1.4 Change in Accounting Policy

In 2013-14, the department changed its accounting policy on the presentation of the special account balance. The funds held in the Official Public Account have been reclassified in the Statement of Financial Position from 'Trade and Other Receivables' to 'Cash and Cash Equivalents.'

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements
No accounting standard has been adopted earlier than the application date as stated in the standard.

Future Australian Accounting Standard Requirements
The following new standard was issued by the Australian Accounting Standards Board prior to the signing of the statement by the accountable authority, deputy secretary and assistant secretary, which may have a material impact on the entity's financial statements for future reporting period(s):

Standard	Application date	Nature of impending change/s in accounting policy and likely impact on initial application
AASB 15 Revenue from Contracts with Customers	1 July 2016	The standard establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Revenue is recognised as 'performance obligations' are satisfied. The likely impact of the new standard cannot yet be reasonably estimated.

All other new standards, revised standards, interpretations or amending standards that were issued by the Australian Accounting Standards Board prior to the sign-off date which are applicable to future reporting periods are not expected to have a material financial impact on the financial statements.

1.6 Revenue

Revenue from the sale of goods is recognised when:
a) the risks and rewards of ownership have been transferred to the buyer;
b) the TGA retains no managerial involvement or effective control over the goods;
c) the revenue and transaction costs incurred can be reliably measured; and
d) it is probable that the economic benefits associated with the transaction will flow to the TGA.

Revenue from rendering of services is recognised by reference to the stage of completion of transactions at the reporting date. The revenue is recognised when:
a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
b) the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

The TGA recovers the cost of all activities undertaken within the scope of the *Therapeutic Goods Act 1989* from industry through fees and charges.

Annual charges for entries on the Australian Register of Therapeutic Goods and manufacturing licence charges are recognised as revenue in the financial year to which the charges relate and are non-refundable, except where exemption is given on the basis of low value turnover.

Note 1: Summary of Significant Accounting Policies

Revenue for services which are charged on an hourly rate and recoveries of expenses incurred are recognised in the period in which the services are provided or the expense incurred.

Minor application fees, evaluation fees and conformity assessment fees (less than $10,000) are recognised as revenue when the invoices are raised.

Major application fees, evaluation fees and conformity assessment fees are recognised progressively as services are performed.

Revenue from Government
Appropriation revenue was provided to the TGA (through the Department of Health) to provide interest supplementation for surplus amounts standing to the credit of the Official Public Account and for funding activity associated with Government initiatives. Departmental appropriations are recognised as revenue from Government when the department gains control of the appropriation. Appropriation receivables are recognised at their nominal amounts.

1.7 Gains

Resources Received Free of Charge
Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

Sale of Assets
Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

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.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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 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 apply at the time the leave is taken, including employee superannuation contribution rates to the extent that leave is likely to be taken during service rather than paid out on termination.

The liabilities for long service and recreation leave are determined with reference to an actuarial assessment last conducted on 23 May 2014. An actuary is generally engaged every 3 years to reassess the leave liability. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Superannuation
Under the *Superannuation Legislation Amendment (Choice of Funds) Act 2004*, employees are able to become members 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*.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

for the period ended 30 June 2015

Note 1: Summary of Significant Accounting Policies

The majority of employees 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 benefit 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 an actuary to be sufficient to meet the current cost to the Government. The TGA accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised at 30 June 2015 represents outstanding contributions for the final pay fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. The TGA does not have any finance leases.

In operating leases, the lessor effectively retains substantially all such risks and benefits. Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Fair Value Measurement

The entity deems transfers between levels of the fair value hierarchy to have occurred at the reporting date.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

a) cash in the TGA special account; and
b) cash held by outsiders.

1.12 Financial Assets

The TGA classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Loans and Receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective Interest Method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Note 1: Summary of Significant Accounting Policies

Impairment of Financial Assets
Financial assets are assessed for impairment at the end of each reporting period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.13 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are disclosed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.16 Property, Plant and Equipment

Asset Recognition Threshold
Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than $2,000. Leasehold improvements to properties with values of $10,000 or greater are capitalised. Any purchases under the thresholds are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant 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 where there exists an obligation to restore the property to its original condition. These costs are included in the value of leasehold improvements with a corresponding provision for the 'make good' recognised.

Revaluations
Following initial recognition at cost, property, plant and equipment 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 materially differ from the assets' fair values at the reporting date. Independent valuations are conducted every three years, with desktop reviews carried out in the intervening years. Assets were last revalued as at 30 June 2015.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Note 1: Summary of Significant Accounting Policies

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the assets 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 TGA using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014-15	*2013-14*
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	3 to 20 years	3 to 20 years

Impairment
All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less cost 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 TGA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

1.17 Intangibles

The TGA's intangible assets comprise internally developed and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Internally developed and purchased software with values of $100,000 or greater are capitalised.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the TGA's software assets are 3 to 10 years (2013-14: 3 to 10 years).

All software assets were assessed for indications of impairment at 30 June 2015.

1.18 Taxation

The TGA is exempt from all forms of taxation except Fringe Benefits Tax (FBT), the Goods and Services Tax (GST) and certain excise and customs duties.

Revenues, expenses, assets and liabilities are recognised net of GST, except:
a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
b) for receivables and payables.

1.19 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements, where required.

Note 2: Events After the Reporting Period

No reportable events occurred after the balance date.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3A: Employee Benefits		
Wages and salaries	**60,257**	63,107
Superannuation		
Defined contribution plans	**4,646**	4,537
Defined benefit plans	**7,747**	7,497
Leave and other entitlements	**11,706**	11,512
Separation and redundancies	**-**	176
Other employee benefits	**256**	182
Total employee benefits	**84,612**	87,011
Note 3B: Suppliers		
Goods and services supplied or rendered		
Consultants	**5,732**	6,093
Property (excluding lease payments)	**4,851**	5,054
Information technology	**3,798**	3,153
Travel	**2,199**	2,213
Committee expenses	**867**	1,004
Contractors	**8,422**	5,356
Other	**5,235**	5,789
Total goods and services supplied or rendered	**31,104**	28,662
Goods supplied in connection with		
Related parties	**257**	136
External parties	**2,287**	2,378
Total goods supplied	**2,544**	2,514
Services rendered in connection with		
Related parties	**2,703**	2,806
External parties	**25,857**	23,342
Total services rendered	**28,560**	26,148
Total goods and services supplied or rendered	**31,104**	28,662

Note 3: Expenses

	2015 $'000	2014 $'000
Other suppliers		
Operating lease rentals in connection with		
Related parties		
Minimum lease payments	**306**	207
External parties		
Minimum lease payments	**6,174**	6,268
Contingent rentals	**3,061**	2,872
Workers compensation expenses	**1,823**	1,430
Total other supplier expenses	**11,364**	10,777
Total supplier expenses	**42,468**	39,439

The TGA has co-located with other divisions of the department in several state offices and reimburses the department for lease expenses.

Note 3C: Depreciation and Amortisation

Depreciation		
Property, plant and equipment	**1,632**	1,487
Buildings - leasehold improvements	**1,062**	1,362
Total depreciation	**2,694**	2,849
Amortisation		
Intangibles		
Computer software - internally developed	**2,650**	1,706
Computer software - purchased	**276**	231
Total amortisation	**2,926**	1,937
Total depreciation and amortisation	**5,620**	4,786

Note 3D: Write-Down and Impairment of Assets

Impairment on receivables	**2,166**	1,782
Impairment of property, plant and equipment	**39**	13
Total write-down and impairment of assets	**2,205**	1,795

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Note 4: Own-Source Income

	2015 $'000	2014 $'000
Own-Source Revenue		
Note 4A: Sale of Goods and Rendering of Services		
Sale of goods in connection with		
External parties	**1,716**	505
Total sale of goods	**1,716**	505
Rendering of services in connection with		
Related parties	**614**	105
External parties	**128,434**	126,628
Total rendering of services	**129,048**	126,733
Total sale of goods and rendering of services	**130,764**	127,238
Note 4B: Other Revenue		
Resources received free of charge		
Remuneration of Auditors	**200**	180
Total other revenue	**200**	180
Gains		
Note 4C: Other Gains		
Property related gains	**3**	397
Total other gains	**3**	397
Note 4D: Revenue from Government		
Appropriations		
Departmental appropriations	**8,579**	4,748
Total revenue from Government	**8,579**	4,748

Note 5: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			For levels 2 and 3 fair value measurements			
	2015	2014	Category				
	$'000	$'000	(Level 1, 2 or 3)	**Valuation techniques**	**Inputs used**	**Range (weighted average)**	**Sensitivity of the fair value measurement to changes in unobservable inputs**
Non-financial assets							
Land and buildings	**2,510**	2,847	Level 3	Depreciated replacement cost (DRC)	Replacement cost new (price per square metre)		
					Consumed economic benefit/Obsolescence of assets	4.2% - 33.3% (4.9%) per annum	A significant increase (decrease) in the consumed economic benefit/obsolescence of the asset would result in a significantly lower (higher) fair value measurement.
Property, plant and equipment	**2,217**	1,981	Level 2	Market approach	Adjusted market transactions		
	70	-	Level 3	Market approach	Adjusted market transactions	(15.0%) - 10.0%	A significantly higher (lower) market transaction may result in a significantly higher (lower) fair value measurement
	4,142	3,494	Level 3	DRC	Replacement cost new		
					Consumed economic benefit/Obsolescence of asset	6.7% - 30.8% (14.5%) per annum	A significant increase (decrease) in the consumed economic benefit/obsolescence of the asset would result in a significantly lower (higher) fair value measurement.
Total non-financial assets measured at fair value	**8,939**	8,322					

Note 5: Fair Value Measurements

Non-financial assets not measured at fair value in the statement of financial position

	2015	2014	Category	
	$'000	$'000	(Level 1, 2 or 3)	**Valuation techniques**
Intangibles	**11,204**	5,622	Level 2	Amortised Cost
Prepayments	**1,703**	1,466	Level 1	Cost

1. The TGA did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June 2015.
2. There have been changes to the valuation techniques for assets in the property, plant and equipment class. In instances where sufficient observable inputs, such as market transactions of similar assets, were (not) identified this financial year, the valuation technique was changed from a DRC (Market) approach to a Market (DRC) approach.
3. TGA's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of the assets are considered their highest and best use.
4. TGA tests the valuation model in an asset materiality review at least once every 12 months with a formal revaluation undertaken once every three years. If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. The TGA engaged Australian Valuation Solutions (AVS) to undertake a full revaluation as at 30 June 2015 and confirm that the models developed comply with AASB 13.

Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

Property, Plant & Equipment - Adjusted Market Transactions
The significant unobservable inputs used in the fair value measurement of PPE assets relates to market demand and valuers judgement to determine the fair value measurement of these assets. A significant increase (decrease) in this input would result in a significantly higher (lower) fair value measurement.

Leasehold Improvements, Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset
Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

5. Please refer to Note 1 for explanations of valuation of financial assets and liabilities.

Note 5: Fair Value Measurements

Note 5B: Level 1 and 2 Transfers for Recurring Fair Value Measurements

There have been no transfers between levels 1 and 2 of the heirarchy during the financial year.

Note 5C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring level 3 fair value measurements - reconciliation for assets

	Non-financial assets					
	Land and buildings		Property, plant and equipment		Total	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance	**2,847**	3,633	**3,494**	3,641	**6,341**	7,274
Purchases	**148**	576	**1,520**	546	**1,668**	1,122
Gains (Losses) - Net Cost of Services [1]	**(1,062)**	(1,362)	**(1,061)**	(693)	**(2,123)**	(2,055)
Gains (Losses) - Other Comprehensive Income	**577**	-	**272**	-	**849**	-
Transfers into Level 3	**-**	-	**102**	-	**102**	-
Transfers out of Level 3	**-**	-	**(115)**	-	**(115)**	-
Closing balance	**2,510**	2,847	**4,212**	3,494	**6,722**	6,341

[1] These gains/(losses) are presented in the Statement of Comprehensive Income under depreciation and write down and impairment expense.

There have been transfers of property, plant and equipment fair value measurements into level 3 (out of level 3) during the year due to changes in the valuation technique from a market approach (DRC) to a DRC (market approach). Transfers between levels are deemed to have occurred on reporting date.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Note 6: Financial Assets

	2015 $'000	2014 $'000
Note 6A: Cash and Cash Equivalents		
Cash in special account	**61,061**	63,330
Total cash and cash equivalents	**61,061**	63,330
Note 6B: Trade and Other Receivables		
Goods and services receivables in connection with		
Related parties	**656**	146
External parties	**4,778**	6,816
Total goods and services receivables	**5,434**	6,962
Appropriation receivables		
Equity appropriation receivable	**1,000**	-
Total appropriation receivables	**1,000**	-
Other receivables		
GST receivable from the Australian Taxation Office	**385**	525
Total other receivables	**385**	525
Total trade and other receivables (gross)	**6,819**	7,487
Less impairment allowance		
Goods and services	**(883)**	(2,441)
Total impairment allowance account	**(883)**	(2,441)
Total trade and other receivables (net)	**5,936**	5,046
Trade and other receivables (net) are expected to be recovered		
No more than 12 months	**5,936**	5,046
Total trade and other receivables (net)	**5,936**	5,046

Note 6: Financial Assets

	2015 $'000	2014 $'000
Trade and other receivables (gross) are aged as follows		
Not overdue	**5,644**	5,656
Overdue by		
0 to 30 days	**337**	882
31 to 60 days	**56**	94
61 to 90 days	**154**	105
More than 90 days	**628**	750
Total receivables (gross)	**6,819**	7,487
Impairment allowance aged as follows		
Not overdue	**(67)**	(1,503)
Overdue by		
0 to 30 days	**(52)**	(9)
31 to 60 days	**(24)**	(81)
61 to 90 days	**(117)**	(104)
More than 90 days	**(623)**	(744)
Total impairment allowance	**(883)**	(2,441)

The impairment allowance includes disputed debts which are not overdue.
Credit terms for services are prescribed in the *Therapeutic Goods Act 1989* and associated regulations.

Reconciliation of the impairment allowance
Movements in relation to 2015

	Goods and services $'000	Total $'000
Opening balance	**(2,441)**	**(2,441)**
Amounts written-off	**2,020**	**2,020**
Amounts recovered and reversed	**180**	**180**
Increase in allowance	**(642)**	**(642)**
Closing balance	**(883)**	**(883)**

Note 6: Financial Assets

Movements in relation to 2014

	Goods and services	Total
	$'000	$'000
Opening balance	(1,105)	(1,105)
Amounts written-off	464	464
Amounts recovered and reversed	462	462
Increase in allowance	(2,262)	(2,262)
Closing balance	(2,441)	(2,441)

	2015	2014
	$'000	$'000
Note 6C: Other Financial Assets		
Accrued revenue	**275**	173
Total other financial assets	**275**	173
Total other financial assets are expected to be recovered		
No more than 12 months	**275**	173
Total other financial assets	**275**	173

Note 7: Non-Financial Assets

	2015 $'000	2014 $'000
Note 7A: Land and Buildings		
Leasehold improvements		
Fair value	**2,673**	5,389
Accumulated depreciation	**(163)**	(2,542)
Total leasehold improvements	**2,510**	2,847
Total land and buildings	**2,510**	2,847

No indicators of impairment were found for land and building assets.
No land and building assets were held for sale or disposal at 30 June 2015.

Note 7B: Property, Plant and Equipment		
Other property, plant and equipment		
Fair value	**6,429**	8,496
Accumulated depreciation	**-**	(3,021)
Total other property, plant and equipment	**6,429**	5,475

Where indications of impairment were identified during the year, the asset value was adjusted accordingly. All assets were revalued as at 30 June.

No property, plant or equipment assets were held for sale or disposal at 30 June 2015.

Revaluation of non-financial assets
All revaluations are conducted in accordance with the revaluation policy stated at Note 1.

