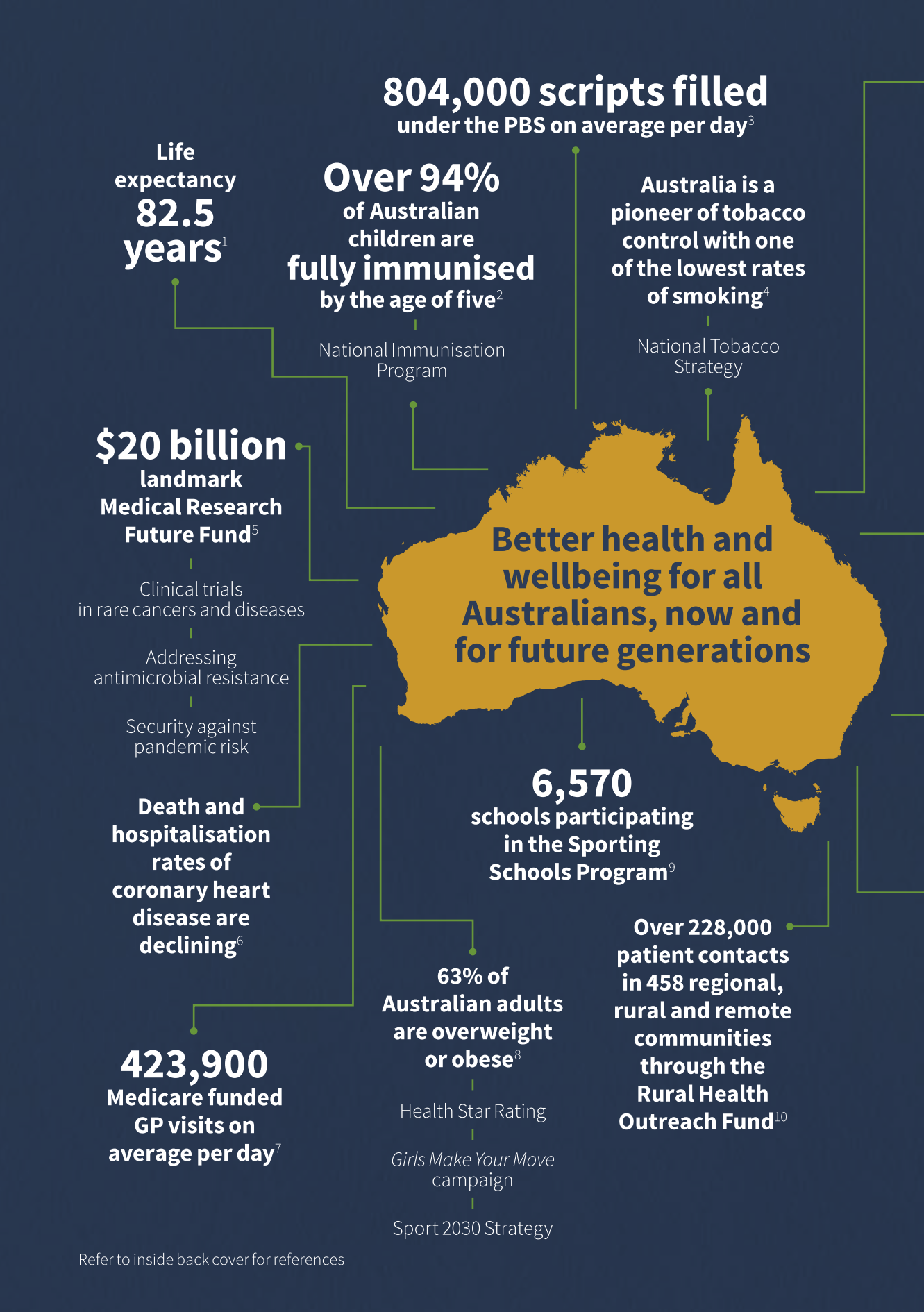
DEPARTMENT OF HEALTH

ANNUAL REPORT 2017-18

Australian Government

Department of Health



Refer to inside back cover for references

Around 45% of Australians aged 16–85 will experience a mental illness in their life[11]

Fifth National Mental Health and Suicide Prevention Plan

'Head to Health'

Over 1.3 million people received aged care support and services[12]

My Aged Care

Home Support and Home Care

Residential and Flexible Aged Care

Indigenous child mortality rates have declined by 35% between 1998 and 2016[13]

Early detection and good quality cancer care leading to below average mortality rates compared with other OECD countries[14]

Bowel Cancer Screening

National Cervical Screening Program

National Cancer Screening Register

Welcome to the Department of Health 2017-18 Annual Report

Australia's health system is world-class, supported by universal and affordable access to high quality medical, pharmaceutical and hospital services, while helping people to stay healthy through health promotion and disease prevention activities.

The Commonwealth Department of Health was established in 1921, in part as a response to the devastating effects of the Spanish influenza pandemic of 1919, and through the vision of the first head of the Department, Dr J H L Cumpston.

We have continued to evolve over the past 97 years, and have undergone a number of changes in name, function and structure, while retaining the continued commitment of improving health outcomes for all Australians.

The health system touches every individual from cradle to grave. It is a complex landscape with many interdependencies, and many stakeholders. The Department continues to work with stakeholders as essential partners in driving health reform.

Our purpose is to support government and stakeholders to lead and shape Australia's health and aged care system and sporting outcomes through evidence-based policy, well targeted programs and best practice regulation.

Department of Health Annual Report 2017-18

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This Annual Report is available online at: www.health.gov.au/internet/main/publishing.nsf/Content/Annual-Report2017-18

Further information about the Department of Health is also available online at: www.health.gov.au

Cover Design

Department of Health

Internal Design

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Union Offset Printers

Letter of Transmittal

Australian Government
Department of Health

Secretary

The Hon Greg Hunt MP
Minister for Health

Senator the Hon Bridget McKenzie
Minister for Regional Services, Sport, Local Government and Decentralisation

The Hon Ken Wyatt AM MP
Minister for Senior Australians and Aged Care, and Minister for Indigenous Health

Parliament House
CANBERRA ACT 2600

Dear Ministers

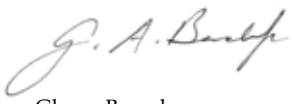
I am pleased to present the Annual Report of the Department of Health for the year ended 30 June 2018. This report has been prepared in accordance with section 46 of the *Public Governance, Performance and Accountability Act 2013,* for presentation to the Parliament.

The report contains information specific to the Department required under other applicable legislation, including the:

- *National Health Act 1953* (Appendix 2 – Processes Leading to the Pharmaceutical Benefits Advisory Committee Consideration Annual Report for 2017-18);
- *Industrial Chemicals (Notification and Assessment) Act 1989* (Appendix 3 – Report from the Director of the National Industrial Chemicals Notification and Assessment Scheme);
- *Public Governance, Performance and Accountability Rule 2014* (Appendix 4 – Australian National Preventative Health Agency Financial Statements); and
- *Human Services (Medicare) Act 1973 and Tobacco Plain Packaging Act 2011* (Part 3.4 – External Scrutiny and Compliance).

The Department's fraud control arrangements comply with section 10 of the PGPA Rule 2014 (for certification refer Part 3.1: Corporate Governance).

Yours sincerely



Glenys Beauchamp

25 September 2018

Phone: (02) 6289 8400 **Email:** Glenys.Beauchamp@health.gov.au
Scarborough House, Level 14, Atlantic Street, Woden ACT 2606 - GPO Box 9848 Canberra ACT 2601 **- www.health.gov.au**

Contents

Secretary's Review

The Department of Health is committed to supporting the Australian Government achieve better health and wellbeing outcomes for all Australians, now and for future generations.

I am proud to lead an organisation that makes such a positive contribution to the lives of Australians and our community. The scope of the Department's responsibilities is incredibly broad and includes a focus on the health and wellbeing of children and young people, older Australians, Aboriginal and Torres Strait Islander peoples and people living in regional, rural and remote communities. Our work requires close collaboration with an extensive range of partners and stakeholders as we lead and shape Australia's health and aged care systems and sporting outcomes.

Over the past year the Department progressed substantial reforms with a large implementation program to deliver on the Government's long term health plan. During 2017-18, with many stakeholders, the Department made strong progress against the following key elements:

- guaranteeing Medicare to ensure Australians have access to cost effective services, as well as a comprehensive review of Medical Benefits Schedule (MBS) items;
- following the positive recommendations of the Pharmaceutical Benefits Advisory Committee, providing Australians with access to new and affordable medicines;
- renegotiating the Heads of Agreement with states and territories to provide additional funding for public hospitals;
- delivering a diverse range of preventive health and sport initiatives, with a strong focus on supporting better mental health and promoting healthy lifestyles;
- developing the Stronger Rural Health Strategy to improve health access and services for people living in regional, rural and remote Australia;
- improving health outcomes for Aboriginal and Torres Strait Islander peoples, particularly with respect to chronic disease prevention;
- supporting ground breaking research initiatives through disbursements from the Medical Research Future Fund; and
- undertaking significant reforms to provide older Australians with increased choice in aged care services, as well as a stronger focus on the quality and safety of care.

In addition to these key initiatives, the Department makes a significant contribution to Australia's health system through the delivery of core functions, such as:

- the regulation and cost effective assessments of medicines and medical devices;
- the administration of grants to organisations in areas such as mental health, preventive health, health workforce training and active lifestyles, which in 2017-18 involved payments totalling $5.79 billion;
- delivering our accountability obligations, including providing evidence and/or submissions to 18 Parliamentary Committee inquiries, responding to over 1,400 Questions on Notice and 376 Freedom of Information requests and meeting our statutory reporting obligations; and
- health promotion and campaigns to enable Australians to improve their individual health and that of the broader community, such as the *Healthy Ageing* and the *Don't Make Smokes Your Story* campaigns.

A small handful of some of our other significant achievements over the past year are outlined below. Many of the Government's initiatives and programs will make major contributions not only to the overall health system but also to employment and economic activities, particularly in the fields of medical research, regional health, Indigenous health and aged care.

Ongoing funding for Medicare and the Pharmaceutical Benefits Scheme

During 2017-18, the Department played an important role in supporting the Government as it continues to improve the sustainability of Medicare, including the Pharmaceutical Benefits Scheme (PBS). These services make a significant difference to the everyday lives of Australians by ensuring access to high quality, affordable health services and medicines. In 2017-18, over 414 million MBS funded services were provided and over 293 million prescriptions filled under the PBS.

The Government's investment in Medicare included $1 billion to restore indexation of Medicare rebates, starting with GP bulk-billing incentives. Following the provision of additional funding, the important work of the Medical Services Advisory Committee and the MBS review continued throughout 2017-18. Since the review of more than 5,700 MBS items commenced, over 70 clinical committees and working groups have been established. Over 90 per cent of MBS items had been, or were being, reviewed as at 30 June 2018 and many of the final recommendations made by the independent, clinician led MBS Review Taskforce have been considered by the Government and responses announced.

We are also continuing to support the Government and Pharmaceutical Benefits Advisory Committee in listing new and amended medicines for the treatment of cancer, soft tissue sarcoma and idiopathic pulmonary fibrosis (a debilitating lung disease) to name a few. In 2017-18, the new life saving treatment, Vimizim® (elosulfase alfa), was also made available to Australian patients with a rare medical condition known as Morquio A Syndrome. This syndrome affects children and results in abnormal development or possible early death. Through the Life Saving Drugs Program, this treatment became available from 1 August 2017 to change the lives of young Australians suffering from this cruel disease.

Further disbursements for the Medical Research Future Fund

The exciting work undertaken as a result of the Government's landmark $20 billion Medical Research Future Fund (MRFF) continues, with over $1.7 billion worth of investments for Australia's health and medical research sector. The MRFF, which is governed by the Australian Medical Research Advisory Board, supports our inspiring researchers to develop new technologies and breakthroughs.

Throughout 2017-18, significant announcements were made about a number of strategic investments to improve lives through transformative health and medical research, including:

- the National Health and Medical Research Industry Growth Plan;
- the Genomics Health Futures Mission;
- the establishment of the Australian Brain Cancer Mission and investments in programs such as the Zero Childhood Cancer national clinical trial;
- support for researchers and clinical trials; and
- additional support for promising new biomedical start-up companies.

The Australian Medical Research Advisory Board also commenced public consultation in June 2018 to ensure the 2018–20 priorities accurately reflect strategic research investment opportunities.

Mental health initiatives

Supporting Australians with mental illness continued to be a major focus for the Government and the Department throughout 2017-18 with the delivery of the following initiatives:

- suicide prevention activities, including increasing the capacity of existing crisis line services;
- assisting people with severe mental illness resulting in psychosocial disability to receive care through Primary Health Networks;
- building on targeted mental health research to improve early intervention and treatment, which includes research to assist people with anxiety, depression, major mood or psychiatric disorders; and
- improved access to psychologists for Australians living in regional, rural and remote locations via telehealth arrangements.

These important programs have been complemented by a number of 2018-19 Budget initiatives, which committed over $338 million, for the provision of support for: the Royal Flying Doctor Service to deliver mental health care in rural and remote locations; mental health research through the Million Minds Mental Health Research Mission; and strengthening of the National Mental Health Commission.

In addition, in October 2017 an exciting step was taken with the launch of the 'Head to Health' digital gateway. This award winning website now makes it easier for the one in five Australians who experience mental illness each year to receive free or low cost assistance through a one stop shop, for services and resources delivered by the country's most trusted providers.

Preventive health programs

The Department also supports the effective delivery of preventive health measures to reduce health related risk factors within the Australian population. A considerable number of preventive health initiatives were implemented in 2017-18, including wide ranging activities to address healthy eating, physical activity, obesity, tobacco, alcohol and other drug misuse, research, chronic disease and cancer screening.

A wonderful example of a preventive health program is the Healthy Heart Initiative. It establishes critical preventive health focus for cardiovascular programs through partnerships with the National Heart Foundation and GPs. In doing so it provides people with tools and information to live active and healthy lives through establishing partnerships with these key stakeholders.

Another example is the launch of the National Cancer Screening Register, which aims to improve Australia's capacity to screen for cervical and, in time, other cancers. The Register creates a single national record for the collection, storage, analysis and reporting of screening data for the National Cervical Screening Program and will provide an effective way to help the almost 900 women each year who are diagnosed with cervical cancer.

In 2017-18, the Department also supported the delivery of the Government's $14.1 million *No Jab, No Pay* initiative through the National Immunisation Program. While Australia has high immunisation rates, with over 94 per cent of five year olds fully vaccinated, the Department remains committed to increasing immunisation rates, particularly in areas of low population coverage.

Support for sport and physical activity

The Department proudly supported the delivery of a range of sporting activities in 2017-18. This included the highly successful 2018 Commonwealth Games held on the Gold Coast. In addition, for the first time, the women's Rugby League World Cup was held in conjunction with the men's Rugby League World Cup, hosted in 13 cities across Australia, New Zealand and Papua New Guinea. Both the Australian men's and women's teams were crowned world champions on home soil.

In 2017-18, we continued to deliver better sport outcomes for all Australians by boosting participation opportunities in a range of sporting activities, optimising international performance and safeguarding integrity in sport. Since 2015, for example, the Sporting Schools Program has exceeded expected targets, with over 350,000 children per term participating in the program across 6,570 schools. It is programs like these, and the *Girls Make Your Move* campaign, that make important contributions to promoting healthy lifestyles and lowering obesity.

The Department has also been collaborating closely with the Australian Sports Commission (now Sport Australia) on the development of *Sport 2030: National Sport Plan* (the Plan), which was released on 1 August 2018. The Plan, which encapsulates many ideas from the sporting sector and the general public, aims to create a platform for an active Australia known for its sporting success and integrity. It will be underpinned by ongoing implementation and delivery of sports programs, integrity initiatives and the staging of major international sporting events. Sport is an important vehicle to address disadvantage and social inclusion challenges and the Plan provides a solid foundation for building a strong sporting, and highly active nation.