In 2014-15 Australian Valuation Solutions conducted a revaluation of all non-financial assets. Revaluation increments in 2014-15 include $577 thousand for leasehold improvements and $247 thousand for property, plant and equipment.

A revaluation increment of $24 thousand for leasehold improvements was credited to the Asset Revaluation Reserve in 2013-14, relating to revisions to lease makegood provision estimates. No other revaluation adjustments were recognised in 2013-14.

All revaluation increments recognised in 2014-15 and 2013-14 were transferred to the asset revaluation reserve within equity.

Note 7: Non-Financial Assets

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment

Reconciliation of the opening and closing balances of property, plant and equipment for 2015

	Leasehold improvements $'000	Other property, plant and equipment $'000	Total $'000
As at 1 July 2014			
Gross book value	**5,389**	**8,496**	**13,885**
Accumulated depreciation and impairment	**(2,542)**	**(3,021)**	**(5,563)**
Total as at 1 July 2014	**2,847**	**5,475**	**8,322**
Additions			
Purchased or internally developed	**148**	**2,378**	**2,526**
Revaluations and impairment recognised in other comprehensive income	**577**	**247**	**824**
Depreciation expense	**(1,062)**	**(1,632)**	**(2,694)**
Impairment	**-**	**(39)**	**(39)**
Total as at 30 June 2015	**2,510**	**6,429**	**8,939**
Total as at 30 June 2015 represented by			
Gross book value	**2,673**	**6,429**	**9,102**
Accumulated depreciation and impairment	**(163)**	**-**	**(163)**
Total as at 30 June 2015	**2,510**	**6,429**	**8,939**

Note 7: Non-Financial Assets

Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Leasehold improvements $'000	Other property, plant and equipment $'000	Total $'000
Gross book value	4,865	7,179	12,044
Accumulated depreciation and impairment	(1,232)	(1,627)	(2,859)
Total as at 1 July 2013	3,633	5,552	9,185
Additions			
Purchased or internally developed	576	1,423	1,999
Depreciation expense	(1,362)	(1,487)	(2,849)
Impairment	-	(13)	(13)
Total as at 30 June 2014	2,847	5,475	8,322
Total as at 30 June 2014 represented by			
Gross book value	5,389	8,496	13,885
Accumulated depreciation and impairment	(2,542)	(3,021)	(5,563)
Total as at 30 June 2014	2,847	5,475	8,322

Note 7: Non-Financial Assets

	2015 $'000	2014 $'000
Note 7D: Intangibles		
Computer software		
Internally developed - in progress	**7,319**	1,287
Internally developed - in use	**22,461**	19,985
Purchased	**2,966**	2,966
Accumulated amortisation	**(21,542)**	(18,616)
Total computer software	**11,204**	5,622
Total intangibles	**11,204**	5,622

No indicators of impairment were found for intangible assets.

No intangible assets are expected to be sold or disposed of within the next 12 months.

Note 7: Non-Financial Assets

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles

Reconciliation of the opening and closing balances of intangibles for 2015

	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2014			
Gross book value	**21,272**	**2,966**	**24,238**
Accumulated amortisation and impairment	**(16,381)**	**(2,235)**	**(18,616)**
Total as at 1 July 2014	**4,891**	**731**	**5,622**
Additions			
Purchased or internally developed	**8,508**	**-**	**8,508**
Amortisation	**(2,650)**	**(276)**	**(2,926)**
Total as at 30 June 2015	**10,749**	**455**	**11,204**
Total as at 30 June 2015 represented by			
Gross book value	**29,780**	**2,966**	**32,746**
Accumulated amortisation and impairment	**(19,031)**	**(2,511)**	**(21,542)**
Total as at 30 June 2015	**10,749**	**455**	**11,204**

Note 7: Non-Financial Assets

Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed $'000	Computer software purchased $'000	Total $'000
As at 1 July 2013			
Gross book value	18,442	2,707	21,149
Accumulated amortisation and impairment	(14,676)	(2,003)	(16,679)
Total as at 1 July 2013	3,766	704	4,470
Additions			
Purchased or internally developed	2,830	259	3,089
Amortisation	(1,706)	(231)	(1,937)
Total as at 30 June 2014	4,890	732	5,622
Total as at 30 June 2014 represented by			
Gross book value	21,272	2,966	24,238
Accumulated amortisation and impairment	(16,382)	(2,234)	(18,616)
Total as at 30 June 2014	4,890	732	5,622

Note 7: Non-Financial Assets

	2015	2014
	$'000	$'000
Note 7F: Other Non-Financial Assets		
Prepayments	**1,703**	1,466
Total other non-financial assets	**1,703**	1,466
Total other non-financial assets are expected to be recovered		
No more than 12 months	**1,591**	1,322
More than 12 months	**112**	144
Total other non-financial assets	**1,703**	1,466

No indicators of impairment were found for other non-financial assets.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Note 8: Payables

	2015 $'000	2014 $'000
Note 8A: Suppliers Payable		
Trade creditors and accruals	**(5,522)**	(4,298)
Total suppliers	**(5,522)**	(4,298)
Suppliers expected to be settled		
No more than 12 months	**(5,522)**	(4,298)
Total suppliers	**(5,522)**	(4,298)
Suppliers in connection with		
Related parties	**(996)**	(316)
External parties	**(4,526)**	(3,982)
Total suppliers	**(5,522)**	(4,298)

Settlement is usually made within 30 days.

Note 8B: Other Payables		
Wages and salaries	**(2,265)**	(3,328)
Superannuation	**(413)**	(376)
Unearned income	**(16,153)**	(17,215)
Total other payables	**(18,831)**	(20,919)
Other payables expected to be settled		
No more than 12 months	**(18,831)**	(20,919)
Total other payables	**(18,831)**	(20,919)

Note 9: Provisions

	2015 $'000	2014 $'000
Note 9A: Employee Provisions		
Leave	**(25,816)**	(25,537)
Total employee provisions	**(25,816)**	(25,537)
Employee provisions are expected to be settled		
No more than 12 months	**(6,500)**	(6,528)
More than 12 months	**(19,316)**	(19,009)
Total employee provisions	**(25,816)**	(25,537)
Note 9B: Other Provisions		
Provision for annual charge exemptions	**-**	(745)
Restoration obligations	**(63)**	(65)
Provision for lease increases	**(38)**	(12)
Total other provisions	**(101)**	(822)
Other provisions are expected to be settled		
No more than 12 months	**-**	(807)
More than 12 months	**(101)**	(15)
Total other provisions	**(101)**	(822)

Note 9: Provisions

Reconciliation of other provisions

	Provision for annual charge exemptions [1] $'000	Restoration obligations [2] $'000	Provision for lease increases $'000	Total $'000
Carrying amount 1 July 2014	**(745)**	**(65)**	**(12)**	**(822)**
Additional provisions made	**-**	**-**	**(34)**	**(34)**
Amounts used	**745**	**-**	**8**	**753**
Amounts reversed	**-**	**3**	**-**	**3**
Unwinding of discount	**-**	**(1)**	**-**	**(1)**
Closing balance	**-**	**(63)**	**(38)**	**(101)**

[1] In 2013-14 a provision was raised for annual charge exemptions that were expected to be granted under the low value turnover (LVT) scheme. The LVT scheme ceased from 1 July 2015 with no outstanding exemptions to be processed.

[2] The TGA has agreements for the leasing of premises which have provisions requiring the TGA as lessee to restore the premises to their original condition at the conclusion of the lease. A provision has been made to reflect the present value of this obligation.

Note 10: Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	**61,061**	63,330
Statement of financial position	**61,061**	63,330
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	**(3,938)**	(5,216)
Revenue from Government	**8,579**	4,748
Adjustments for non-cash items		
Depreciation/amortisation	**5,620**	4,786
Net write-down of non-financial assets	**39**	13
Revaluation of other provisions	**-**	24
Gains (non-financial assets received)	**-**	(204)
Movements in assets and liabilities		
Assets		
Decrease in net receivables and other financial assets	**9**	2,387
(Increase) in prepayments	**(237)**	(593)
Liabilities		
Increase in employee provisions	**279**	1,496
Increase/(decrease) in supplier payables	**1,222**	(362)
(Decrease)/increase in other payables	**(2,088)**	3,145
(Decrease) in other provisions	**(721)**	(351)
Net cash from operating activities	**8,764**	9,873

Note 11: Contingent Assets and Liabilities

Quantifiable contingencies

At 30 June 2015 the TGA did not have any quantifiable contingent assets or liabilities (2013-14: nil).

Unquantifiable contingencies

Contingent assets
At 30 June 2015 the TGA did not have any unquantifiable contingent assets (2013-14: nil).

Contingent liabilities
The TGA has provided an indemnity to its transactional banker in relation to any claims made against the bank resulting from errors in the TGA's payment files. It is not possible to estimate the amounts of any payments that may be required under this indemnity. The same indemnity existed at 30 June 2014.

Significant remote contingencies

At 30 June 2015 the TGA did not have any significant remote contingencies (2013-14: nil).

Note 12: Senior Management Personnel Remuneration

	2015 $	2014 $
Short-term employee benefits		
Salary	**5,204,880**	5,761,619
Performance bonuses	**-**	364,764
Allowances	**711,201**	746,357
Total short-term employee benefits	**5,916,081**	6,872,740
Post-employment benefits		
Superannuation	**963,631**	961,278
Total post-employment benefits	**963,631**	961,278
Other long-term employee benefits		
Annual leave	**530,834**	551,732
Long service leave	**153,731**	152,534
Total other long-term employee benefits	**684,565**	704,266
Termination benefits		
Voluntary redundancy benefits	**-**	187,606
Total termination benefits	**-**	187,606
Total senior executive remuneration expenses	**7,564,277**	8,725,890

The total number of senior management personnel that are included in the above table are 33 individuals (2013-14: 35 individuals).

Note 13: Financial Instruments

	2015 $'000	2014 $'000
Note 13A Categories of Financial Instruments		
Financial assets		
Loans and receivables		
Cash and cash equivalents	**61,061**	63,330
Goods and services receivable	**4,551**	4,521
Accrued revenue	**275**	173
Total loans and receivables	**65,887**	68,024
Carrying amount of financial assets	**65,887**	68,024
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**(5,522)**	(4,298)
Total	**(5,522)**	(4,298)
Carrying amount of financial liabilities	**(5,522)**	(4,298)

Carrying values are a reasonable approximation of fair values for all financial assets and liabilities. For the purposes of AASB 13 *Fair Value Measurement* , fair value heirarchy levels and valuation techniques are as follows:
- goods and services receivable: level 2, with review of individual debts for default risk; and
- suppliers payable: level 1, based on actual transaction costs.

Note 13B Net Gains or Losses on Financial Assets		
Loans and receivables		
Impairment	**2,166**	1,782
Net loss on loans and receivables	**2,166**	1,782
Net loss on financial assets	**2,166**	1,782

Note 13: Financial Instruments

Note 13C Credit Risk

Exposure to credit risk is minimal as loans and receivables are cash, trade receivables and accrued revenues. The maximum exposure to credit risk in each class of financial assets is the carrying amount of the assets. The TGA holds no collateral to mitigate against risk.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	**Past due or impaired**	Past due or impaired
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Loans and receivables				
Goods and services receivable	**4,193**	3,628	**1,242**	3,334
Accrued revenue	**275**	173	**-**	-
Total	**4,468**	3,801	**1,242**	3,334

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days	**31 to 60 days**	**61 to 90 days**	**90+ days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loans and receivables					
Goods and services receivable	**285**	**32**	**37**	**5**	**359**
Total	**285**	**32**	**37**	**5**	**359**

Ageing of financial assets that were past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$'000	$'000	$'000	$'000	$'000
Loans and receivables					
Goods and services receivable	873	13	1	6	893
Total	873	13	1	6	893

Note 13D Liquidity Risk

Financial liabilities are payables. Exposure to liquidity risk where TGA encounters difficulty in meeting its obligations associated with financial liabilities is highly unlikely as cost recovery and other internal policies and practices ensure there are appropriate resources to meet financial obligations. The TGA has not previously defaulted on any financial obligations. The TGA has no derivative financial liabilities in either 2015 or 2014.

Note 13E Market Risk

Financial instruments have no material exposure to currency risk, interest rate risk or other price risk.

Note 14: Financial Assets Reconciliation

	Notes	2015 $'000	2014 $'000
Financial assets			
Total financial assets as per statement of financial position		**67,272**	68,549
Less non-financial instrument components			
Equity appropriation receivable	6B	**1,000**	-
GST receivable from the Australian Taxation Office	6B	**385**	525
Total non-financial instrument components		**1,385**	525
Total financial assets as per financial instruments note		**65,887**	68,024

Note 15: Special Account

	Therapeutic Goods Administration	
	2015	2014
	$'000	$'000
Balance brought forward from previous period	**63,330**	58,342
Increases		
Appropriation credited to special account	**8,579**	4,748
Costs recovered	**126,650**	130,574
Total increases	**135,229**	135,322
Available for payments	**198,559**	193,664
Decreases		
Departmental		
Payments made to employees	**85,347**	85,044
Payments made to suppliers	**41,118**	40,405
Purchases of property, plant and equipment	**11,033**	4,885
Total decreases	**137,498**	130,334
Balance carried to the next period	**61,061**	63,330

The TGA operates one special account under section 80 of the *Public Governance, Performance and Accountability Act 2013*. The purposes of the account are set out in section 45 of the *Therapeutic Goods Act 1989* and are:
- to make payments to further the objects of the Act; and
- to enable the Commonwealth to participate in the international harmonisation of regulatory controls on therapeutic goods and other related activities.

Therapeutic Goods Administration

Notes to and forming part of the financial statements

Note 16: Reporting of Outcomes

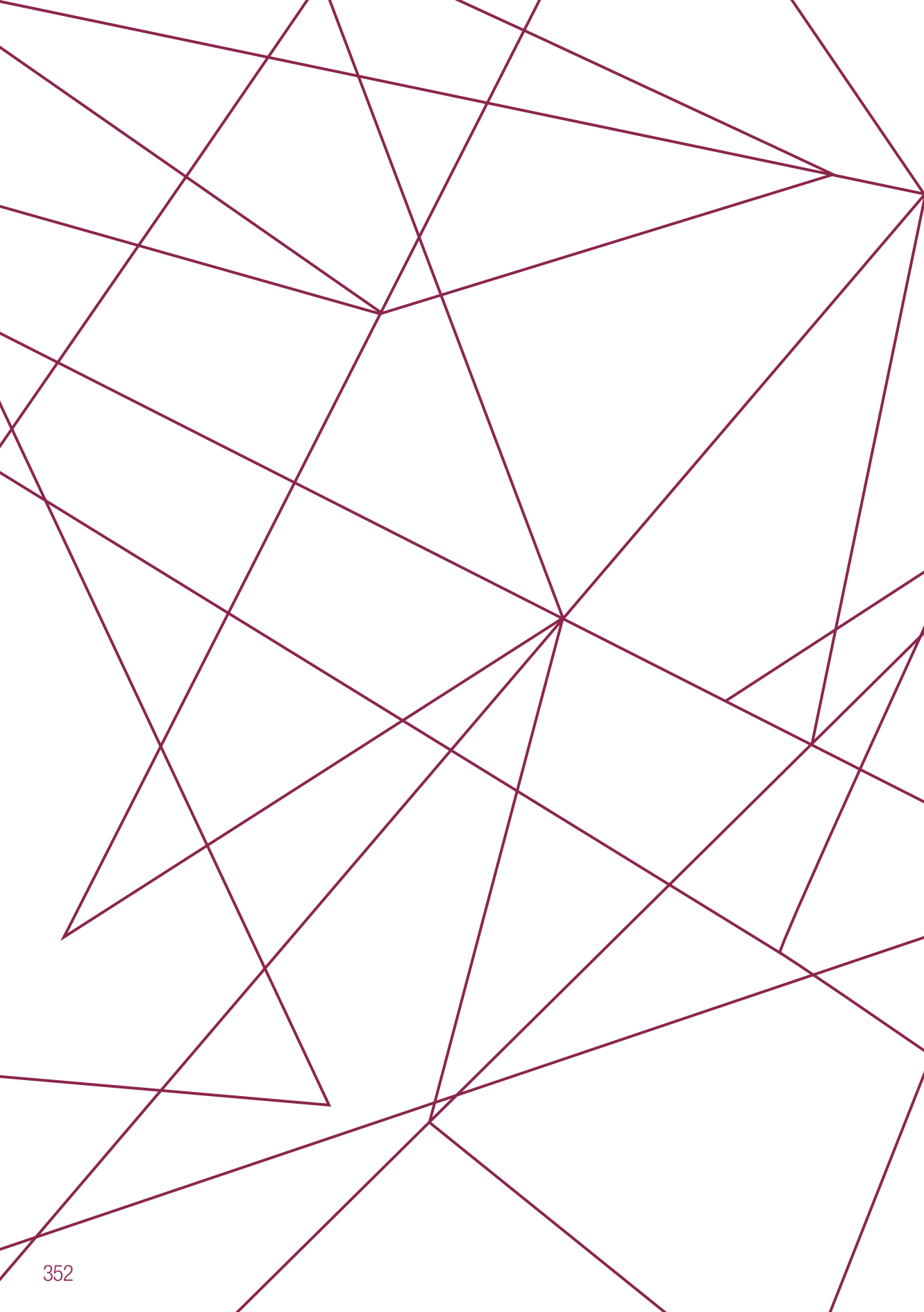
The TGA is a part of the Department of Health and contributes to Outcome 7 - improved capacity, quality and safety of Australia's health care system to meet current and future health needs including through investment in health infrastructure, regulation, international health policy engagement, research into health care, and support for blood and organ donation services. All costs are attributable to the outcome.

Note 17: Cost Recovery

	2015 $'000	2014 $'000
Amounts applied		
Departmental		
Annual appropriations	**946**	2,486
Special appropriations (including special account)	**128,919**	125,586
Total amounts applied	**129,865**	128,072
Expenses		
Departmental	**131,320**	130,769
Total expenses	**131,320**	130,769
Revenue		
Departmental	**132,623**	129,915
Total revenue	**132,623**	129,915
Receivables		
Not overdue	**4,260**	5,131
Overdue by		
0 to 30 days	**337**	882
31 to 60 days	**56**	94
61 to 90 days	**154**	105
More than 90 days	**628**	750
Total receivables	**5,435**	6,962
Amounts written-off		
Departmental	**3,723**	495
Total amounts written-off	**3,723**	495

Cost recovered activities
TGA undertakes cost recovered activities to evaluate the safety, quality and efficacy of medicines, medical devices and biologicals available for supply in, or export from Australia. Regulation activities include:
- Pre-market assessments
- Post-market monitoring and enforcement of standards
- Licensing of Australian manufacturers and verifying overseas manufacturers' compliance with the same standards as their Australian counterparts.

Further details regarding TGA cost recovery arrangements are available at http://www.tga.gov.au/cost-recovery-implementation-statements.



Appendices

Appendix 1: Processes Leading to PBAC Consideration – Annual Report for 2014-15

Introduction

This is the sixth annual report to the Parliament on the processes leading to the consideration by the Pharmaceutical Benefits Advisory Committee (PBAC) of applications for recommendation for listing of items on the Pharmaceutical Benefits Scheme (PBS). This report covers the 2014-15 financial year.

This annual report has been prepared pursuant to subsection 99YBC(5) of the *National Health Act 1953* (the Act), under which it is required that:

> *The Secretary must, as soon as practicable after June 30 each year, prepare an annual report on the processes leading up to PBAC consideration, including:*
>
> *a) the extent and timeliness with which responsible persons are provided copies of documents relevant to their submissions to the PBAC;*
>
> *b) the extent to which responsible persons exercise their right to comment on these documents, including appearing at hearings before the PBAC; and*
>
> *c) the number of responsible persons seeking a review of the PBAC recommendation.*

PBAC Cost Recovery Reform

Cost recovery for processes leading to PBAC consideration commenced on 1 January 2010.

Background

Cost recovery policy is administered by the Department of Finance and is outlined in the Australian Government Cost Recovery Guidelines. The underlying principle of the policy is that entities should set charges to recover all the costs of products or services where it is efficient and effective to do so, where services will be provided to an identified group and where charging is consistent with Australian Government policy objectives.

PBS Cost Recovery Regulations

Section 140 of the Act provides in part, that the:

> *Governor-General may make regulations, not inconsistent with the Act, prescribing all matters which by this Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed for carrying out or giving effect to the Act.*

Division 4C of Part VII of the Act enables fees to be charged for certain services provided by the Australian Government in order to recover the cost to the Commonwealth of providing those services. Those services relate to the exercise of certain powers of the Minister for Health under section 9B of the Act (which relates to the National Immunisation Program (NIP)) and under

Part VII of the Act (which relates to the PBS). The services include the functions of PBAC and its sub-committees; and related functions performed by officers, administrative staff, contractors and sub-contractors of the Department.

Section 99YBA of the Act provides for regulations to set out the fees that are payable for those services, as well as other matters relating to the payment of those fees and the provision of those services, including some consequences of failing to pay a fee.

The regulations prescribe application categories, fees and application procedures to applicants seeking a new or amended inclusion in the PBS or NIP. The regulations also provide for the exemption from fees, waiver of fees, and for review rights and procedures. The fees and procedures are administered by the Department.

PBAC

The PBAC is established under section 100A of the Act and is an independent expert body appointed by the Australian Government. Members include doctors, health professionals, health economists and a consumer representative. Its primary role is to recommend new medicines for listing on the PBS and vaccines on the NIP. No new medicine can be listed unless the committee makes a positive recommendation to the Minister for Health. The PBAC holds three scheduled meetings each year, usually in March, July and November.

When recommending a medicine for listing, the PBAC takes into account the medical condition(s) for which the medicine was registered for use in Australia and its clinical effectiveness, safety and cost-effectiveness ('value for money') compared with other treatments, including non-medical treatments.

The PBAC has two sub-committees to assist with analysis and advice in these areas. They are:

- **The Economics Sub-Committee (ESC)** which assesses clinical and economic evaluations of medicines submitted to the PBAC for listing, and advises the PBAC on the technical aspects of these evaluations; and
- **The Drug Utilisation Sub-Committee (DUSC)** which assesses estimates on projected usage and the financial cost of medicines. It also collects and analyses data on actual use (including in comparison with different countries), and provides advice to the PBAC.

Roles of the PBAC

The PBAC performs the following roles:

- recommends medicines and medicinal preparations to the Minister for Health for funding under the PBS;
- recommends vaccines to the Minister for funding under the NIP (since 2006);
- advises the Minister and Department about cost-effectiveness;
- recommends maximum quantities and repeats on the basis of community use, and any restrictions on the indications where PBS subsidy is available;
- regularly reviews the list of PBS items; and
- advises the Minister about any other matters relating to the PBS, including on any matter referred to it by the Minister.

Requirements of Section 99YBC of the Act

a) Extent and timeliness of the provision of relevant documents to responsible persons

Subsection 99YBC(5)(a) of the Act requires that the Minister report to the Parliament on the extent and timeliness of the provision of relevant documents to responsible persons. The PBAC provides responsible persons with documents relevant to their submissions in an orderly, timely and transparent fashion. This is achieved through the well-established practice of providing responsible persons with documents relevant to their submissions six weeks before the applicable PBAC meeting. These documents are referred to as 'commentaries'.

Applicants' pre-subcommittee response(s) are received by the PBAC Secretariat five weeks before the relevant PBAC meeting. Following the meeting of PBAC subcommittees, the PBAC Secretariat provides relevant subcommittee papers to responsible persons two weeks before the relevant PBAC meeting. Sponsors then provide their responses to the PBAC Secretariat one week before the PBAC meeting.

Following the PBAC meeting the PBAC Secretariat provides verbal advice on the outcomes of PBAC consideration to the relevant sponsor half a week after the meeting, with written advice provided three weeks after the relevant PBAC meeting.

Where requested, the PBAC Secretariat, the PBAC and its subcommittees provide informal access to departmental officers and formal access to the PBAC for responsible persons or their representative, including the option for the sponsor to appear before the PBAC in person.

b) Extent to which responsible persons comment on their commentaries

Subsection 99YBC(5)(b) of the Act requires that the Minister report to the Parliament on the:

'…extent to which responsible persons exercise their right to comment on these documents, including appearing at hearings before the PBAC;'

During 2014-15, the PBAC held three ordinary meetings (as is usual practice) and considered a total of 97 major submissions. For the:

- **July 2014 PBAC meeting,** 30 responsible persons lodged major submissions. 29 sponsors responded to their commentaries, one sponsor withdrew its submission before responding to its commentary;
- **November 2014 PBAC meeting,** 31 responsible persons lodged major submissions. 29 sponsors responded to their commentaries, two sponsors withdrew their submissions before responding to their commentaries. A third submission was withdrawn by the sponsor after it had lodged a response to the commentary and it had considered the subcommittee advice for its item, leaving 28 major submissions that went on to be considered by the Committee; and
- **March 2015 PBAC meeting,** 41 responsible persons lodged major submissions. 40 sponsors responded to their commentaries, one sponsor withdrew its submission before responding to its commentary.

Consequently, of the 97 major submissions considered by PBAC in 2014-15, 97 responsible persons exercised their right to respond to their commentaries.

c) Number of responsible persons seeking a review of PBAC recommendations

Subsection 99YBC(5)(c) of the Act requires that the Minister report to the Parliament on the:

'…number of responsible persons seeking a review of the PBAC recommendation.'

During 2014-15, there were no requests to the PBAC for an Independent Review.

Number and category of applications for each PBAC meeting in 2014-15[1]

July 2014 PBAC meeting

Category	Number	Comments
major	30	0
minor	28	Included 4 secretariat listings[2]

November 2014 PBAC meeting

Category	Number	Comments
major	31	0
minor	32	Included 6 secretariat listings[2]

March 2015 PBAC meeting

Category	Number	Comments
major	41	0
minor	22	Included 1 secretariat listing[2]

1 Figures do not include four minor submissions considered at Special Meetings.

2 Secretariat listings are not considered as a separate agenda item at a meeting of the Committee as they are very minor amendments to existing listings. However, all secretariat listings are still decided by the Committee on the merit of each application.

Withdrawn applications for each PBAC meeting in 2014-15 by category and reasons for withdrawal of applications for each meeting

July 2014 PBAC meeting

Category	Number	Reasons For Withdrawal
major	1	Decision by applicant – no reason provided
minor	1	Decision by applicant – no reason provided

November 2014 PBAC meeting

Category	Number	Reasons For Withdrawal
major	3	Decisions by applicants – no reason provided
minor	1	Decision by applicant – no reason provided

March 2015 PBAC meeting

Category	Number	Reasons For Withdrawal
major	1	Decision by applicant – no reason provided
minor	0	0

Number of responsible persons that responded to their commentaries, including appearing before PBAC meetings

All of the responsible persons who submitted a major submission to PBAC during 2014-15 responded to their commentary.

July 2014 PBAC meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
30 (1 subsequently withdrawn)	29	6

November 2014 PBAC meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
31 (2 subsequently withdrawn)	29	8

March 2015 PBAC meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
41 (1 subsequently withdrawn)	40	12

Number of pre-submission meetings held in 2014-15[1]

Pre-submission meetings per month	Meetings held
2014	
July	2
August	12
September	9
October	1
November	0
December	8
2015	
January	7
February	0
March	4
April	6
May	5
June	2
Total	**56**

[1] Figures do not take into account extended meetings where two or more drugs are discussed within one meeting date.

Appendix 2:

Report from the Director of the National Industrial Chemicals Notification and Assessment Scheme on the operation of the *Industrial Chemicals (Notification and Assessment) Act 1989*

Overview

The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) aids in the protection of the health of the Australian people (both the public and workers) and the environment by assessing the risks of industrial chemicals and providing information to promote their safe use.

NICNAS met all of its key performance indicators for 2014-15, and operated within the available budget.

NICNAS contributed to achieving the objectives of the Department of Health under Outcome 7, as highlighted on pages 96 to 119 of this Annual Report.

In summary, NICNAS:

- registered almost 5,800 businesses that introduce (import or manufacture) industrial chemicals;
- published pre-market assessments for 213 new industrial chemicals;
- delivered 98 per cent of certificates and permits for new chemicals within statutory timeframes;
- accepted assessment information from overseas agencies or foreign schemes for 12 new chemicals;
- conducted post-market reviews of the risks of 1,502 industrial chemicals already in use in Australia;
- continued assessing the health impacts of industrial chemicals used in hydraulic fracturing for extracting natural gas from coal seams;
- commenced a review of industrial chemicals used in tattoo inks; and
- participated in cooperative activities with comparable international agencies.

Administration

At the end of 2014-15, around 80 staff from the Department of Health were working on the Scheme, in five operational teams, three of which were primarily focused on scientific assessment. Approximately 60 per cent of staff are scientists, with 40 per cent in administrative, communication, compliance and related roles. Staff from the Department of the Environment conducted environmental risk assessments of new and existing chemicals for the Scheme.

In August 2014, the Department of Health consolidated its chemical assessment functions within the Office of Chemical Safety. This included integrating staff undertaking human health risk assessments of industrial chemicals (NICNAS) and agricultural and veterinary chemicals, and staff managing the scheduling of chemical poisons on the Poisons Standard (Standard for the Uniform Scheduling of Medicines and Poisons). This amalgamation has yielded many positive results, including shared staff development, and improved efficiency of administrative processes.

Registration

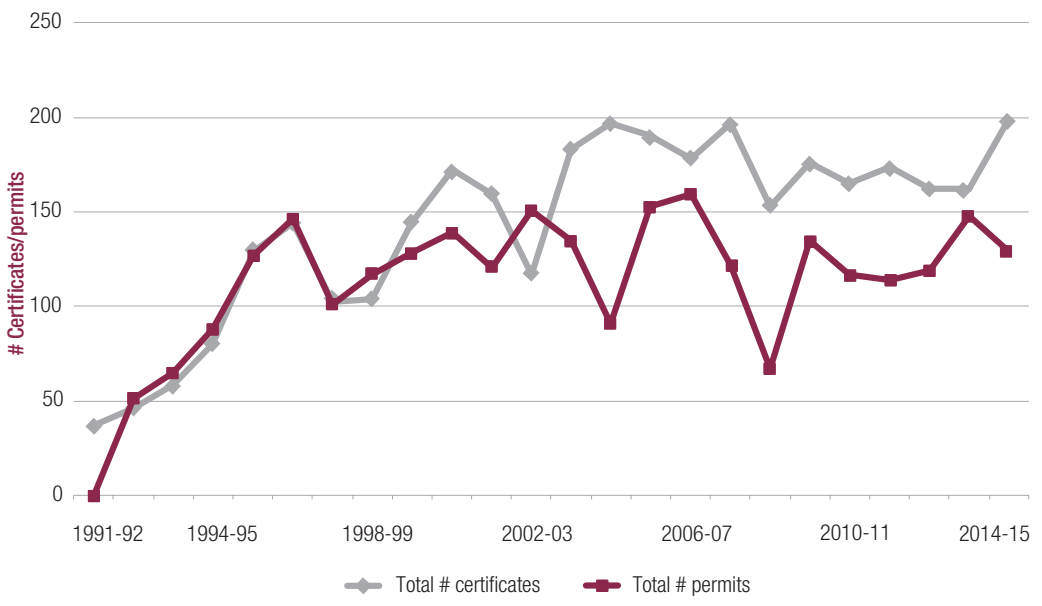
NICNAS's compliance and enforcement activities include registering companies that introduce industrial chemicals in Australia, and reminding registered companies of their legal obligations in relation to the introduction of new industrial chemicals.