Commitment to sport has been further strengthened through the 2018-19 Budget with the Government investing $230 million over five years for initiatives such as:

- a sports infrastructure grants program to provide better access to quality sport facilities;
- an expansion of the Local Sporting Champions grants program to help young athletes pay for equipment, uniforms and other costs; and
- the Safe Sport Australia program to build child safe cultures and practices in sport.

A new grant program is also being implemented to promote physical activity among older Australians. National sporting organisations and non-government organisations are being supported to develop and implement local, community based activities to encourage Australians aged 65 years and over to incorporate physical activity into their everyday lives.

Funding for public hospitals

During 2017-18, the Government worked closely with state and territory governments and health portfolio entities to develop a five year Heads of Agreement for future public hospital funding and health reform. Through the Heads of Agreement, the Government will provide an additional $30.2 billion public hospital funding to deliver $130.2 billion from 2020-21 and 2024-25. The agreement has been signed by the Australian Capital Territory, New South Wales, Northern Territory, South Australia, Tasmania and Western Australia.

Improving aged care services

The Department has been implementing a substantial reform agenda across the aged care sector. These reforms support more choice of care services, particularly for older people wanting to stay at home in their senior years and focus on strengthening the quality and safety of care provided across the sector.

To meet the growing older population needs, funding for aged care will increase by $5 billion to reach $23.6 billion by 2021-22. In 2017-18, the Government announced additional Home Care Packages with almost 100,000 packages provided last year. Funding arrangements were extended to 30 June 2020 for the Commonwealth Home Support Programme. Older Australians unable to continue living independently were also provided with a range of options, including over 210,000 residential aged care places. Upgrades were made to the My Aged Care website to make it more user friendly and easier to find information for consumers and providers.

Work continued on legislation to strengthen quality and safety of care regulation, develop a combined quality and complaints commission and increase compliance activity.

Other key initiatives that commenced implementation in 2017-18 included $50 million to support residential care providers transition to the new Aged Care Quality Standards, more support for palliative care and people living with dementia. Consultation also commenced on improved mental health services for older people living in residential care and the community to inform implementation of services in 2018-19.

Rural workforce

Over the last fifteen years we have seen strong growth in the rural workforce, which includes a 26 per cent increase nationally in the rate of GP services per capita delivered in regional, rural and remote Australia. While this is a considerable increase, we remain committed to ensuring that Australia has the workforce necessary to improve access to services for people living in regional, rural and remote locations.

In 2017-18, the Department assisted the Government in developing an ambitious rural health strategy. The $550 million Stronger Rural Health Strategy will enable the provision of quality services through evidence based policy and well targeted programs. The Strategy will also enable the placement of 3,000 more specialist GPs, more than 3,000 nurses and hundreds more allied health professionals into the regions over the next ten years.

In addition to developing this transformational strategy, in 2017 the Department continued to support the delivery of health education and training initiatives to increase the recruitment and retention of health practitioners in regional, rural and remote areas. The Rural Health Multidisciplinary Training Program, Australian General Practice Training Program and the Specialist Training Program all play important roles in improving the quality and distribution of the future workforce.

Looking ahead

Work is well underway to deliver further reforms and implement programs that will support Australians to live healthy and active lives. During 2018-19 and beyond, the Department will continue to deliver a significant program of work for the Government, such as:

- working with our stakeholders to improve primary health care;
- finalising MBS reviews to ensure patients receive safe, quality and contemporary best practice healthcare;
- finalising amendments to the payment administration for high cost medicines to improve access to medicines and reduce cash flow impacts on participants in the pharmaceutical supply chain;
- continuing to promote the benefits of the My Health Record while addressing community concerns about privacy and security provisions;
- delivering the ten year National Health and Medical Industry Growth Plan for the medical technology, biotechnology and pharmaceutical sectors, which will benefit many Australians through the provision of improved treatments, medicines and devices, as well as new jobs;
- implementing rural health initiatives as part of the Stronger Rural Health Strategy, including delivery of funding to 13 specialist medical colleges participating in the Specialist Training Program to deliver over 1,000 specialist training posts in 2018;
- reforming private health insurance to ensure it is simpler and more affordable for all Australians; and
- delivering a range of important strategies, including the National Alcohol Strategy, the National Action Plan for Endometriosis and a national approach to hearing loss.

At the heart of Government reforms, aged care quality and safety is a priority. The Department will play an important role in supporting the Royal Commission into quality and safety in aged care services. While the Royal Commission undertakes this important work, the Department will continue to support the implementation of a range of measures designed to increase oversight of Australia's aged care sector, including:

- bringing aged care regulation, compliance and complaints handling together into a new and independent Aged Care Quality and Safety Commission;
- implementing the new, consumer focused aged care quality standards and developing a new single Charter of aged care recipients' rights; and
- developing performance ratings for residential aged care service providers, which will be published on the My Aged Care website from July 2020.

The new Commission, to commence from 1 January 2019, will play a particularly important role. It will be responsible for accreditation, assessment, monitoring, and complaints management for all Australian Government subsidised aged care providers. The compliance functions are currently planned to move to the new Commission for 1 January 2020, pending the passage of legislation.

In 2018-19, the Department will also implement a range of maternal, infant and preventive health programs to support children and parents, including the healthy pregnancies program and extensions to the *Child Immunisation Education* campaign. An enduring national breastfeeding strategy, *Australian National Breastfeeding Strategy 2018 and Beyond*, is also being developed to recognise that breastfeeding is an important first step to improved short and long term physical and mental health outcomes for both babies and mothers. The strategy will also recognise that breastfeeding is not always possible and that all parents need support regardless of how they feed their babies.

We will continue to have a strong focus on improving health outcomes for Aboriginal and Torres Strait Islander peoples. Improving primary health care, addressing crusted scabies and ear and eye health are key areas of priority. The Government has also provided $105.7 million for better access to aged care for Aboriginal and Torres Strait Islander people.

In conclusion

The Department's work to support the Government's priorities has been made possible with a high performing and dedicated workforce. Departmental staff possess a wide range of skills and, as recently highlighted through the annual Australian Public Service Staff Survey, are an engaged, satisfied and committed workforce.

By drawing on the range of expertise and retaining, developing and attracting the right people, we will be well-placed to continue to provide high quality advice and deliver the Government's comprehensive work program.

I thank the executive leadership group and all staff for their commitment to delivering high quality health, aged care and sporting outcomes for current and future generations of Australians. I am very proud of what we have achieved over the past 12 months.

Glenys Beauchamp PSM

Secretary
September 2018

Chief Medical Officer's Report

Reducing antibiotic over-prescription

The global challenge of antimicrobial resistance remains one of the major public health threats facing the world. The overuse of antibiotics is a key contributor to antibiotic resistance and in Australia, we have particularly high rates of antibiotic use in general practice.

In 2017-18, the Department provided feedback to the highest prescribing general practitioners (GPs) prompting them to consider opportunities to reduce prescribing antibiotics where appropriate and safe. In winter 2017, coinciding with the annual spike in antibiotic prescribing, I wrote to 5,300 GPs whose prescribing rates were in the top 30 per cent for their geographic region. As a result of this initiative, an estimated 126,352 fewer antibiotic prescriptions were filled over the following six-month period.

Changing patient access for medicines containing codeine

On 1 February 2018, low-dose codeine medicines became prescription-only, bringing Australia into line with the growing number of countries that have introduced, or are shortly to introduce, stronger regulatory controls over these medicines. The use of low dose codeine medicines is associated with high health risks such as tolerance, physical dependence and even fatal overdoses. The change in regulation was followed by widespread communication and consultation with a focus on directing people with chronic non-cancer pain to alternative forms of more effective and safer pain management. To support this, the Government provided $20 million for a Pain MedsCheck trial to support community pharmacists to evaluate their patients' medication use.

Continuing to improve immunisation

In 2017, a major national immunisation campaign was launched to provide parents and carers with evidence-based information about immunisation, the diseases it prevents and the importance of vaccinating on time. The campaign encouraged parents to take action and increased parents' intentions to vaccinate their children, especially in geographic areas with low immunisation coverage rates.

In 2017-18, a number of new vaccines were added to the National Immunisation Program. Pertussis (whooping cough) vaccination is now available for pregnant women. Protection against Human Papillomavirus was also improved with the introduction of a new vaccine protecting against nine types of the infection; a significant increase from the previous four types. A new infant meningococcal vaccine was also introduced to protect against four (up from one) types of the disease.

New influenza vaccines specifically designed to improve protection amongst those aged 65 years and older were introduced in response to the high number of influenza cases and related deaths reported amongst the elderly during the 2017 season. In addition, Australian Government subsidised residential aged care providers are now required to have in place a free influenza vaccination program for staff and volunteers to ensure strengthened protection of vulnerable people against influenza.

Strengthening our emergency preparedness

During 2017, Australia underwent a rigorous World Health Organization-led evaluation, known as a Joint External Evaluation (JEE) of International Health Regulations (2005), across 19 core capacities. Australia's health security capacity and our public health system's ability to prevent, prepare for, detect and respond to all manner of public health threats was independently assessed by a team of international experts. The final JEE Mission Report found that Australia demonstrated a very high capacity to effectively respond to public health emergencies across all the targeted core capacities. However, it is important to continuously improve this system in the face of evolving public health threats. The Mission Report contains 66 recommendations for further strengthening Australia's health security capacity. The Department is developing a National Action Plan for Health Security to implement the recommendations over a five year period.

Coordinating efforts to address the syphilis outbreak affecting Indigenous communities in northern and central Australia

An outbreak of infectious syphilis predominantly affecting Indigenous communities is ongoing in a number of areas across Australia. Syphilis is a serious infection with complex disease progression and early symptoms can often go unnoticed. If left untreated, it can have significant health effects. To assist jurisdictions to control this outbreak in predominantly young Aboriginal and Torres Strait Islander peoples, a nationally coordinated response was developed and put into action. The response is guided by a National Strategic Approach and Action Plan that focuses on increasing testing and treatment, ensuring effective surveillance and reporting mechanisms, developing community and clinician engagement strategies and preventing cases of congenital syphilis.

Addressing out-of-pocket costs

There is increasing concern about the rise in out-of-pocket medical costs for some consumers requiring private hospital treatments and procedures, and some non-admitted services. The major impact is seen in the exorbitant and unjustifiable fees charged by a minority of specialist practitioners. Some of these fees are hidden, not disclosed to Medicare or the private health insurer. Many consumers are not aware of the fee policy of specialists until their first appointment and feel locked into paying unexpected high fees. A Ministerial Advisory Committee has been established to address the issue of transparency of costs and to ensure consumers are informed of fee charging practices when choosing a recommended specialist.

Building our medical workforce

During 2017-18, the Department completed a significant amount of work in order to deliver the Stronger Rural Health Strategy. This Strategy addresses each and every stage of the medical workforce supply and will result in more fully trained doctors providing services to rural and regional communities in Australia.

The expansion and addition of new Junior Doctor Training Programs will mean that young doctors, after graduation, can stay working in rural and remote regions with the opportunity to enter new streamlined and expanded general practice specialist training programs. The Strategy will support doctors currently working in Australia, without full specialist GP qualifications, to gain these qualifications through completing training over the next five years. Throughout the year ahead we will continue to work with key health stakeholders on one of the most comprehensive workforce reform packages ever produced in Australia.

I look forward to continuing to work collaboratively with state and territory Chief Health Officers, departmental staff, and our diverse range of stakeholders in delivering Australia's world-class health system into the future.

Professor Brendan Murphy

Chief Medical Officer
September 2018

Ministerial Responsibilities

(as at 30 June 2018)

The Hon Greg Hunt MP

Minister for Health

Portfolio Responsibilities

Departmental Outcomes

Outcome 1:
Health System Policy, Design and Innovation

Outcome 2:
Health Access and Support Services

Outcome 4:
Individual Health Benefits

Outcome 5:
Regulation, Safety and Protection

Outcome 6:
Ageing and Aged Care

Portfolio Entities

- Australian Commission on Safety and Quality in Health Care
- Australian Digital Health Agency
- Australian Institute of Health and Welfare
- Cancer Australia
- Independent Hospital Pricing Authority
- National Health Funding Body
- National Health and Medical Research Council
- National Mental Health Commission
- Professional Services Review

Senator the Hon Bridget McKenzie

Minister for Sport
Minister for Rural Health

Portfolio Responsibilities

Departmental Outcomes

Outcome 2:
Health Access and Support Services

Outcome 3:
Sport and Recreation

Outcome 5:
Regulation, Safety and Protection

Portfolio Entities

- Australian Radiation Protection and Nuclear Safety Agency
- Australian Sports Anti-Doping Authority
- Australian Sports Commission
- Australian Sports Foundation Limited
- Food Standards Australia New Zealand
- National Blood Authority

The Hon Ken Wyatt AM, MP

Minister for Aged Care
Minister for Indigenous Health

Portfolio Responsibilities

Departmental Outcomes

Outcome 1:
Health System Policy, Design and Innovation

Outcome 2:
Health Access and Support Services

Outcome 4:
Individual Health Benefits

Outcome 6:
Ageing and Aged Care

Portfolio Entities

- Australian Aged Care Quality Agency
- Organ and Tissue Authority (Australian Organ and Tissue Donation and Transplantation Authority)

Portfolio Structure

In 2017-18, the Health Portfolio consisted of:

- the Department of Health (refer *Part 1.3: Structure Chart*, p.18);
- 17 portfolio entities; and
- six statutory office holders:
  - Aged Care Complaints Commissioner
  - Aged Care Pricing Commissioner
  - Gene Technology Regulator
  - Director, National Industrial Chemicals Notification Assessment Scheme
  - National Health Funding Pool Administrator
  - National Rural Health Commissioner

Ministerial Changes

On 20 December 2017, the then Prime Minister, the Hon Malcolm Turnbull MP announced changes to the Ministry. The Hon Greg Hunt MP continued in his role as Minister for Health. The Hon Ken Wyatt AM, MP continued as the Minister for Aged Care and the Minister for Indigenous Health and Senator the Hon Bridget McKenzie was sworn in as the Minister for Sport and Minister for Rural Health. The Hon Dr David Gillespie MP left the portfolio to become Assistant Minister for Children and Families. For further information refer to *Ministerial Responsibilities* on previous page.

On 28 August 2018, the Prime Minister, the Hon Scott Morrison MP's new Ministry was sworn in. The current Health Portfolio Ministers and their responsibilities are available at: www.health.gov.au/internet/main/publishing.nsf/Content/Ministers-1

Portfolio Entities

Each of the 17 portfolio entities has its own specific outcome, with performance reported in their respective annual report.

- Australian Aged Care Quality Agency
- Australian Commission on Safety and Quality in Health Care
- Australian Digital Health Agency
- Australian Institute of Health and Welfare
- Australian Radiation Protection and Nuclear Safety Agency
- Australian Sports Anti-Doping Authority
- Australian Sports Commission
- Australian Sports Foundation Limited
- Cancer Australia
- Food Standards Australia New Zealand
- Independent Hospital Pricing Authority
- National Blood Authority
- National Health Funding Body
- National Health and Medical Research Council
- National Mental Health Commission
- Organ and Tissue Authority (Australian Organ and Tissue Donation and Transplantation Authority)
- Professional Services Review

Part 1:
About the Department

6
Outcomes

28
Programs

The Department managed over
$65.6 billion
in 2017-18

6 **Statutory Office Holders** / **17** **Health Portfolio Entities**

work with us to achieve our goals

Part 1.1: Department Overview

The Department of Health is a Department of State. In 2017-18 we operated under the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Our vision

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

Our purpose

To support government and stakeholders to lead and shape Australia's health and aged care system and sporting outcomes through evidence-based policy, well targeted programs and best practice regulation.