By the end of 2014-15, 99.9 per cent of all identified industrial chemical introducers were registered with NICNAS – a total of 5,794 registered introducers. This is an increase of 329 from 2013-14, and represents the highest total number of registrants since the introduction of NICNAS registration in 1997.

New industrial chemicals

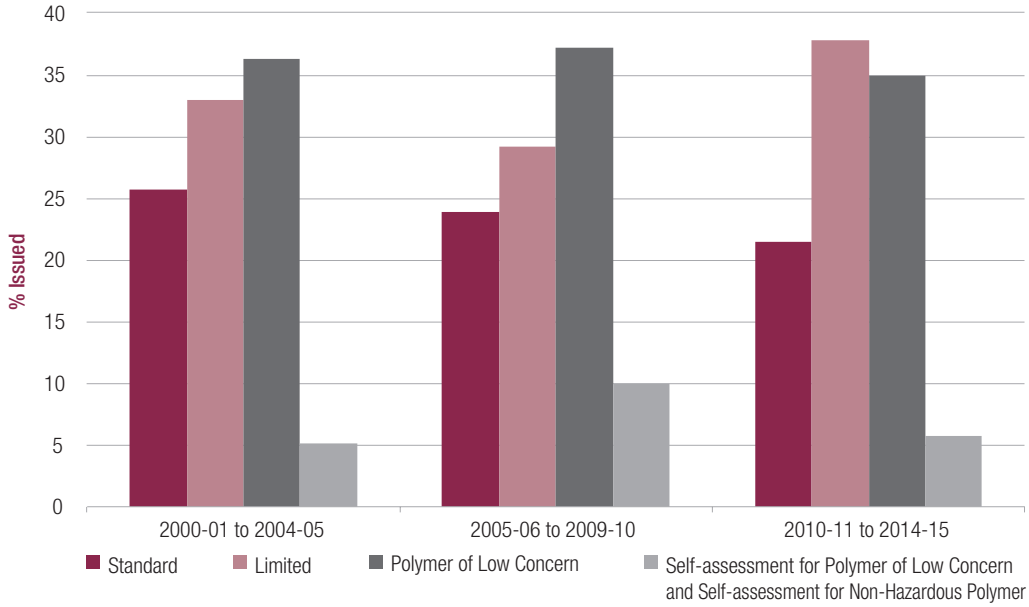
NICNAS's core work in assessing new industrial chemicals continued in 2014-15, with 320 certificates and permits for new chemicals issued during the year. The following figures describe trends in the assessment of new chemicals notified by industry.

Figure 1: Trends in the number of certificates and permits issued, 1991-92 to 2014-15



Source: NICNAS internal data

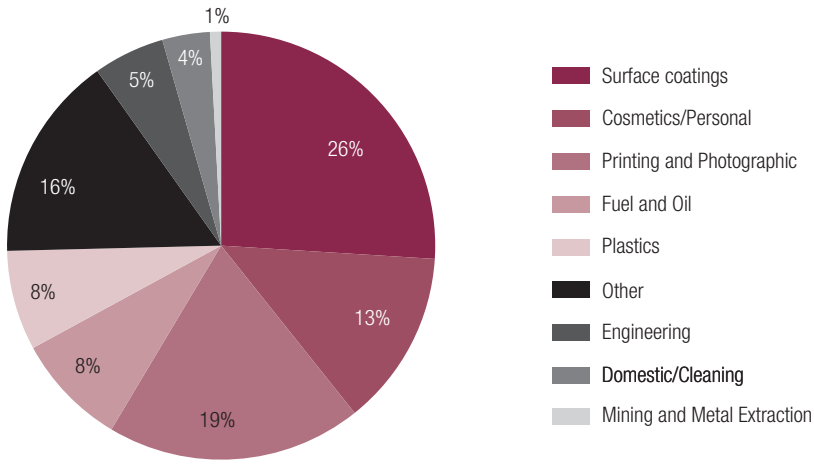
Figure 2: Trends in the types of certificates issued, 2000-01 to 2014-15, by notification category



Source: NICNAS Annual Reports and internal data

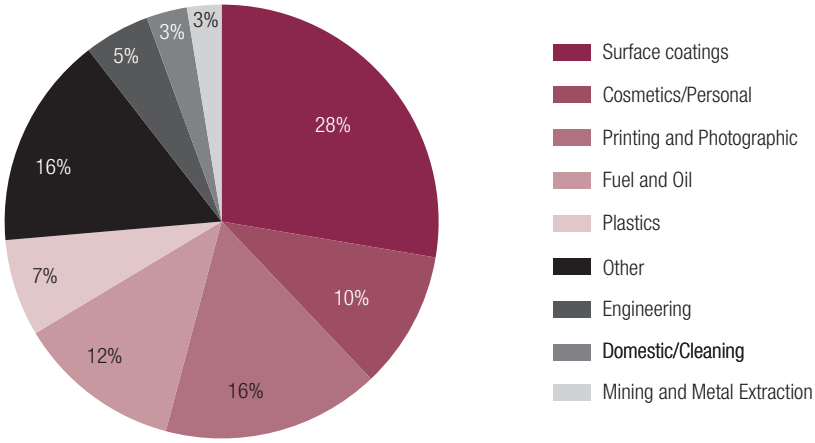
Figure 3: Trends in industrial uses of new chemicals for which NICNAS has issued Standard, Limited and Polymer of Low Concern certificates in three 5-year blocks from 2000-01 to 2014-15[50]

Chemicals assessed by use 2000-01 to 2004-05



[50] The number of chemicals assessed by use category does not equal the total number of chemicals assessed because a chemical may have multiple uses.

Chemicals assessed by use 2005-06 to 2009-10



Chemicals assessed by use 2010-11 to 2014-15

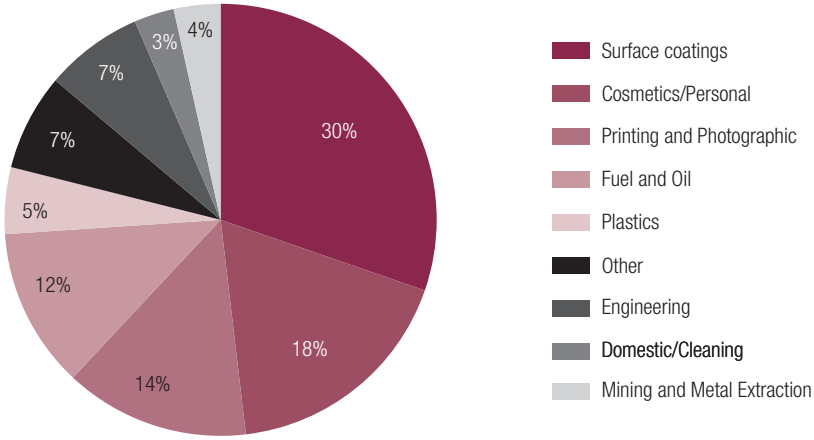
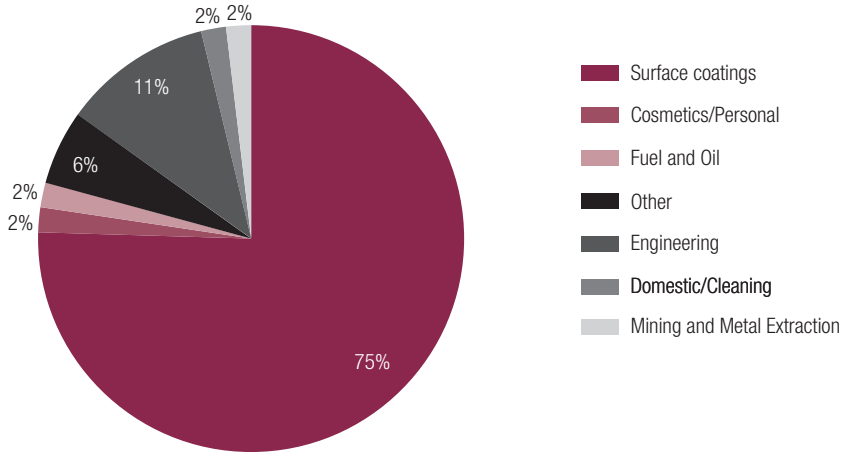


Figure 3 source: NICNAS Annual Reports and internal data

Figure 4: Contrast between manufactured and imported new chemicals for which NICNAS has issued Standard, Limited and Polymer of Low Concern certificates from 2008-09 to 2014-15, by industrial sector/use

Chemicals assessed for manufacturing



Chemicals assessed for importing

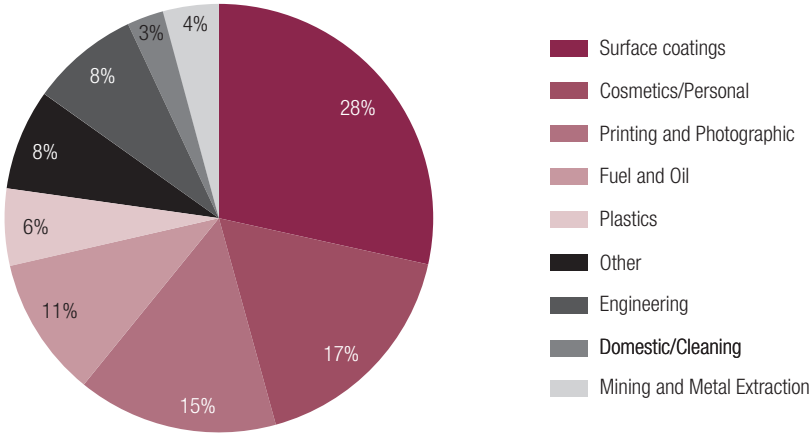
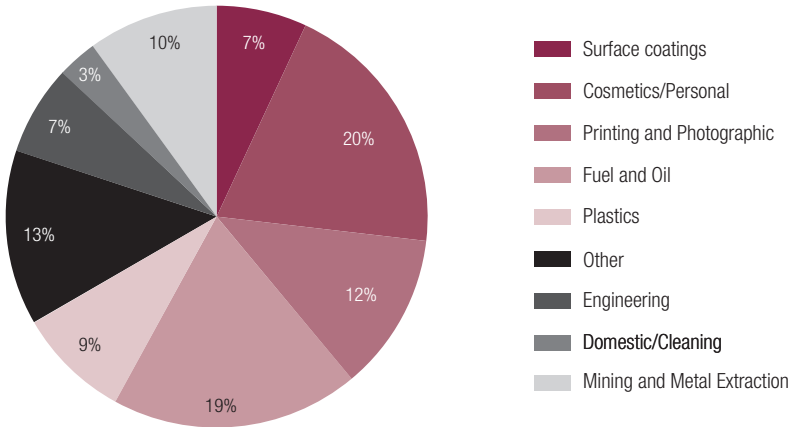


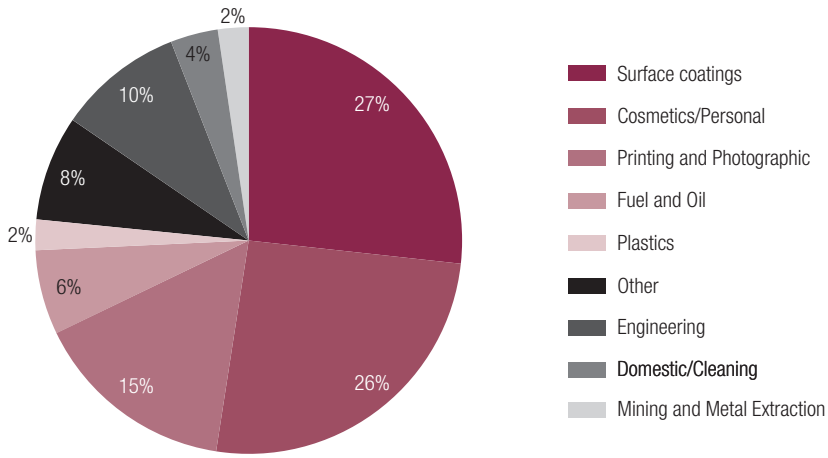
Figure 4 source: NICNAS internal data

Figure 5: Industrial use of chemicals issued Standard, Limited or Polymer of Low Concern certificates from 2008-09 to 2014-15

Standard certificates



Limited certificates



Polymer of Low Concern certificates

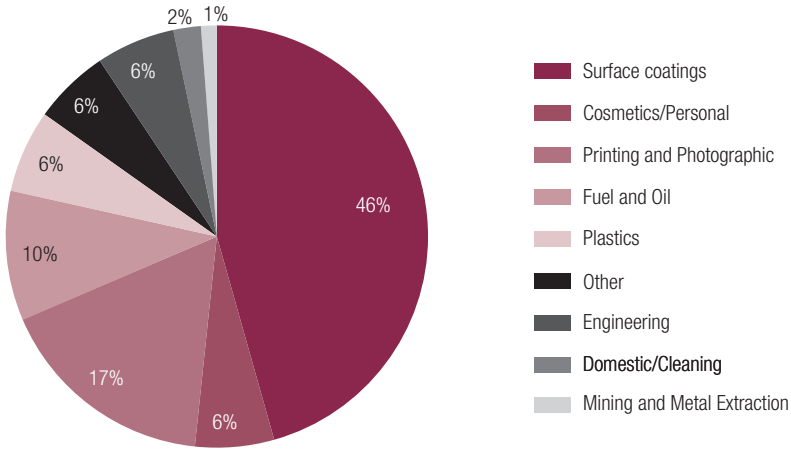


Figure 5 source: NICNAS internal data

Existing industrial chemicals

In 2014-15, NICNAS's Inventory Multi-tiered Assessment and Prioritisation (IMAP) Framework project successfully met the target for assessments of existing chemicals by completing 454 assessments at Tier I (high throughput) level, and 1,348 at Tier II (chemical by chemical risk assessment). This brought the total human health and environment assessments completed using the IMAP Framework to 4,210 for a total of 3,185 chemicals since 1 July 2012.[51]

The IMAP Framework facilitates the assessment of existing chemicals selected on the basis of their high volume of use, specific risk management requirements in countries like Australia, or because reports indicated their presence in human cord blood. IMAP assessments have resulted in a number of risk management recommendations (see Table 1):

Table 1: IMAP risk management recommendations, by relevant sector, 2012-15

Nature of recommendation	Agency	Number of recommendations			Total by sector
		2012-13	2013-14	2014-15	
Work health and safety	Safe Work Australia	188	735	663	1,586
Public health	Department of Health	56	153	137	346
Consumer/product safety	Australian Competition and Consumer Commission	11	73	77	161
Environment	Department of the Environment	0	8	191	199
Further in-depth chemical assessment at IMAP Tier III	NICNAS	13	38	173	224
Total for each year		**268**	**1,007**	**1,241**	**2,516**

IMAP provides an excellent example of a targeted risk-based and proportionate approach to regulation that maintains public health and safety and environmental protections, while also reducing unnecessary burden on business, the community, and individuals.

Priority Existing Chemical (PEC) reports were published on two phthalate chemicals: Diisodecyl phthalate — DIDP and Di-n-octyl phthalate — DnOP in 2014-15. Two 'secondary notification' assessment reports were drafted (on Fluorosurfactant FC-4430 and Chemical in Reagent S-10104 Promoter) for public consultation. Seventy-five inquiries were received concerning potential secondary notification of previously assessed chemicals, of which 22 remained under consideration at the end of 2014-15.

In 2015-16, NICNAS staff will continue to asses existing chemicals using the IMAP Framework, including commencing in depth Tier III chemical assessments to fully determine their human health and/or environmental impacts. In addition, staff will review all aspects of the IMAP project methodology.

[51] The total number of chemicals does not equal the total number of IMAP assessments because chemicals are assessed separately for human health and environment.

NICNAS reforms

During the past year, NICNAS staff have contributed technical and other relevant input to the Department's policy review of NICNAS. In May 2015, the Government announced reforms aiming to maintain NICNAS's robust safety standards, while further reducing the regulatory burden on industry by focusing the level of assessment proportionately to the potential risks posed by industrial chemicals.