Our strategic priorities

Better health and ageing 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; and
- enabling access for people with cultural and diverse backgrounds including Aboriginal and Torres Strait Islander peoples, people in rural and remote areas and people experiencing socio-economic disadvantage.

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

- partnering and collaborating with others to deliver health and aged care programs;
- better, more cost-effective care through research, innovation and technology; and
- regulation that protects the health and safety of the community, while minimising unnecessary compliance burdens.

Better sport outcomes through:

- boosting participation opportunities for all Australians;
- optimising international performance; and
- safeguarding integrity in sport.

Part 1.2: 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 outcome basis.

Listed below are the outcomes relevant to the Department and the programs managed under each outcome in 2017-18.

Outcome 1: Health System Policy, Design and Innovation

1.1: Health Policy Research and Analysis

1.2: Health Innovation and Technology

1.3: Health Infrastructure

1.4: Health Peak and Advisory Bodies

1.5: International Policy

Outcome 2: Health Access and Support Services

2.1: Mental Health

2.2: Aboriginal and Torres Strait Islander Health

2.3: Health Workforce

2.4: Preventive Health and Chronic Disease Support

2.5: Primary Health Care Quality and Coordination

2.6: Primary Care Practice Incentives

2.7: Hospital Services

Outcome 3: Sport and Recreation

3.1: Sport and Recreation

Outcome 4: Individual Health Benefits

4.1: Medical Benefits

4.2: Hearing Services

4.3: Pharmaceutical Benefits

4.4: Private Health Insurance

4.5: Medical Indemnity

4.6: Dental Services

4.7: Health Benefit Compliance

4.8: Targeted Assistance – Aids and Appliances

Outcome 5: Regulation, Safety and Protection

5.1: Protect the Health and Safety of the Community Through Regulation

5.2: Health Protection and Emergency Response

5.3: Immunisation

Outcome 6: Ageing and Aged Care

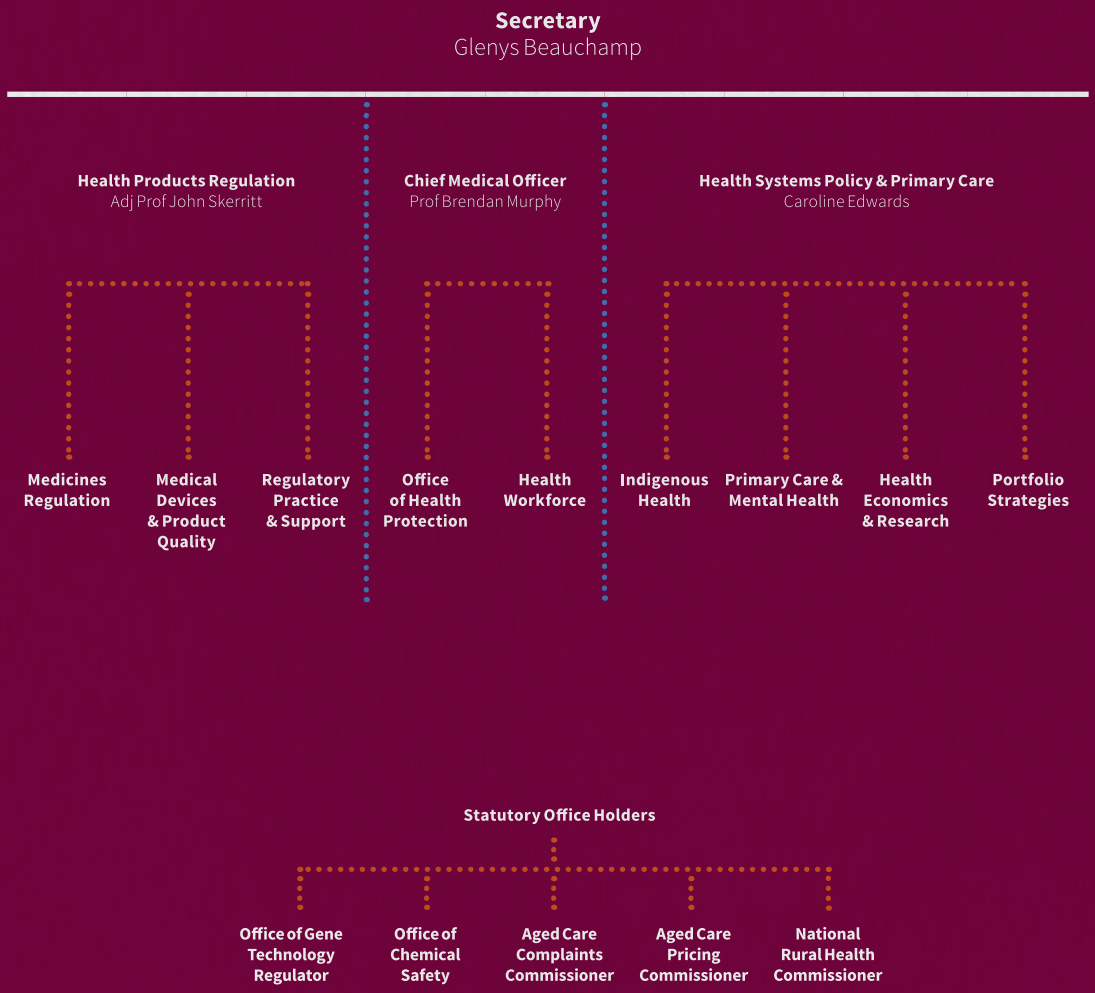
6.1: Access and Information

6.2: Home Support and Care

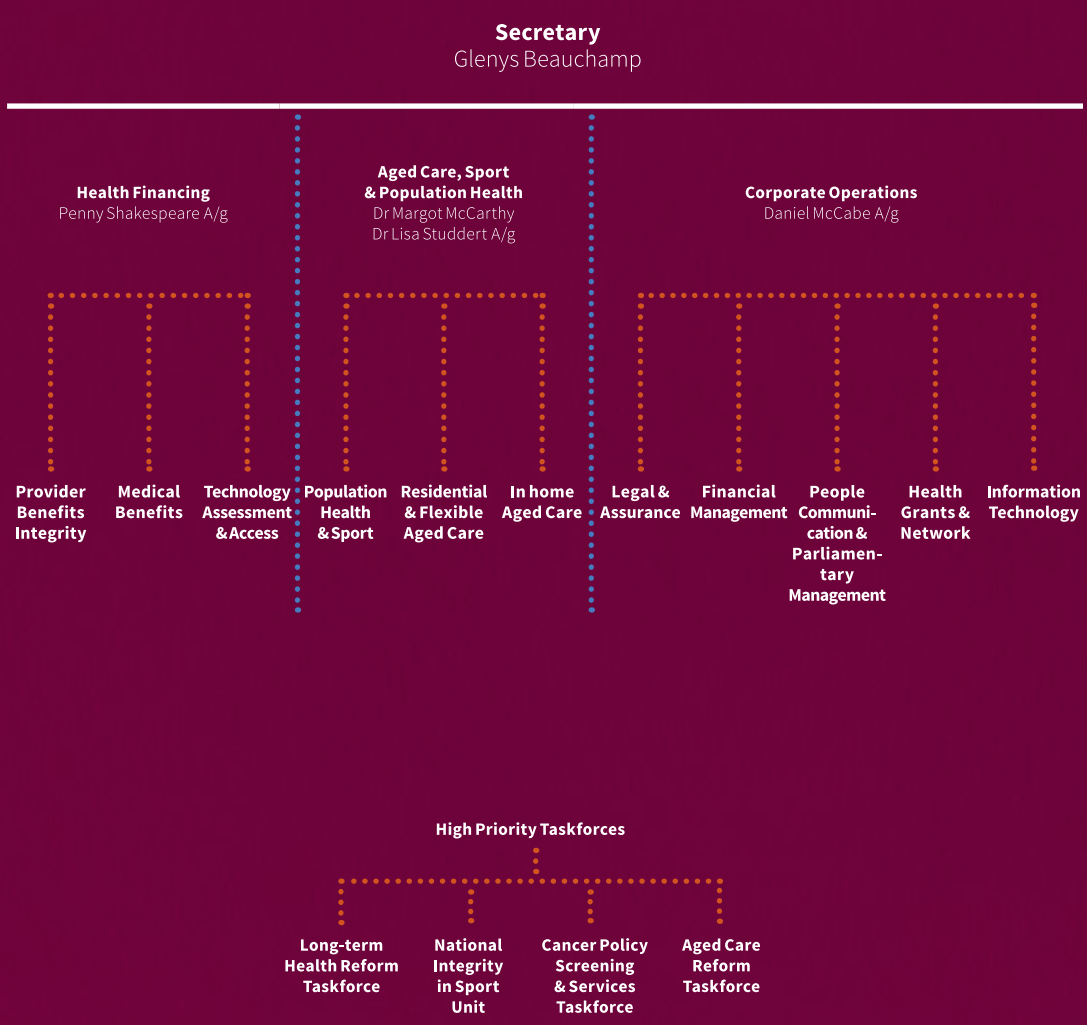
6.3: Residential and Flexible Care

6.4: Aged Care Quality

Part 1.3: Structure Chart



The above Senior Executive Structure Chart is as at 29 June 2018. The current structure chart is available at: www.health.gov.au/internet/main/publishing.nsf/content/health-struct.htm


Secretary
Glenys Beauchamp
Health Financing
Penny Shakespeare A/g
Aged Care, Sport & Population Health
Dr Margot McCarthy
Dr Lisa Studdert A/g
Corporate Operations
Daniel McCabe A/g
Provider Benefits Integrity
Medical Benefits
Technology Assessment & Access
Population Health & Sport
Residential & Flexible Aged Care
In home Aged Care
Legal & Assurance
Financial Management
People Communi-cation & Parliamen-tary Management
Health Grants & Network
Information Technology
High Priority Taskforces
Long-term Health Reform Taskforce
National Integrity in Sport Unit
Cancer Policy Screening & Services Taskforce
Aged Care Reform Taskforce

Part 2:
Annual Performance Statements

Part 2.1: 2017-18 Annual Performance Statements

The 2017-18 Annual Performance Statements are in accordance with s39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) for the 2017-18 financial year. The Annual Performance Statements accurately present the Department of Health's performance in accordance with s39(2) of the PGPA Act.

Glenys Beauchamp PSM

Secretary
September 2018

Introduction

As required under the PGPA Act, this report contains the Department of Health's Annual Performance Statements for 2017-18. The Annual Performance Statements detail results achieved against the planned performance criteria set out in the *2017-18 Health Portfolio Budget Statements, 2017-18 Health Portfolio Additional Estimates Statements* and the Department's *Corporate Plan 2017-18*.

Structure of the Annual Performance Statements

The Annual Performance Statements demonstrate the direct link between the Department's activities throughout the year and the contribution to achieving the Department's purpose. The Annual Performance Statements are divided into chapters, with each chapter focusing on the objectives of an outcome and addressing the associated performance criteria. Each chapter contains:

- an analysis of the Department's performance by program;
- activity highlights that occurred during 2017-18; and
- results and discussion against each performance criteria.

Results Key

Met

100% of the target for 2017-18 has been achieved.

Substantially met

75–99% of the target for 2017-18 has been achieved.

Not met

Less than 75% of the target for 2017-18 has been achieved.

Data not available

Data is not available to report for the 2017-18 reporting year.

N/A

The use of N/A in performance trend boxes indicates that data was not published in the relevant year for that performance criterion.

Outcome 1:
Health System Policy, Design and Innovation

Australia's health system is better equipped to meet current and future health needs by applying research, evaluation, innovation, and use of data to develop and implement integrated, evidence-based health policies, and through support for sustainable funding for health infrastructure

Approximately

6m

people registered for **My Health Record**

Almost

$54 million

of investments made to support **biomedical start-ups**

$55m

provided to establish the **Australian Brain Cancer Mission**

Over 20 agreements with **national peak and advisory bodies**

to inform health policy

Highlights

Living longer and better lives through investment in genomics technology

Through research into better testing, diagnosis and treatment that targets the unique genetic make-up of individuals, the $500 million investment in the Genomics Health Futures Mission will save and transform the lives of more than 200,000 Australians.

Program 1.1

Commitment to global and regional cooperation further strengthened

Australia hosted the sixty-eighth session of the World Health Organization Regional Committee for the Western Pacific in Brisbane.

Program 1.5

Programs contributing to Outcome 1

	Summary of results against performance criteria		
Program	**Targets met**	**Targets substantially met**	**Targets not met**
Program 1.1: Health Policy Research and Analysis	**6**	**-**	**-**
Program 1.2: Health Innovation and Technology	**1**	**-**	**-**
Program 1.3: Health Infrastructure	**1**	**-**	**-**
Program 1.4: Health Peak and Advisory Bodies	**1**	**-**	**-**
Program 1.5: International Policy	**2**	**-**	**-**
Total	**11**	**-**	**-**

Program 1.1: Health Policy Research and Analysis

The Department met all performance targets related to this program.

In 2017-18, the Department continued to support the Government to deliver increased investments for health and medical research, and work to strengthen safety and quality across the health system to reduce patient risks and generate efficiencies.

The Government's landmark $20 billion Medical Research Future Fund (MRFF) has already designated over $1.7 billion in strategic research investments. These include the establishment of a $500 million Genomics Health Futures Mission that will help more than 200,000 Australians live longer and get better treatment tailored to their medical needs, as well the $240 million Frontier Health and Medical Research initiative to support innovative and 'out of the box' ideas and discoveries. Other key investments include the Australian Brain Cancer Mission, a $105 million fund to fight brain cancer with the aim of doubling the survival rates and improving the quality of life for patients with brain cancer over the next ten years, and the longer term aim of defeating the disease. More than $261 million has also been committed to date under the MRFF to increase clinical trial activity and international collaboration, with a focus on rare cancer and areas of unmet need.

Patients will benefit from the suite of investments under the MRFF, through improved healthcare outcomes from new medicines, devices and treatments, embedded genomics technology, clinical trial activity and data analytics. These initiatives will also deliver new jobs and industries and will position Australia as a world leader in health and medical research.

In 2017-18, the Department worked with the National Blood Authority and states and territories to ensure all Australians had access to blood and blood products required for treatment after surgery, for treatment of traumatic injury, and for a range of diseases and chronic conditions, including blood disorders (for example haemophilia) and immunodeficiency conditions.

Collaborating with states and territories to facilitate a nationally consistent focus on achieving better health outcomes for all Australians

Support Australian Government officials on the Council of Australian Governments' (COAG) Health Council and the Australian Health Ministers' Advisory Council (AHMAC) to progress health issues with states and territories.

Source: 2017-18 Health Portfolio Budget Statements, p.48

2017-18 Target	2017-18 Result
Health issues will be progressed by the AHMAC and the COAG Health Council.	Health issues were agreed and progressed by the AHMAC and endorsed by the COAG Health Council.[1]
	Result: Met

The COAG Health Council, supported by its advisory body AHMAC, focused on progressing a broad range of issues in 2017-18 including: long-term health reform and negotiation of the next Health Agreement; mandatory reporting requirements for registered health practitioners; mental health and suicide prevention; enhancing the clinical trial sector; and Indigenous health and medical workforce.

In 2017-18, Australian Health Ministers agreed to review the organ donation, retrieval and transplantation sector to identify barriers to equity of access to transplant waiting lists and transplantation services. Ministers also agreed to develop a federated model for national real time prescription monitoring, where state and territory systems will connect to and interface with Commonwealth systems to achieve a national solution.