The reforms involve:

- rebalancing pre- and post-market regulatory requirements to match the indicative risk profile of a new chemical;
- streamlining the existing risk assessment process for new and existing chemicals;
- making greater use of international assessment materials; and
- employing more appropriate compliance tools.

Stakeholder engagement

NICNAS continues to cooperate and work with a wide range of stakeholders, including other Government entities, the chemicals industry, and community groups, to promote the safe use of industrial chemicals and the uptake of risk management recommendations arising from chemical assessments.

Following engagement about consultative arrangements with stakeholder groups, the Assistant Minister for Health approved a new committee structure to be implemented in early 2015-16. A Strategic Consultative Committee, with representation from peak industry and community groups, will replace the former Industry Government Consultative Committee and Community Engagement Forum.

International engagement

As part of ongoing efforts to harmonise international standards and risk assessment methods, NICNAS staff continued to participate in forums organised by the Organisation for Economic Co-operation and Development.

Managing financial performance

The table below provides a five year comparison of NICNAS revenue and expenses.

	2010-11 $'000	2011-12 $'000	2012-13 $'000	2013-14 $'000	2014-15 $'000
Industry cost recovered revenue	8,586	9,014	11,089	12,819	13,045
Other revenue	809	836	2,809	2,094	1,023
Total revenue	9,395	9,850	13,898	14,913	14,068
Total expenses	9,259	10,004	13,074	13,906	13,764
Operating surplus/(deficit)	**136**	**(154)**	**824**	**1,007**	**304**

Compared with 2013-14, total revenue and expenses in 2014-15 have decreased by $0.845m and $0.142m respectively.

Industry cost recovered revenue in 2014-15 was $13.045m, which is $0.226m higher than the previous year. Cost recovery revenue is affected by changes to NICNAS fees and charges (in accordance with the NICNAS Cost Recovery Impact Statement - CRIS), the number of companies introducing relevant industrial chemicals, and the number of chemicals notified for assessment.

Net revenue from other sources was $1.023m, which is $1.071m lower than the previous year, primarily due to the completion of an externally funded project.

Total expenses were $13.764m, which is $0.142m lower than the previous year. This result is net of a decrease in costs related to externally funded projects of $0.896m, offset by an increased level of core regulatory activities of $0.754m.

The NICNAS final net result for 2014-15 was a surplus of $0.304m. This is consistent with the planned result forecast in the NICNAS CRIS, which allowed for an increase in the NICNAS reserve by the amount of the interest equivalency payment.

Conclusion

I wish to thank all who have supported NICNAS in its activities in 2014-15, including members of the NICNAS consultative committees and working groups. In particular, I would specifically like to acknowledge the commitment of the highly skilled and dedicated staff in both the Department of Health and the Department of the Environment who support the Scheme.

Dr Brian Richards

Director, NICNAS
September 2015

Contact details

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Address: GPO Box 58, Sydney NSW 2001 AUSTRALIA

NICNAS operates in conjunction with:

- The Department of Immigration and Border Protection (Border Management - Programme 1.2) for reviewing importation of industrial chemicals
- The Department of Industry (Programme Support - Programme 1.3) in relation to COAG chemical reforms
- The Attorney-General's Department (National Security - Programme 1.2) for managing chemicals of security concern
- The Department of the Environment (Management of Hazardous Wastes, Substances and Pollutants - Programme 1.6), the Department of Employment (Safe Work Australia) and the Treasury (Australian Competition and Consumer Commission) for managing risks arising from industrial chemicals.

Appendix 3:
2013-14 Annual Report Errors And Omissions

The errors in the 2013-14 Annual Report are listed below.

Page 193 - Australian National Audit Office Access Clauses

The section under the heading *Australian National Audit Office Access Clauses* in the 2013-14 Annual Report **incorrectly** read:

> Three of the Department's awarded Contracts or Deeds of Standing Offer, valued at $100,000 (GST inclusive) or greater, did not contain the standard clauses granting the Auditor-General access to contractor's premises.
>
> In addition, Table 3.3.2: *Contracts Not Containing Standard Auditor-General Access Clauses,* **incorrectly** listed three items.

Instead of being contracts, these items related to payments made to the Florida Proton Therapy Institute for the provision of life-saving medical treatment on behalf of three approved Medical Treatment Overseas Programme funding recipients.

As a result, the *Australian National Audit Office Access Clauses* section **should** read:

> In 2013-14, no contracts were exempt from the standard clauses granting the Auditor-General access to contractor's premises.

Appendix 4:
Australian National Preventive Health Agency Financial Statements

Essential functions of the Australian National Preventive Health Agency (ANPHA) transferred to the Department of Health from 1 July 2014.

Appendix 4 contains the complete set of financial statements for the Australian National Preventive Health Agency.

Contents

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

I have audited the accompanying annual financial statements of the Australian National Preventive Health Agency (ANPHA) for the year ended 30 June 2015, which comprise:

- Statement by the Secretary 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;
- Schedule of Administered Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Secretary's Responsibility for ANPHA's Financial Statements

The Secretary of the Department of Health is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian National Preventive Health Agency:

(a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Australian National Preventive Health Agency as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Kristian Gage

Audit Principal
Delegate of the Auditor-General

Canberra

8 September 2015

Australian National Preventive Health Agency

Statement by the Secretary and Chief Financial Officer

AUSTRALIAN NATIONAL PREVENTIVE HEALTH AGENCY
STATEMENT BY THE SECRETARY AND CHIEF FINANCIAL OFFICER

The Secretary of the Department of Health pursuant to Section 31 of the *Public Governance, Performance and Accountability Act 2013* required by Section 31 and subsection 17A(3) of the *Public Governance, Performance and Accountability Rule 2014* is the accountable authority responsible to prepare the financial statements of the Australian National Preventive Health Agency for the period ended 30 June 2015.

In our opinion the attached financial statements for the period 1 July 2014 to 30 June 2015:
a) comply with subsection 42(2) of the *Public Governance, Performance and Accountability (PGPA) Act 2013;*
b) have been prepared based on properly maintained financial records as per subsection 41(2) of the PGPA Act; and
c) when this statement was made, there are reasonable grounds to believe that the Australian National Preventive Health Agency will be able to pay its debts as and when they fall due.

Signed.....

Martin Bowles PSM
Secretary
Department of Health

8 September 2015

Signed.....

Craig Boyd
Chief Financial Officer
Department of Health

8 September 2015

Australian National Preventive Health Agency

Statement of comprehensive income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	**171**	4,641
Supplier	3B	**57**	1,772
Depreciation and amortisation	3C	**-**	30
Write-down and impairment of assets	3D	**-**	154
Total expenses		**228**	6,597
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**-**	1,581
Total own-source revenue		**-**	1,581
Other revenue			
Resources received free of charge	4B	**65**	50
Total other revenue		**65**	50
Total own-source income		**65**	1,631
Net cost of services		**(163)**	(4,966)
Revenue from Government	4C	**-**	5,529
Surplus (Deficit)		**(163)**	563
Surplus (Deficit) attributable to the Australian Government		**(163)**	563

The above statement should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Statement of financial position

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	5A	**2**	79
Trade and other receivables	5B	**1,369**	1,395
Total financial assets		**1,371**	1,474
Non-financial assets			
Property, plant and equipment	6A	**-**	-
Prepayments	6C	**-**	379
Total non-financial assets		**-**	379
Total assets		**1,371**	1,853
LIABILITIES			
Payables			
Suppliers	7A	**-**	17
Other payables	7B	**-**	10
Total payables		**-**	27
Provisions			
Employee provisions	8	**-**	292
Total provisions		**-**	292
Total liabilities		**-**	319
Net assets		**1,371**	1,534
EQUITY			
Accumlated surplus		**1,371**	1,534
Total equity		**1,371**	1,534

The above statement should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Statement of changes in equity

for the period ended 30 June 2015

	Retained earnings		Total equity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Opening balance				
Balance carried forward from previous period	**1,534**	971	**1,534**	971
Opening balance	**1,534**	971	**1,534**	971
Comprehensive income				
Deficit for the period	**(163)**	563	**(163)**	563
Total comprehensive income	**1,371**	1,534	**1,371**	1,534
Closing balance as at 30 June	**1,371**	1,534	**1,371**	1,534

The above statement should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Cash flow statement

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		**-**	9,096
Sale of goods and rendering of services		**-**	1,601
Prepayment paid back from Department of Health		**379**	-
Net GST received		**47**	157
Other		**31**	94
Total cash received		**457**	10,948
Cash used			
Employees		**510**	5,482
Suppliers		**24**	3,394
Cash transferred to the OPA		**-**	2,095
Total cash used		**534**	10,971
Net cash from operating activities	9	**(77)**	(23)
Net decrease in cash held		**(77)**	(23)
Cash and cash equivalents at the beginning of the reporting period		**79**	102
Cash and cash equivalents at the end of the reporting period	5A	**2**	79

The above statement should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Administered schedule of comprehensive income

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
NET COST OF SERVICES			
EXPENSES			
Suppliers	13A	-	16,322
Grants	13B	-	5,187
Write-down and impairment of assets	13C	-	162
Total expenses		-	21,671
Total income		-	-
Net cost of services		-	21,671
Total comprehensive loss		-	21,671

The above schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Administered schedule of assets and liabilities

as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Financial assets			
Trade and other receivables	14	**12,383**	12,894
Total financial assets		**12,383**	12,894
Total assets administered on behalf of Government		**12,383**	12,894
Net assets		**12,383**	12,894

Australian National Preventive Health Agency

Administered reconciliation schedule

as at 30 June 2015

	2015	2014
	$'000	$'000
Opening administered assets less administered liabilities as at 1 July	**12,894**	16,484
Surplus (deficit) items:		
Plus: Administered income	**-**	-
Less: Administered expenses	**-**	(21,671)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA:		
Annual appropriations for administered expenses	**-**	19,116
Transfers to OPA	**(511)**	(159)
Administered assets and liabilities appropriations	**-**	(876)
Closing administered assets less administered liabilities as at 30 June	**12,383**	12,894

The above schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Administered cash flow statement

for the period ended 30 June 2015

	Notes	2015 $'000	2014 $'000
OPERATING ACTIVITIES			
Cash received			
Sale of goods and rendering of services		-	35
Net GST received		511	4,926
Other		-	285
Total cash received		511	5,246
Cash used			
Grant		-	7,823
Suppliers		-	31,344
Total cash used		-	39,167
Net cash flows used by operating activities		511	(33,921)
Net decrease in cash held	15	511	(33,921)
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from Official Public Account:			
- Appropriations		-	20,753
- Special Accounts		-	16,501
Total cash from official public account		-	37,254
Cash to Official Public Account:			
- Appropriations		511	3,333
Total cash to official public account		511	3,333
Cash and cash equivalents at the end of the reporting period		-	-

This schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Schedule of administered commitments

as at 30 June 2015

	2015 $'000	2014 $'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	-	295
Total commitments receivable	-	295
Commitments payable		
Other commitments		
Contracts for services	-	134
Grants	-	2,815
Total other commitments	-	2,949
Total commitments payable	-	2,949
Net commitments by type	-	2,654
BY MATURITY		
Commitments receivable		
Within 1 year	-	194
Between 1 to 5 years	-	101
Total commitments receivable	-	295
Commitments payable		
Other commitments		
Within 1 year	-	1,937
Between 1 to 5 years	-	1,012
Total other commitments	-	2,949
Net commitments by maturity	-	2,654

Note: Commitments are GST inclusive where relevant.

The nature of prior year commitments relate to grant amounts payable under agreements in which the funding recipients are yet to provide the services required. These commitments were transferred to the Department of Health on 1 July 2014.

The above schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

1.1 Abolition of the Australian National Preventive Health Agency

In the 2014-15 Budget papers the Australian Government announced as part of its Smaller Government initiative that it would abolish the Australian National Preventive Health Agency (ANPHA) and integrate its ongoing functions into the Department of Health, including the administration of social marketing activities and the provision of grants to third parties for preventive health activities.

A bill to abolish ANPHA was introduced to Parliament on the 15 May 2014 by the Australian Government. The bill was referred to the Senate Community Affairs Committee on the 15 May and on the 14 July 2014, the Committee recommended that the Bill be passed. The House of Representatives passed the bill on the 3 June 2014 and the bill was introduced to the Senate on the 16 June 2014 and was negatived by the Senate on the second reading on the 25 November 2014. There is currently no bill before Parliament to abolish ANPHA.

The Department of Health was provided funding in the 2014-15 budget to integrate and transition the ongoing functions of ANPHA into the Department of Health. All ongoing administered grants to third parties are being managed by the Department of Health.

ANPHA was not provided any annual appropriations in the 2014-15 or 2015-16, Appropriation Acts. At 30 June 2015, ANPHA's total financial assets are in excess of its total liabilities as reported in the statement of financial position and ANPHA has no debts. At 30 June 2015, ANPHA has no employees. The Chief Executive Officer was the only employee of ANPHA during 2014-15 financial year and resigned effective 5 January 2015.

The Secretary of the Department of Finance, pursuant to subsection 17A(3) of the *Public Governance, Performance and Accountability Rule 2014* has instructed the Secretary of the Department of Health to produce the financial statements for ANPHA as would have been required by the accountable authority.

ANPHA is an Australian Government Agency and does not have a separate legal personality to the Australian Government. The basis on which these financial statements have been prepared is stated in Note 1.3 below.

1.2 Objectives of the Australian National Preventive Health Agency

ANPHA is listed as a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability (PGPA) Act 2013*, and its role and functions are set out in the *Australian National Preventive Health Agency Act 2010*.

The Australian Government established ANPHA on 1 January 2011 to provide a new national capacity to drive preventive health policy and programs.

ANPHA will not continue to exist in its present form and will not continue its programmes. Government policy is to abolish ANPHA and funding has not been provided by Parliament for ANPHA's administration and programmes.

ANPHA was structured to meet one outcome:

Outcome 1: A reduction in the prevalence of preventable disease, including through research and evaluation to build the evidence base for future action, and by managing lifestyle education campaigns and developing partnerships with non-government sectors.

ANPHA activities that contributed toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ANPHA in its own right. Administered activities involve the management or oversight by ANPHA, on behalf of the Government, of items controlled or incurred by the Government.

1.3 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:
a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured.

However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

ANPHA had no departmental or administered commitments or contingencies as at 30 June 2015.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.4 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.5 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

Revised standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the Agency. AASB 1055 'Budgetary Reporting' has no impact on ANPHA's reporting requirements as ANPHA did not receive any budget for the 2014-15 financial year or beyond and did not present a budget to Parliament.

Future Australian Accounting Standard Requirements

No new standards, revised standards, interpretations and amending standards that were issued by the Australian Accounting Standards Board prior to the sign-off date, are expected to have a material financial impact on the Agency for future reporting periods.

1.6 Revenue

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources 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.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when ANPHA 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.

1.7 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

There were no employees as at 30 June 2015.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of ANPHA 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 ANPHA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the nominal value.There were no employee liabilities as at 30 June 2015.

Note 1: Summary of Significant Accounting Policies

Superannuation

Staff of ANPHA were ordinarily members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

There were no liabilities for superannuation as at 30 June 2015.

1.8 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

a) cash on hand,
b) 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,
c) cash held with outsiders, and
d) cash in special accounts.

1.9 Financial Assets

ANPHA classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at cost - If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.10 Financial Liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.11 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

As at 30 June 2015 and at 30 June 2014, there were no contingent assets or liabilities.

1.12 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for leasehold improvements costing less than $50,000 and all other purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant 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.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ANPHA using, in all cases, the straight-line method of depreciation. ANPHA has no useful life left on any property, plant and equipment assets, all property, plant and equipment was fully impaired as at 30 June 2014.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Impairment

All property, plant and equipment was fully impaired 30 June 2014.

1.13 Taxation / Competitive Neutrality

ANPHA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:
a) where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
b) for receivables and payables.