Ministers also agreed to streamline access to medicinal cannabis by developing a single entry point to cover both Commonwealth and state and territory approval processes and the National Health Genomics Policy Framework. Earlier in the year, Health Ministers endorsed the Fifth National Mental Health and Suicide Prevention Plan.

[1] Further information available at: www.coaghealthcouncil.gov.au/Announcements/Meeting-Communiques1

Zero Childhood Cancer program saves lives

In 2017-18, the Australian Government established the Australian Brain Cancer Mission (the Mission) with the brave goal of doubling survival rates in a decade and ultimately defeating brain cancer. Over $100 million has been committed to the Mission with funding of $55 million through the Medical Research Future Fund matched with generous contributions from industry philanthropy and other governments.

The Zero Childhood Cancer national clinical trial program is a significant first investment under the Mission. It offers a first time comprehensive precision medicine approach for all Australian children with high-risk or relapsed cancer, of whom a third to a half, to date, are suffering with brain cancer. The program, led by Children's Cancer Institute and the Kids Cancer Centre, Sydney Children's Hospital Randwick, recognises that each child's cancer is unique and will respond differently to anti-cancer treatments, based on the genetics and biology of each child's tumour. The Zero Childhood Cancer Program has had many exciting outcomes to date, one of which is Ellie's Story.

Ellie's Story

At just eleven months old Ellie was brought to the emergency department at Sydney Children's Hospital because she had been unwell for a few weeks. As part of a routine check-up, the hospital X-rayed Ellie's chest and what they found was devastating. Ellie had a tumour in her chest so large it has pushed her heart to the right and there was little room left in her chest cavity. The tumour was aggressive, growing quickly and soon Ellie was on life support as she struggled to breathe.

The challenge facing the cancer team was trying to identify exactly what type of cancer Ellie had, and what genetic changes were driving her cancer, so they could identify the right anti-cancer drugs to treat her disease. Identifying the precise type of cancer with the standard information available, proved difficult. Even with aggressive chemotherapy Ellie's cancer continued to grow rapidly. The clinical team was running out of options and Ellie was running out of time.

This is when Ellie was enrolled with the Zero Childhood Cancer program. Given the urgency of Ellie's situation, the whole Zero Childhood Cancer team worked together to complete all the complex genetic tests in just ten days. Sequencing the entire genome of Ellie's tumour identified a rare genetic change not previously described, that was likely to be driving her tumour's growth, and the clinical team were then able to source a new and exciting drug that targeted the exact genetic change now identified in Ellie's tumour's – a simple, non-invasive syrup – and treatment began immediately.

The impact was dramatic. After just two weeks the cancer had shrunk so that Ellie could come off life support and breathe independently and, after just four weeks, Ellie was discharged from hospital. Today Ellie is a happy, energetic and fun loving two year old.

Medical research and programs like Zero Childhood Cancer are keys to a cure for brain cancer. For further information, including the promising trial results, please see www.zerochildhoodcancer.org.au

Improving health policy research and data capacity

Provide a sustainable source of funding for transformative health and medical research that improves lives, contributes to health system sustainability and drives innovation.

Source: 2017-18 Health Portfolio Budget Statements, p.48 and Health Corporate Plan 2017-18, p.28

2017-18 Target	2017-18 Result
Further Medical Research Future Fund (MRFF) disbursements will be announced consistent with the Australian Medical Research Advisory Board's (Advisory Board) Strategy and Priorities, with an increased focus on long-term and transformative investments. The Advisory Board will commence consultation on the 2018–2020 Priorities.	Further MRFF disbursements were announced and were consistent with the Advisory Board's Priorities. The Advisory Board commenced public consultation on 29 June 2018 on the 2018–2020 Priorities.
	Result: Met

Further strategic investments under the MRFF were announced in May 2018 as a part of the 2018-19 Budget, including a $1.3 billion National Health and Medical Research Industry Growth Plan and the Genomics Health Futures Mission. This bold new Mission aligns with the National Health Genomics Policy agreed by all Australian governments. The Industry Growth Plan will deliver better health care as well as new jobs and industries and focus on translation projects and support for researchers.

These commitments will introduce 11 new initiatives and extend five existing initiatives committed to in 2016-17. The commitments align with the *Australian Medical Research and Innovation Strategy 2016–2021* and related *Priorities 2016–2018*, prepared by the independent Advisory Board.

National Health Genomics Policy Framework – ensuring the benefits of genomics

Genomic testing involves analysis of a person's DNA to provide information about a person's genes and chromosomes. This information can be used to better understand the biology of human disease.

Genomic knowledge and technology has the increasing potential to help people live longer and better lives through more effective prevention, diagnosis, treatment, and monitoring of disease.

The National Health Genomics Policy Framework (the Framework) provides a shared direction and commitment between all governments in Australia to consistently and strategically integrate genomics into the Australian health system. Endorsed through the Council of Australian Government's Health Council in November 2017, it sets out an agreed high-level national approach to policy, regulatory and investment decision-making for genomics.

A strategic priority of the Framework is a person-centred approach to genomics, which will result in individuals being empowered to ask for, access, and use information about themselves. Making sure that people are central to their own care is a key component of developing high-quality health care, including care that is informed by genomic knowledge.

Development of the Framework was led by the Commonwealth, in partnership with the states and territories. It was informed through an extensive consultation process including online submissions, targeted discussions, and public consultation forums held in each state and territory. This collaboration and engagement process was integral to shaping the Framework from the perspectives of a range of stakeholders, including consumers, researchers, academics, private industry, clinicians and governments.

Improve health outcomes and bring economic benefits to Australia through investing in biomedical discoveries with potential.

Source: 2017-18 Health Portfolio Budget Statements, p.49

2017-18 Target	2017-18 Result
Biomedical Translation Fund (BTF) managers will continue to identify suitable investees and manage portfolio investments consistent with program guidelines.[2]	BTF managers continued to identify suitable investees with nine investments announced in 2017-18 by the three licensed fund managers totalling $53.85 million. All investments were consistent with program guidelines.
	Result: Met

In 2017-18, BTF managers made investments to support promising biomedical start-up companies.[3]

The investments from the BTF aim to improve health outcomes and contribute significant economic benefits for Australia as a result of transforming great Australian health and medical ideas into commercial realities. The BTF specifically targets late stage research discoveries with commercialisation potential.

To date BTF fund managers have made ten investments totalling $63.85 million into late stage research including for the development of an artificial heart and for the development of a drug to treat kidney disease.

Better position Australia globally as a preferred destination for clinical trials.

Source: 2017-18 Health Portfolio Budget Statements, p.49

2017-18 Target	2017-18 Result
Assist states and territories to improve administration efficiency, sponsorship engagement, recruitment and start-up times by streamlining their clinical trial systems. Monitor state and territory system redesign agendas as per project agreements.	The Department assisted states and territories to streamline and improve clinical trial delivery systems. State and territory system redesign agendas continued to be monitored as per project agreements.
	Result: Met

In March 2018, the *Encouraging More Clinical Trials in Australia* Project Agreement was executed between the Commonwealth and states and territories. The project agreement provides funding of $7 million nationally over four years to support activities aimed at achieving national consistency of clinical trial systems. Redesigned clinical trial systems and improved trial networks will enhance opportunities for Australians to participate in clinical trials.

[2] Further information on these companies and the discoveries they are developing available at: www.business.gov.au/assistance/venture-capital/biomedical-translation-fund

[3] Ibid.

Improving access to organ, tissue and Haemopoietic Progenitor Cell (HPC)[4] transplants and blood and blood products for life saving treatments

Improve access to HPC for Australian patients requiring a HPC transplant for agreed therapeutic purposes.

Source: 2017-18 Health Portfolio Budget Statements, p.50

2017-18 Target	2017-18 Result
In consultation with states and territories commence the development of a strategic framework for the HPC sector taking into account the findings of the 2016-17 independent review of the HPC sector. The strategic framework will guide future policy decisions for improvements in the HPC transplant sector in Australia.	The Jurisdictional HPC Committee, established in February 2018 to consider the review's findings, had its first meeting in April 2018. At this meeting a work plan to develop a national policy framework to inform and guide future HPC sector arrangements was agreed.
	Result: Met

In February 2018, the AHMAC agreed to establish a jurisdictional committee, led by the Commonwealth, to:

- oversee the development of the national policy framework;
- consider the findings and recommendations of the independent review of the HPC sector; and
- bring forward advice and recommendations on future HPC sector arrangements.