1.14 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered items and related notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Correction to 2013-14 GST returned to Official Public Account (OPA)

A prior period correction has been made in relation to the return of Administered GST receipts in 2014-15. A receipt of $444,000 was returned to the OPA on the 26 June 2014 however this was recorded as a receivable at 30 June 2014 and not as a receipt in 2013–14. This amount should have been recorded as received in 2013-14 and has resulted in an adjustment of $444,000 to the prior year's Administered Receivables.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by ANPHA for use by the Government rather than ANPHA is administered revenue. Collections are transferred to the Official Public Account (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 ANPHA on behalf of the Government and reported as such in the statement of cash flows in the schedule of administered items and in the administered reconciliation schedule.

Revenue

All administered revenues are revenues relating to ordinary activities performed by ANPHA on behalf of the Australian Government.

Grants

ANPHA administers a number of grants on behalf of the Government.

Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied.

Note 2: Events After the Reporting Period

Departmental

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the entity.

Administered

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the entity.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3A: Employee Benefits		
Wages and salaries	**138**	3,132
Superannuation:		
Defined contribution plans	**22**	279
Defined benefit plans	**-**	330
Leave and other entitlements	**69**	604
Separation and redundancies	**(58)**	296
Total employee benefits	**171**	4,641
Note 3B: Suppliers		
Goods and services supplied or rendered		
Contractor	**(2)**	575
Travel expenses	**-**	234
Office related expenses	**27**	213
IT expenses	**-**	153
Audit fees	**30**	50
Legal expenses	**-**	73
Consultants	**-**	60
Accommodation	**1**	48
Conference / seminar	**-**	43
Storage	**-**	42
Committees	**-**	18
Other suppliers	**1**	44
Total goods and services	**57**	1,553
Goods supplied in connection with		
Related entities	**-**	7
External parties	**-**	16
Total goods supplied	**-**	23
Services rendered in connection with		
Related entities	**28**	601
External parties	**29**	929
Total services rendered	**57**	1,530
Total goods and services supplied or rendered	**57**	1,553
Other suppliers		
Operating lease rentals in connection with		
External parties:		
Minimum lease payments	**-**	174
Workers compensation expenses	**-**	45
Total other supplier expenses	**-**	219
Total supplier expenses	**57**	1,772

Notes:
1. Related entity transactions primarily relate to the provision of corporate services by the Department of Health.

Note 3: Expenses

	2015 $'000	2014 $'000
Note 3C: Depreciation		
Depreciation:		
Leasehold Improvement	-	30
Total depreciation	-	30
Note 3D: Write-down and impairment of assets		
Impairment of property, plant and equipment	-	154
Total write-down and impairment of assets	-	154

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 4: Own-Source Income

	2015 $'000	2014 $'000
OWN-SOURCE REVENUE		
Note 4A: Sale of Goods and Rendering of Services		
Rendering of services in connection with		
Related parties	-	1,581
Total Sale of Goods and Rendering of Services	-	1,581
Note 4B: Resources Received Free of Charge		
Resources received free of charge - Audit fees	**30**	50
- Office services	**35**	-
Total Other Revenue	**65**	50
REVENUE FROM GOVERNMENT		
Note 4C: Revenue from Government		
Appropriations:		
Departmental appropriation	-	5,529
Total revenue from Government	-	5,529

Note 5: Financial Assets

	2015 $'000	2014 $'000
Note 5A: Cash and Cash Equivalents		
Cash on hand or on deposit	2	79
Total cash and cash equivalents	2	79
Note 5B: Trade and Other Receivables		
Appropriations receivable:		
Existing programs	1,347	1,347
Total appropriations receivable	1,347	1,347
Other receivables:		
Receivables due from Commonwealth entities	20	-
GST receivable from the Australian Taxation Office	2	48
Total other receivables	22	48
Total trade and other receivables (gross)	1,369	1,395
Less impairment allowance		
Other receivables	-	-
Total impairment allowance	-	-
Total trade and other receivables (net)	1,369	1,395
Trade and other receivables (net) expected to be recovered		
No more than 12 months	1,369	1,395
Total trade and other receivables (net)	1,369	1,395
Trade and other receivables (gross) aged as follows		
Not overdue	1,369	1,395
Total trade and other receivables (gross)	1,369	1,395

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 6: Non-Financial Assets

	2015 $'000	2014 $'000
Note 6A: Property, Plant and Equipment		
Leasehold improvements:		
Fair value	-	184
Accumulated depreciation	-	(30)
Accumulated impairment losses	-	(154)
Total leasehold improvements	-	-
Total Property, Plant and Equipment	-	-

No indicators of impairment were found.

Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2015

	Leasehold Improvements $'000	Total $'000
As at 1 July 2014		
Gross book value	**184**	**184**
Accumulated depreciation and impairment	**(184)**	**(184)**
Net book value 1 July 2014	-	-
Revaluations and impairments recognised in other comprehensive income		
Impairments recognised in the operating result	-	-
Depreciation expense	-	-
Net book value 30 June 2015	-	-
Net book value as of 30 June 2015		
Gross book value	**184**	
Accumulated depreciation and impairment	**(184)**	
Net book value 30 June 2015	-	

Note 6: Non-Financial Assets

Note 6B: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment 2014

	Leasehold Improvements $'000	Total $'000
As at 1 July 2013		
Gross book value	209	209
Accumulated depreciation and impairment	(25)	(25)
Net book value 1 July 2013	184	184
Additions:		
Impairments recognised in operating result	(154)	(154)
Depreciation expense	(30)	(30)
Net book value 30 June 2014	-	-
Net book value as of 30 June 2014		
Gross book value	184	
Accumulated depreciation and impairment	(184)	
Net book value 30 June 2014	-	

	2015 $'000	2014 $'000
Note 6C: Prepayments		
Prepayments	-	379
Total other non-financial assets	-	379
Other non-financial assets expected to be recovered		
No more than 12 months	-	379
Total other non-financial assets	-	379

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 7: Payables

	2015 $'000	2014 $'000
Note 7A: Suppliers		
Trade creditors and accruals	-	17
Total supplier payables	-	17
Suppliers expected to be settled		
No more than 12 months	-	17
Total suppliers	-	17
Suppliers in connection with		
External parties	-	17
Total suppliers	-	17

Settlement was usually made within 30 days.

Note 7B: Other Payables		
Salaries and wages	-	6
Superannuation	-	4
Total other payables	-	10
Other payables expected to be settled		
No more than 12 months	-	10
Total other payables	-	10

Note 8: Provisions

	2015	2014
	$'000	$'000
Employee Provisions		
Recreation leave	-	26
Long service leave	-	44
Other - loss of public office[1]	-	222
Total employee provisions	-	292
Employee provisions have all been settled.		
No more than 12 months	-	292
Total employee provisions	-	292

Note:
1. Settlement of provision estimates are based on pending legislation before Parliament.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 9: Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	**2**	79
Statement of financial position	**2**	79
Difference	**-**	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(163)**	(4,966)
Revenue from Government	**-**	5,529
Adjustment for non cash items		
Depreciation / amortisation	**-**	30
Net write down of non-financial assets	**-**	154
Movement in assets / liabilities		
Assets		
(Increase) / decrease in net receivables	**26**	1,580
(Increase) / decrease in prepayments received	**379**	(379)
Liabilities		
Increase / (decrease) in employee provisions	**(292)**	(840)
Increase / (decrease) in supplier payables	**(16)**	(740)
Increase / (decrease) in other payable	**(10)**	(391)
Net cash from operating activities	**(77)**	(23)

Note 10: Senior Executive Remuneration

	2015 $	2014 $
Note 10: Senior Executive Remuneration Expenses for the Reporting Period		
Short-term employee benefits:		
Salary	**124,813**	209,574
Motor vehicle and other allowances	**36,032**	52,235
Total Short-term employee benefits	**160,845**	261,809
Post-employment benefits:		
Superannuation	**24,740**	51,745
Total post-employment benefits	**24,740**	51,745
Other long-term benefits:		
Annual leave accrued	**11,530**	19,602
Long service leave	**3,371**	6,878
Total other long-term benefits	**14,901**	26,480
Termination benefits:		
Termination benefits	**164,104**	-
Total termination benefits	**164,104**	-
Total senior executive remuneration expenses	**364,590**	340,034

Notes:
No performance bonuses have been paid out to Executive in 2014-15 or 2013-14.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 11: Financial Instruments

	2015 $'000	2014 $'000
Note 11A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**2**	79
Trade receivables	**20**	-
Total loans and receivables	**22**	79
Total financial assets	**22**	79
Financial Liabilities		
At fair value:		
Trade payables	**-**	17
Other payables	**-**	10
Total	**-**	27
Carrying amount of financial liabilities	**-**	27

Note 11B: Credit Risk

ANPHA is exposed to minimal credit risk as loans and receivables are cash at bank and receivables are for leave provisions from other Public Sector departments. Trade payable values are set by the market and validated by invoice. Other payables largely reflects payroll related liabilities which are validated through ANPHA's industrial agreement.

There were no trade receivables as at 30 June 2014 and as such none were past due.

Note 11C: Liquidity Risk

ANPHA has no financial liabilities as at 30 June 2015. Therefore ANPHA has no liquidity risk.

Note 11D: Market Risk

ANPHA's financial instruments are of a nature that does not expose them to market risk.

ANPHA is not exposed to 'currency risk' or 'other price risk'.

ANPHA has no interest bearing items on the Financial Position.

Note 12: Financial Assets Reconciliation

	Notes	2015 $'000	2014 $'000
Financial assets			
Total financial assets as per financial position		**1,371**	1,474
Less: non-financial instrument components:			
Appropriations receivable	5B	**1,347**	1,347
Other receivables (GST receivable)	5B	**2**	48
Total non-financial instrument components		**1,349**	1,395
Total financial assets as per financial instruments note		**22**	79

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 13: Administered - Expenses

	2015 $'000	2014 $'000
Note 13A: Suppliers		
Goods and services supplied or rendered		
Advertising	-	1
Contract for services	-	14,978
Consultants	-	1,013
Printing	-	15
Other	-	315
Total goods and services supplied or rendered	-	16,322
Services supplied in connection with		
External parties	-	16,322
Total services rendered	-	16,322
Total goods and services supplied or rendered	-	16,322
Note 13B: Grants		
Private sector:		
Non-profit organisations	-	3,246
Other	-	1,941
Total grants	-	5,187
Note 13C: Write-Down and Impairment of Assets		
Impairment of inventories held for distribution	-	162
Total write-down and impairment of assets	-	162

Note 14: Administered - Financial Assets

	2015 $'000	2014 $'000
Note 14: Trade and Other Receivables		
Other receivables:		
GST receivable from Australian Taxation Office	-	511
Appropriation receivable (Special Account)	**12,383**	12,383
Total other receivables	**12,383**	12,894
Total trade and other receivables (gross)	**12,383**	12,894
Less: impairment allowance account:		
Goods and services	-	-
Total impairment allowance account	-	-
Total trade and other receivables (net)	**12,383**	12,894
Trade and other receivables (net) expected to be recovered		
No more than 12 months	**12,383**	12,894
Total trade and other receivables (net)	**12,383**	12,894
Trade and other receivables (gross) aged as follows		
Not overdue	**12,383**	12,894
Total trade and other receivables (gross)	**12,383**	12,894

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 15: Administered - Cash Flow Reconciliation

	2015 $'000	2014 $'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per:		
Schedule of administered cash flows	-	-
Schedule of administered assets and liabilities	-	-
Difference	-	-
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	-	(21,671)
Changes in assets / liabilities		
Assets		
(Increase) / decrease in net receivables	**511**	2,593
Decrease in inventories	-	162
Liabilities		
Increase / (decrease) in supplier payables	-	(12,688)
Increase / (decrease) in grant payables	-	(2,227)
Increase / (decrease) in other payables	-	(90)
Net cash used by operating activities	**511**	(33,921)

Note 16: Administered - Financial Instruments

There were no Administered financial instruments as at 30 June 2015 or 30 June 2014.

Note 17: Administered Financial Assets Reconciliation

	Notes	2015 $'000	2014 $'000
Financial assets			
Total financial assets as per schedule of administered assets and liabilities		**12,383**	12,894
Less: non-financial instrument components			
GST receivable from Australian Taxation Office	14	**-**	511
Appropriation receivable (Special Account)	14	**12,383**	12,383
Total non-financial instrument components		**12,383**	12,894
Total financial assets as per financial instruments note		**-**	-

Note 18: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2015

	2015 Appropriations							
	Appropriation Act		*PGPA Act*					
	Annual Appropriation[1] $'000	AFM $'000	Section 74 $'000	Section 75 $'000	Total appropriation $'000	Appropriation applied in 2015 (current and prior years) $'000	Variance[2] $'000	Section 51 determinations[3] $'000
DEPARTMENTAL								
Ordinary annual services	-	-	-	-	-	77	(77)	
Total departmental	-	-	-	-	-	77	(77)	-

Notes:

1. There were no Annual Appropriations provided to ANPHA in 2014-15.
2. $77,000 of prior year's Annual Appropriation was used. This represents the decrease in cash held at bank from 2013-14 closing cash balance to 2014-15 opening cash balance of $2,000.
3. There were no amounts quarantined under Section 51 of the PGPA Act in the 2014-15 financial year that constituted a permanent loss of control.

Note 18: Appropriations

	2014 Appropriations					Appropriation applied in 2015 (current and prior years)	Variance[2]
	Appropriation Act		*FMA Act*		Total appropriation		
	Annual Appropriation[1]	AFM	Section 31	Section 32			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
DEPARTMENTAL							
Ordinary annual services	5,532	-	-	2,095	7,627	9,119	(1,492)
Total departmental	5,532	-	-	2,095	7,627	9,119	(1,492)
ADMINISTERED							
Ordinary annual services							
Administered items	33,281	-	(21,183)	-	12,098	19,116	(7,018)
Total administered	33,281	-	(21,183)	-	12,098	19,116	(7,018)

Notes:

1. Appropriations reduced under Appropriation Acts (Nos.1 & 3) 2013-14: sections 10, 11, 12 and 15. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014, there was no reduction in departmental appropriations.
As with departmental appropriations, the responsible Minister may decide that part or all of an administered appropriation is not required and request that the Finance Minister reduce that appropriation. For administered appropriations reduced under section 11 of Appropriation Acts (Nos. 1 & 3) 2013-14, the appropriation is taken to be reduced to the required amount specified in Table F of this note once the annual report is tabled in Parliament. All administered appropriations may be adjusted by a Finance Minister's determination, which is disallowable by Parliament.

2. In 2013-14, there was no adjustment that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.

3. The departmental ordinary annual services variance of ($1,492,000) is the net amount of departmental appropriation available from 2013-14 after adding departmental receipts and subtracting the total amount of departmental appropriations drawn down in 2013-14, offset by Government reduction measures applied in the current and prior years. The administered ordinary annual services items variance of ($7,018,000) relates to accrued expenses paid from 2012-13 annual administered appropriations.

Note 18: Appropriations

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive')

ANPHA does not have Departmental or Administered Capital Budgets.

Table C: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015	2014
Authority	**$**	**$**
DEPARTMENTAL		
Appropriation Act (No.1) 2013-2014	**1,349**	**-**
Appropriation Act (No.1) 2012-2013	**-**	1,451
Total departmental	**1,349**	1,451

Table D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

ANPHA did not make any agency payments in 2014-15 or 2013-14.

Note 19: Special Accounts

Special Accounts (Recoverable GST exclusive)

	The Australian National Preventive Health Agency Special Account (Administered)[1]	
	2015	2014
	$'000	$'000
Balance brought forward from previous period	**12,383**	28,884
Increases:		
Credits to special account	**-**	-
Total increases	**-**	-
Available for payments	**12,383**	28,884
Decreases:		
Administered		
Payments from special account	**-**	(16,501)
Total decreases	**-**	(16,501)
Total balance carried to the next period	**12,383**	12,383

Notes:

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* , Section 80.

2.Establishing Instrument: *Australian National Preventive Health Agency Act 2010* , Section 50.

3. Purposes of the Account:

(a) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the CEO's functions;

(b) paying any remuneration and allowances payable to any person under the *Australian National Preventive Health Agency Act 2010* ; and

(c) meeting the expenses of administering the Account.

Australian National Preventive Health Agency

Notes to and forming part of the financial statements

Note 20: Reporting of Outcomes

The Australian National Preventive Health Agency contributes to one outcome as described in Note 1.1. All costs and revenues are attributed to this outcome.

Note 20: Net Cost of Outcome Delivery

	Outcome 1		Total	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Departmental				
Expenses	**228**	6,597	**228**	6,597
Own-source income	**65**	1,631	**65**	1,631
Net cost of outcome delivery	**(163)**	(4,966)	**(163)**	(4,966)

	Outcome 1		Total	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Administered				
Expenses	**-**	21,671	**-**	21,671
Net cost of outcome delivery	**-**	(21,671)	**-**	(21,671)

Navigation Aids

List of Requirements

The list below outlines compliance with key annual reporting information, as outlined in the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and other Non-Corporate Commonwealth Entities* (as approved by the Joint Committee of Public Accounts and Audit), updated 25 June 2015.

Part of Report	Description	Requirement	Location
	Letter of transmittal	Mandatory	Page 1
	Table of contents	Mandatory	Page 2
	Index	Mandatory	Page 426
	Glossary	Mandatory	Page 416
	Contact officer(s)	Mandatory	Page ii
	Internet home page address and Internet address for report	Mandatory	Page ii
Review by Secretary	Review by departmental Secretary	Mandatory	Page 4
	Summary of significant issues and developments	Suggested	Page 4
	Outlook for following year	Suggested	Page 13 Part 2.1
	Significant issues and developments – Portfolio	Suggested	Part 1.0
Chief Operating Officer's Report	Overview of Department's performance and financial results	Suggested	Page 14 Pages 195-197
Departmental Overview	Role and functions	Mandatory	Part 1.0
	Organisational structure	Mandatory	Part 1.0
	Outcome and programme structure	Mandatory	Part 1.0
	Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not Applicable
	Portfolio structure	Mandatory	Part 1.0
Report on Performance	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	Part 2.1
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	Part 2.1
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Not Applicable
	Narrative discussion and analysis of performance	Mandatory	Part 2.1
	Trend information	Mandatory	Part 2.1
	Significant changes in nature of principal functions/services	Suggested	Part 1.0 Part 2.1
	Performance of purchaser/provider arrangements	If applicable, suggested	Not Applicable
	Factors, events or trends influencing departmental performance	Suggested	Part 2.1
	Contribution of risk management in achieving objectives	Suggested	Part 3.1

Part of Report	Description	Requirement	Location
Report on Performance	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	Not Applicable
	Discussion and analysis of the Department's financial performance	Mandatory	Pages 195-197
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	Page 13
	Agency resource statement and summary resource tables by outcomes	Mandatory	Part 2.1 Part 2.2
Management and Accountability			
Corporate Governance	Agency heads are required to certify their agency's actions in dealing with fraud	Mandatory	Page 1 Part 3.1
	Statement of the main corporate governance practices in place	Mandatory	Part 3.1
	Names of the senior executive and their responsibilities	Suggested	Part 1.0
	Senior management committees and their roles	Suggested	Part 3.1
	Corporate and operational plans and associated performance reporting and review	Suggested	Page 20
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	Part 3.1
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	Part 3.4
	How nature and amount of remuneration for SES officers is determined	Suggested	Part 3.4 Part 3.5
External Scrutiny	Significant developments in external scrutiny	Mandatory	Part 3.2
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	Part 3.2
	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	Part 3.2
Management of Human Resources	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	Part 3.4
	Workforce planning, staff retention and turnover	Suggested	Part 3.4
	Impact and features of enterprise or collective agreements, Individual Flexibility Arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	Part 3.4
	Training and development undertaken and its impact	Suggested	Part 3.4
	Work health and safety performance	Suggested	Part 3.6
	Productivity gains	Suggested	–
	Statistics on staffing	Mandatory	Part 3.5
	Statistics on employees who identify as Indigenous	Mandatory	Part 3.5
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	Part 3.4 Part 3.5
	Performance pay	Mandatory	Part 3.4 Part 3.5

Part of Report	Description	Requirement	Location
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	Part 3.3
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	Part 3.3
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website	Mandatory	Part 3.3
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Part 3.3
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	Part 3.3
Small business	Procurement initiatives to support small business	Mandatory	Part 3.3
Financial Statements	Financial Statements	Mandatory	Part 4.1 Part 4.2 Appendix 4
Other Mandatory Information			
	Work health and safety (Schedule 2, Part 4 of the *Work Health and Safety Act 2011)*	Mandatory	Part 3.6
	Advertising and Market Research (Section 311A of the *Commonwealth Electoral Act 1918)* and statement on advertising campaigns	Mandatory	Part 3.9
	Ecologically sustainable development and environmental performance (Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999)*	Mandatory	Part 3.8
	Compliance with the agency's obligations under the *Carer Recognition Act 2010*	If applicable, mandatory	Part 3.7
	Grant programmes	Mandatory	Part 3.3
	Disability reporting – explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	Part 3.7
	Information Publication Scheme statement	Mandatory	Part 3.2
	Correction of material errors in previous annual report	If applicable, mandatory	Appendix 3
	Agency Resource Statements and Resources for Outcomes	Mandatory	Part 2.1 Part 2.2
	List of Requirements	Mandatory	Page 410

Acronyms and Abbreviations

6CPA	Sixth Community Pharmacy Agreement
ABMDR	Australian Bone Marrow Donor Registry
ABS	Australian Bureau of Statistics
ACSQHC	Australian Commission on Safety and Quality in Health Care
AFC	Asian Football Confederation
AGPT	Australian General Practice Training Ltd.
AHMAC	Australian Health Ministers' Advisory Council
AHPPC	Australian Health Protection Principal Committee
AIHW	Australian Institute of Health and Welfare
AMR	Antimicrobial Resistance
ANPHA	Australian National Preventive Health Agency
APEC	Asia-Pacific Economic Cooperation
APVMA	Australian Pesticides and Veterinary Medicines Authority
ASC	Australian Sports Commission
ASTAG	Australian Strategic and Technical Advisory Group
AUSMAT(s)	Australian Medical Assistance Team(s)
AWA	Australian Workplace Agreement
BBV	Blood Borne Virus(es)
CMFM	Comprehensive Management Framework for the MBS
COAG	Council of Australian Governments
CT	Computed Tomography
CTJWG	Clinical Trials Jurisdictional Working Group
CWC	Cricket World Cup
DWAU	Dental Weight Activity Unit
eCTD	electronic Common Technical Document
ESD	Ecologically Sustainable Development
FASD	Fetal Alcohol Spectrum Disorders
FSANZ	Food Standards Australia New Zealand
FRSC	Food Regulation Standing Committee
GMiA	Generic Medicines industry Association
GMO(s)	Genetically Modified Organism(s)
GP(s)	General Practitioner(s)

GPET	General Practice Education and Training Limited
GPRIP	General Practice Rural Incentives Programme
HHF	Health and Hospitals Fund
HIV	Human Immunodeficiency Virus
HLPP	Hearing Loss Prevention Programme
HPV	Human Papillomavirus
HSO	Hearing Services Online portal
IMAP	Inventory Multi-tiered Assessment and Prioritisation
ISFR	Implementation Subcommittee for Food Regulation
JBC	Jurisdictional Blood Committee
JDRF	Juvenile Diabetes Research Foundation
KPI	Key Performance Indicator
LGBTI	Lesbian, gay, bisexual, transgender and intersex
LSDP	Life Saving Drugs Programme
MBS	Medicare Benefits Schedule
MERS-CoV	Middle East Respiratory Syndrome Coronavirus
MIGA	Medical Insurance Group Australia
MoG	Machinery of Government
MRFF	Medical Research Future Fund
MRI	Magnetic Resonance Imaging
MSAC	Medical Services Advisory Committee
NAIDOC	National Aborigines and Islanders Day Observance Committee
NAL	National Acoustic Laboratories
NatRUM	National Return and Disposal of Unwanted Medicines
NBA	National Blood Authority
NCBCN	National Cord Blood Collection Network
NDIS	National Disability Insurance Scheme
NDSHS	National Drug Strategy Household Survey
NDSS	National Diabetes Services Scheme
NHMRC	National Health and Medical Research Council
NHSD	National Health Services Directory
NICNAS	National Industrial Chemicals Notification and Assessment Scheme
NIP	National Immunisation Programme
NIR	National Incident Room
NPAAC	National Pathology Accreditation Advisory Council
NSFCC	National Strategic Framework for Chronic Conditions
OECD	Organisation for Economic Co-operation and Development

OGTR	Office of the Gene Technology Regulator
PBAC	Pharmaceutical Benefits Advisory Committee
PBS	Pharmaceutical Benefits Scheme
PCEHR	Personally Controlled Electronic Health Record
PHN(s)	Primary Health Network(s)
PIP	Practice Incentives Programme
PSS	Premium Support Scheme
RFDS	Royal Flying Doctor Service
RIS	Regulatory Impact Statement
SLLOD	Supporting Leave for Living Organ Donors
STI(s)	Sexually Transmissible Infection(s)
SUSMP	Standard for the Uniform Scheduling of Medicines and Poisons
TB	Tuberculosis
TGA	Therapeutic Goods Administration
UDRH	University Departments of Rural Health
URPTG	Uniform Recall Procedures for Therapeutic Goods
WHO	World Health Organization

Glossary

Acute care	Short-term medical treatment, usually in a hospital, for patients with an acute illness or injury, or recovering from surgery. Acute illness/injury is one that is severe in its effect or approaching crisis point, for example acute appendicitis.
Allied health practitioners/ providers	For the purpose of this report, allied health practitioners/providers are those registered under the National Registration Accreditation Scheme. These professions include: Psychologists, Pharmacists, Physiotherapists, Optometrists, Chiropractors, Podiatrists, Osteopaths, Medical radiation practitioners, Dental professionals, Occupational therapists, Chinese medicine practitioners, and Aboriginal and Torres Strait Islander health practitioners.
Antenatal	The period prior to birth.
Antimicrobial resistance (AMR)	The ability of a microorganism (like bacteria, viruses and parasites) to stop an antimicrobial (such as antibiotics, antivirals and antimalarials) from working against it.
Blood Borne Viruses (BBVs)	Viruses that are transmitted through contact between infected blood and uninfected blood (eg hepatitis B, hepatitis C and HIV).
Cervical cancer	A cancer of the cervix, often caused by human papillomavirus, which is a sexually transmissible infection.
Chemotherapy	The treatment of disease by chemical agents, for example the use of drugs to destroy cancer cells.
Chronic disease	The term applied to a diverse group of diseases, such as heart disease, cancer and arthritis, that tend to be long-lasting and persistent in their symptoms or development. Although these features also apply to some communicable diseases (infections), the general term chronic diseases is usually confined to non-communicable diseases.
Closing the Gap	COAG Closing the Gap initiatives designed to close the life expectancy gap between Indigenous and non-Indigenous Australians.
Communicable disease	An infectious disease transmissible (as from person to person) by direct contact with an affected individual or the individual's discharges or by indirect means. Communicable (infectious) diseases include sexually transmitted diseases; vector-borne diseases; vaccine preventable diseases and antimicrobial resistant bacteria.
Computed Tomography (CT) scanning	An imaging method that uses computer processing to generate an image of tissue density in a 'slice' through the body. The images are spaced at 5 to 10 mm intervals allowing an anatomical cross-section of the body to be constructed.
Deliverables	Tangible programme products developed to meet programme objectives.

Diabetes	Refers to a group of syndromes caused by a malfunction in the production and release of insulin by the pancreas leading to a disturbance in blood glucose levels. Type 1 diabetes is characterised by the abrupt onset of symptoms, usually during childhood, and inadequate production of insulin requiring regular injections to regulate insulin levels. Type 2 diabetes is characterised by gradual onset commonly over the age of 45 years, but increasingly occurring in younger age groups, and is usually able to be regulated through dietary control.
Digital mammography	Specialised form of mammography that uses digital receptors and computers instead of x-ray film to help examine breast tissue for breast cancer.
Ebola Virus Disease (Ebola)	Ebola virus disease (Ebola), formerly known as Ebola haemorrhagic fever, is a severe, often fatal illness in humans. The virus is transmitted to people from wild animals and spreads in the human population through human-to-human transmission. The average Ebola case fatality rate is around 50 per cent.
eHealth	Application of internet and other related technologies in the health care industry to improve the access, efficiency, effectiveness and quality of clinical and business processes utilised by health care organisations, practitioners, patients and consumers to improve the health status of patients.
Elective surgery	Elective care in which the procedures required by patients are listed in the surgical operations section of the Medicare Benefits Schedule, with the exclusion of specific procedures frequently done by non-surgical clinicians.
Epidemic	An outbreak of a disease or its occurrence at a level that is clearly higher than usual, especially if it affects a large proportion of the population.
Epidermolysis Bullosa	A rare inherited skin disorder which causes blistering. The Department provides access to clinically appropriate dressings through the National Epidermolysis Bullosa Dressing Scheme.
Faecal occult blood test	A test that detects tiny amounts of blood, often released from bowel cancers or their precursors (polyps or adenomas) into the bowel motion.
Fertility rate	Number of live births per 1,000 females aged 15-49.
Fetal alcohol spectrum disorders (FASD)	A group of conditions that can occur in a person whose mother drank alcohol during pregnancy.
Financial year	The 12 month period from 1 July to 30 June.
Forward estimates	A system of rolling three year financial estimates. After the Budget is passed, the first year of the forward estimates becomes the base for next year's budget bid, and another out year is added to the forward estimates.
Front-of-pack labelling	Single, interpretive five star rating front-of-pack labelling system for use on packaged foods sold in Australia indicating nutritional content and kilojoules.
Full-time equivalent (FTE)	A standard measure of the size of a workforce that takes into account both the number of workers and the hours that each works.
General Practitioner (GP)	A medical practitioner who provides primary care to patients and their families within the community.

Generic	When referring to a drug, 'generic' means not covered by a trademark; where a drug is marketed under its chemical name without advertising.
Gene technology	Gene technology involves techniques for understanding the expression of genes and taking advantage of natural genetic variation for the modification of genetic material. It does not include sexual reproduction or DNA crossover.
Haemopoietic progenitor cell (HPC)	Blood cells found in bone marrow, peripheral blood and umbilical cord blood that are capable of self-renewal into all blood cell types.
Health care	Services provided to individuals or communities to promote, maintain, monitor or restore health. Health care is not limited to medical care and includes self-care.
Health outcome	A change in the health of an individual or population due wholly or partly to a preventive or clinical intervention. See **outcomes**.
Hepatitis A (infectious hepatitis)	An acute but benign form of viral hepatitis transmitted by ingesting food or drink that is contaminated with faecal matter.
Hepatitis B (serum hepatitis)	An acute (sometimes fatal) form of viral hepatitis transmitted by sexual contact, by transfusion or by ingestion of contaminated blood or other bodily fluids.
Hepatitis C	A blood borne viral disease that can result in serious liver disease such as cirrhosis, liver failure and liver cancer. Hepatitis C is usually transmitted by parenteral means (as injection of an illicit drug or blood transfusion or exposure to blood or blood products).
Human papillomavirus (HPV)	The virus that causes genital warts and which is linked in some cases to the development of more serious cervical cell abnormalities.
Ice	An illicit drug, also known as 'crystal meth', which is a crystalline form of the drug methamphetamine.
Illicit drugs	The term 'illicit drug' can encompass a number of broad concepts including: • illegal drugs – a drug that is prohibited from manufacture, sale or possession in Australia – for example, cannabis, cocaine, heroin and ecstasy • misuse or extra-medical use of pharmaceuticals – drugs that are available from a pharmacy, over-the-counter or by prescription, which may be subject to misuse – for example, opioid-based pain relief medications, opioid substitution therapies, benzodiazepines, over-the-counter codeine and steroids • other psychoactive substances – legal or illegal, potentially used in a harmful way – for example, kava, or inhalants such as petrol, paint or glue.
Immunisation	Inducing immunity against infection by the use of an antigen to stimulate the body to produce its own antibodies. See **vaccination**.

Immunise Australia Program	The Australian Government's Immunise Australia Program funds the purchase of vaccinations to protect millions of Australians from vaccine-preventable diseases. The Immunise Australia Program implements the National Immunisation Program Schedule, which currently includes vaccines against a total of 16 diseases. These include routine childhood vaccinations against diseases that were once widely fatal, such as measles, diphtheria and whooping cough (pertussis), as well as more recently developed vaccines, such as Human Papillomavirus and the meningococcal C vaccine.
Incidence	The number of new cases (of an illness or event) occurring during a given period. Compare with **prevalence**.
Influenza (flu)	An acute contagious viral respiratory infection marked by fevers, muscle aches, headache, cough and sore throat.
Intern	A doctor in their first postgraduate year and who holds provisional registration with the Medical Board of Australia.
Inventory Multi-tiered Assessment and Prioritisation (IMAP)	The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) is assessing the human health and environmental impacts of previously unassessed industrial chemicals listed on the Australian Inventory of Chemical Substances (AICS). NICNAS has implemented an innovative framework, the IMAP, to accelerate the assessment of these chemicals. NICNAS started assessing around 3,000 existing chemicals, identified as Stage One Chemicals on the AICS using the IMAP Framework, in July 2012.
Jurisdictions	In the Commonwealth of Australia, these include the six States, the Commonwealth Government and the two Territories.
Key Performance Indicators (KPI)	Indicators which measure agency effectiveness through programme deliverables in achieving the programme objectives.
Local Hospital Networks (LHNs)	Separate legal entities established by each Australian State/Territory Government in order to devolve operational management for public hospitals, and accountability for local service delivery, to the local level. LHNs directly manage single or small groups of public hospital services and their budgets, and are directly responsible for hospital performance. Most LHNs are responsible for the provision of public hospital services in a defined geographical area, but in some jurisdictions a small number of LHNs provide services across a number of areas.
Magnetic Resonance Imaging (MRI)	A non-invasive nuclear medicine technology that uses strong magnetic fields and radio frequency pulses to generate sectional images of the body. The image gives information about the chemical makeup of the tissues, allowing for example, normal and cancerous tissues to be distinguished.
Measles	A highly contagious infection, usually of children, that causes flu-like symptoms, fever, a typical rash and sometimes serious secondary problems such as brain damage. Preventable by vaccine.
Medical indemnity insurance	A form of professional indemnity cover that provides surety to medical practitioners and their patients in the event of an adverse outcome arising from medical negligence.

Medicare	A national, Government-funded scheme that subsidises the cost of personal medical services for all Australians and aims to help them afford medical care. The Medicare Benefits Schedule (MBS) is the listing of the Medicare services subsidised by the Australian Government. The schedule is part of the wider Medicare Benefits Scheme (Medicare).
Melanoma	A tumour arising from the skin, consisting of dark masses of cells with a tendency to metastasis. It is the most aggressive form of skin cancer.
Memorandum of Understanding	A written but non-contractual agreement between two or more entities or other parties to take a certain course of action.
Meningococcal disease	The inflammation of meninges of the brain and the spinal cord caused by *Neisseria meningitidis* (also know as Meningococcal bacteria). These bacteria invade the body through the respiratory tract. The infection develops quickly and is often characterised by fever, vomiting, an intense headache, stiff neck and septicemia (an infection in the bloodstream).
Middle East Respiratory Syndrome Coronavirus (MERS-CoV)	MERS-CoV is a disease caused by a new virus that can cause a rapid onset of severe respiratory disease in people. Most severe cases have occurred in people with underlying conditions that may make them more likely to get respiratory infections. All cases have lived in or travelled to the Middle East, or have had close contact with people who acquired the infection in the Middle East. There have been no cases in Australia.
Morbidity	Refers to ill health in an individual and to levels of ill health in a population or group.
Mortality	Death.
Mumps	An acute, inflammatory, contagious disease caused by a paramyxovirus and characterised by swelling of the salivary glands, especially the parotids, and sometimes of the pancreas, ovaries or testes. This disease mainly affects children and can be prevented by vaccination.
Non-communicable diseases	Non-communicable diseases, also known as chronic diseases, are not passed from person to person. They are of long duration and generally slow progression. The four main types of non-communicable diseases are cardiovascular diseases (like heart attacks and stroke), cancers, chronic respiratory diseases (such as chronic obstructed pulmonary disease and asthma) and diabetes.
Obesity	Marked degree of overweight, defined for population studies as a body mass index of 30 or over.
Oncology	The study, knowledge and treatment of cancer and tumours.
Organisation for Economic Co-operation and Development (OECD)	An organisation of 34 countries including Australia; mostly developed and some emerging (such as Mexico, Chile and Turkey). The OECD's aim is to promote policies that will improve the economic and social wellbeing of people around the world.

Outcomes	Outcomes are the Government's intended results, benefits or consequences for the Australian community. The Government requires entities, such as the Department, to use Outcomes as a basis for budgeting, measuring performance and reporting. Annual administered funding is appropriated on an Outcomes basis. The Department's current Outcomes are listed on page 26.
Out-of-pocket costs	The total costs incurred by individuals for health care services over and above any refunds from Medicare and private health insurance funds.
Palliative care	Care provided to achieve the best possible quality of life for patients with a progressive and far-advanced disease, with little or no prospect of cure.
Pandemic	An epidemic affecting a wide geographic area.
Pathology	The study and diagnosis of disease through the examination of organs, tissues, cells and bodily fluids.
Perinatal	The period shortly before and after birth. The term generally describes the period between the 20th week of gestation and one to four weeks after birth.
Pertussis (whooping cough)	An extremely contagious respiratory infection caused by the bacterium *Bordatella pertussis*. The disease causes uncontrolled coughing and vomiting, which can last for several months and can be particularly dangerous for babies under the age of 12 months.
Pharmaceutical Benefits Scheme (PBS)	A national, Government-funded scheme that subsidises the cost of a wide range of pharmaceutical drugs for all Australians to help them afford standard medications. The Pharmaceutical Benefits Schedule lists all the medicinal products available under the PBS and explains the uses for which they can be subsidised.
Plain packaging	The *Tobacco Plain Packaging Act 2011* requires all tobacco products manufactured or packaged in Australia for domestic consumption from 1 October 2012 to be in plain packaging, and all tobacco products to be sold in plain packaging by 1 December 2012.
Population health	Typically described as the organised response by society to protect and promote health, and to prevent illness, injury and disability. Population health activities generally focus on: prevention, promotion and protection rather than on treatment; populations rather than on individuals; and the factors and behaviours that cause illness. In this sense, often used synonymously with **public health**. Can also refer to the health of particular subpopulations, and comparisons of the health of different populations.
Portfolio Additional Estimates Statements	Statements prepared by portfolios to explain the Additional Estimates Budget appropriations in terms of outcomes and programmes.
Portfolio Budget Statements	Statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and programmes.
Prevalence	The number or proportion (of cases, instances, and so forth) in a population at a given time. In relation to cancer, refers to the number of people alive who had been diagnosed with cancer in a prescribed period (usually 1, 5, 10 or 26 years). Compare with **incidence**.

Primary care	Provides the patient with a broad spectrum of care, both preventive and curative, over a period of time and coordinates all of the care the person receives.
Primary Health Networks (PHNs)	31 Primary Health Networks have been established by the Australian Government, with the key objectives of: increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes; and improving coordination of care to ensure patients receive the right care in the right place at the right time. PHNs work directly with GPs, other primary health care providers, secondary care providers and hospitals to ensure improved outcomes for patients. PHNs will work closely with LHNs to reduce avoidable emergency department presentations, hospital admissions and re-admissions.
Programme	A specific strategy, initiative or grouping of activities directed toward the achievement of Government policy or a common strategic objective. In 2014-15, the Department had 31 specific programmes (see pages 26-27).
Prostheses List	Under the *Private Health Insurance Act 2007*, private health insurers are required to pay benefits for a range of prostheses that are provided as part of an episode of hospital treatment or hospital substitute treatment for which a patient has cover and for which a Medicare benefit is payable for the associated professional service. The types of products on the Prostheses List include cardiac pacemakers and defibrillators, cardiac stents, joint replacements and intraocular lenses, as well as human tissues such as human heart valves. The list does not include external legs, external breast prostheses, wigs and other such devices. The Prostheses List contains prostheses and human tissue prostheses and the benefit to be paid by the private health insurers. The Prostheses List is published bi-annually.
Prosthesis	An artificial device that replaces a missing body part lost through trauma, disease, or congenital conditions.
Public health	Activities aimed at benefiting a population, with an emphasis on prevention, protection and health promotion as distinct from treatment tailored to individuals with symptoms. Examples include conduct of anti-smoking education campaigns, and screening for diseases such as cancer of the breast or cervix. See also **population health**.
Quality Use of Medicines (QUM)	QUM means: • selecting management options wisely • choosing suitable medicines if a medicine is considered necessary • using medicines safely and effectively. The definition of QUM applies equally to decisions about medicine use by individuals and decisions that affect the health of the population.
Radiation oncology (radiotherapy)	The study and discipline of treating malignant disease with radiation. The treatment is referred to as radiotherapy or radiation therapy.
Registrar	Any person undertaking medical vocational training in a recognised medical speciality training programme accredited by the Australian Medical Council.
Sexually transmissible infection (STI)	An infectious disease that can be passed to another person by sexual contact. Notable examples include chlamydia and gonorrhoea.

Stoma	Artificial body opening in the abdominal region, for the purpose of waste removal.
Subacute care	Specialised multidisciplinary care in which the primary need for care is optimisation of the patient's functioning and quality of life. Subacute care comprises the defined care types of rehabilitation, palliative care, geriatric evaluation and management, and psychogeriatric care.
Telehealth	The delivery of health services using different forms of communications technology such as video conferencing giving access to health care services to people in rural and remote areas.
Trachoma	Contagious infection of the eye caused by specific strains of the bacteria *Chlamydia trachomatis*.
Tuberculosis (TB)	TB is an infectious disease that damages people's lungs or other parts of the body and can cause serious illness and death. TB is caused by the bacterium *Mycobacterium tuberculosis*. TB is spread through the air when a person with active TB disease spreads the bacteria by coughing, sneezing, shouting, speaking or singing and other people nearby breathe in the bacteria.
Tumour	An abnormal growth of tissue in which cell multiplication is uncontrolled and occurs faster than normal tissue growth.
Vaccination	The process of administering a vaccine to a person to produce immunity against infection. See **immunisation**.
Varicella (Chicken pox)	A very contagious disease. An affected child or adult may develop hundreds of itchy, fluid-filled blisters that burst and form crusts. Varicella is caused by a virus; varicella-zoster.
World Health Organization (WHO)	WHO is a specialised agency of the United Nations (UN). Its primary role is to direct and coordinate international health within the UN's system. The WHO has 194 member states, including Australia. The WHO has played a leading role in the eradication of smallpox. Current WHO priorities include, among other things, communicable diseases (in particular HIV/AIDS, Ebola, malaria and TB), and mitigating the effects of non-communicable diseases.

Websites

Department websites

Department of Health	www.health.gov.au
National Industrial Chemicals Notification and Assessment Scheme (NICNAS)	www.nicnas.gov.au
Office of the Gene Technology Regulator (OGTR)	www.ogtr.gov.au
Therapeutic Goods Administration (TGA)	www.tga.gov.au

Portfolio entity websites

Australian Commission on Safety and Quality in Health Care (ACSQHC)	www.safetyandquality.gov.au
Australian Institute of Health and Welfare (AIHW)	www.aihw.gov.au
Australian Organ and Tissue Donation and Transplantation Authority (AOTDTA)	www.donatelife.gov.au
Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)	www.arpansa.gov.au
Australian Sports Anti-Doping Authority (ASADA)	www.asada.gov.au
Australian Sports Commission (ASC)	www.ausport.gov.au
Australian Sports Foundation (ASF)	www.asf.org.au
Cancer Australia (CA)	www.canceraustralia.gov.au
Food Standards Australia New Zealand (FSANZ)	www.foodstandards.gov.au
Independent Hospital Pricing Authority (IHPA)	www.ihpa.gov.au
National Blood Authority (NBA)	www.blood.gov.au
National Health Funding Body (NHFB)	www.nhfb.gov.au
National Health Funding Pool Administrator (NHFA)	www.publichospitalfunding.gov.au
National Health and Medical Research Council (NHMRC)	www.nhmrc.gov.au
National Health Performance Authority (NHPA)	www.nhpa.gov.au
National Mental Health Commission (NHMC)	www.mentalhealthcommission.gov.au
Professional Services Review (PSR)	www.psr.gov.au

Programme and initiative websites

Australian Childhood Immunisation Register	www.humanservices.gov.au
Australian Register of Therapeutic Goods	www.tga.gov.au/industry/australian-register-therapeutic-goods
BreastScreen Australia	www.cancerscreening.gov.au
DonateLife	www.donatelife.gov.au
eHealth.gov.au	www.ehealth.gov.au
headspace	www.headspace.org.au
healthdirect Australia	www.healthdirect.gov.au
Health Star Rating	www.healthstarrating.gov.au
Hearing Services Programme	www.hearingservices.gov.au
HPV School Vaccination Program	www.hpv.health.gov.au
MBS Online	www.mbsonline.gov.au
National Immunisation Program	www.immunise.health.gov.au
National Bowel Cancer Screening Program	www.cancerscreening.gov.au
National Cervical Screening Program	www.cancerscreening.gov.au
National Drugs Campaign	www.drugs.health.gov.au
National Drugs Strategy	www.nationaldrugstrategy.gov.au
National Tobacco Campaign	www.quitnow.gov.au
OzFoodNet	www.ozfoodnet.gov.au
Pharmaceutical Benefits Scheme	www.pbs.gov.au
Private Health Insurance Ombudsman	www.privatehealth.gov.au
Quit Now	www.quitnow.gov.au
Rural and Regional Health Australia	www.ruralhealthaustralia.gov.au
Sexually Transmissible Infections	www.sti.health.gov.au

Department's social media sites

Connect with us on social media at:

www.pinterest.com/healthgovau

twitter.com/healthgovau

www.youtube.com/user/healthgovau

www.facebook.com/healthgovau

Index

A

B

C

D

E

F

G

H

I

J

K

L

M

N

O

P

Q

R

S

T

U

V

W

Y

Department of Health

The Department of Health is a Department of State. In 2014-15, we operated under the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013,* as a Non-corporate Commonwealth Entity.

Our History

The Commonwealth Department of Health was established in 1921, in part as response to the devastating effects of the Spanish influenza pandemic of 1919, and through the vision of Dr J H L Cumpston, the first head of the Department.

Over the last 94 years, the Department has continued to evolve and has undergone a number of changes in name and structure, with a wide variety of responsibilities including local government, housing, community and family services and aged care.

Following the 2013 election our name returned to the Department of Health. Administration of aged care transferred to the Department of Social Services. Responsibility for a number of Indigenous health programmes and functions were transferred to the Department of the Prime Minister and Cabinet, and we regained responsibility for sport.

Previous Annual Reports

More information

More information about the Department of Health is available at: **www.health.gov.au** or connect with us on social media at:

www.pinterest.com/healthgovau

twitter.com/healthgovau

www.youtube.com/user/healthgovau

www.facebook.com/healthgovau

Your feedback is important to us and would be appreciated, please email: **annrep@health.gov.au**