It is expected the national framework to guide sector reform will be provided to the COAG Health Council for consideration in 2019.

[4] HPC are blood stem cells capable of self-renewal as well as differentiation and maturation into all blood cell types. They can be found in bone marrow, mobilised peripheral blood and umbilical cord blood. Further information, including information about the agreed therapeutic purposes available at: www.health.gov.au/internet/main/publishing.nsf/Content/health-organ-bmtransplant.htm

Ensure access to a safe and secure supply of essential blood and blood products to meet Australia's clinical need through strategic policy and funding contributions.

Source: 2017-18 Health Portfolio Budget Statements, p.51

2017-18 Target	2017-18 Result
Continue working with states and territories and the National Blood Authority (NBA) to meet the objectives of the National Blood Agreement[5] through ongoing involvement and contribution to strategic policy development and advice to the Ministerial Council. Effective planning and management of the annual blood supply through supporting the implementation, development and approval of the annual National Supply Plan and Budget, including management of the Commonwealth's funding contribution under the National Blood Agreement.	The Department continued to work with the states and territories and the NBA to meet the objectives of the National Blood Agreement. Effective planning and management of the annual blood supply including through the COAG Health Council endorsing the 2017-18 National Supply Plan and Budget.
	Result: Met

In 2017-18, the National Supply Plan and Budget ensured there was sufficient supply of blood and a range of essential blood products for hospitals. The Commonwealth met 63% of the funding, in accordance with the payment ratio determined under the National Blood Agreement.

The NBA executed the new National Fractionation Agreement (the Agreement) for Australia for the domestic manufacture of plasma products, as developed by the Jurisdictional Blood Committee, on which the Department is represented. Timely execution allowed uninterrupted access to potentially life-saving plasma products manufactured from plasma collected by the Australian Red Cross Blood Service. The Agreement, valued at $3.35 billion will run for a core five year period from 2018. Subject to satisfactory performance and the outcomes of a mid-term review, it will run for an additional four years to 2026.

The Department has commenced development of a health technology assessment review of immunoglobulin indications currently funded under the national blood arrangements to ensure that access to government funded products are based on evidence of efficacy and cost-effectiveness.

[5] Available at: www.blood.gov.au/national-blood-agreement

Program 1.2:
Health Innovation and Technology

The Department met the performance target related to this program.

In 2017-18, the Department continued to work closely with the Australian Digital Health Agency to finalise the *My Health Records (National Application) Rules 2017* to enable the national transition of the My Health Record system to opt-out participation arrangements. By the end of 2018, every Australian will have a My Health Record created for them unless they choose not to have one. The transition to opt-out participation arrangements will bring forward the health and economic benefits of the My Health Record system an estimated nine years earlier than through the previous opt-in model.

Supporting the Government's Digital Health agenda

Support the Minister and the Australian Digital Health Agency to improve health outcomes for Australians through digital health systems.

Source: 2017-18 Health Portfolio Budget Statements, p.52 and Health Corporate Plan 2017-18, p.28

2017-18 Target	2017-18 Result
Provide high quality, relevant and well-informed research, policy and legal advice, within agreed timeframes, to inform and support the Australian Government's digital health agenda.[6]	The Department continued to provide well-informed research and high level policy and legal advice that informed and supported the Australian Government's digital health agenda.
	Result: Met

The Department provided advice to inform a new Intergovernmental Agreement on National Digital Health for the period 2018–2022. This Agreement has been agreed in principle by the Commonwealth and all state and territory governments.

The My Health Record opt-out legislation was tabled in Parliament on 4 December 2017, with the three month opt-out period commencing on 16 July 2018. The opt-out approach has been supported by all Health Ministers and this support was reaffirmed through the Council of Australian Governments' Health Council meeting in August 2018.

Informed by a national public consultation process, the *Framework to guide the secondary use of My Health Record system data*, released on 11 May 2018, will support the realisation of My Health Record benefits and protect the use of of health data.

[6] Available at: conversation.digitalhealth.gov.au

My Health Record

My Health Record is an online summary of an individual's key health information that can be viewed securely online, from anywhere, at any time.

A My Health Record puts consumers at the centre of their healthcare by enabling access to their key health information privately and securely, when and where it is needed, by consumers and their healthcare providers. It allows consumers to control their own health information and for healthcare providers to access important details, such as medications, allergies, vaccinations and medical conditions.

In 2017-18, the Government announced that it would transition the My Health Record system to national opt-out participation arrangements. This means that every Australian will get a My Health Record by the end of 2018, unless they advise they do not want one. These arrangements will bring forward the significant benefits of My Health Record, which include:

- the prevention of adverse drug events;
- enhanced patient self-management;
- improvements in patient health outcomes;
- reduced time spent gathering information; and
- avoid duplication of services.

Following the implementation of the opt-out arrangements, it is anticipated that the vast majority of Australian's will have a My Health Record. Healthcare providers will be able to access timely information about their patients, such as shared health summaries, discharge summaries, prescription and dispense records, pathology reports and diagnostic imaging reports to support improved decision making and continuity of care.

Additionally, data contained within the My Health Record system will have the potential to deliver unprecedented levels of insight into population health outcomes, more sustainable resourcing, and inspire new clinical developments to further improve Australia's health system.

The Department continues to work closely with the Australian Digital Health Agency to improve patient healthcare through supporting the use of the My Health Record system.

Program 1.3:
Health Infrastructure

The Department met the performance target related to this program.

In 2017-18, the Department supported improvements to the health system through strategic investments in health infrastructure projects. The projects enable local primary health care providers to deliver improved and increased health services to the community and increase opportunities to provide teaching and training to health practitioners. These infrastructure projects also support state and territory governments and non-government organisations to deliver additional and/or improved health services that may not have been otherwise possible.

Improving and investing in health infrastructure

Investment in health infrastructure supports improved health services.
Source: 2017-18 Health Portfolio Budget Statements, p.53

2017-18 Target	2017-18 Result
Monitor infrastructure projects for compliance to demonstrate effective delivery of infrastructure projects that support local services.	Infrastructure projects were monitored with the majority of projects compliant in providing project reports and achieving agreed project outputs within the required timeframe. Where projects were found to be non-compliant, the Department undertook remedial action.
	Result: Met

In 2017-18, infrastructure projects funded in both the primary and acute care settings were monitored in line with their respective project funding agreement requirements. Local services were supported through increased access to health services, facilitation of professional learning and development, and health literacy for consumers.

In 2017-18, the Department supported a range of infrastructure projects in conjunction with state and territory governments, including:

- construction of the Palmerston Regional Hospital in the Northern Territory (NT) in conjunction with the NT Department of Health;
- upgrades to, and expansion of, ten small and medium sized regional and remote hospitals across four regions of Western Australia (Kimberley, Pilbara, Goldfields and Midwest) to provide increased renal infrastructure, dialysis and support services, including additional renal dialysis chairs and patient accommodation units; and
- redevelopment of the New South Wales Wagga Wagga Base Hospital to increase the acute and emergency capacity to enhance services and decrease waiting times.

Program 1.4:
Health Peak and Advisory Bodies

The Department met the performance target related to this program.

In 2017-18, the Department engaged with national peak and advisory bodies on a range of issues contributing to the Australian Government's health agenda. The Department continued to facilitate open lines of communication between government, stakeholders and the community, ensuring members' and subject matter experts' contributions were considered when developing policies and implementing programs.

Engaging with the health sector to communicate and facilitate the development of informed health policy

Successfully harness the health sector to share information relating to the Australian Government's health agenda.

Source: 2017-18 Health Portfolio Budget Statements, p.54

2017-18 Target	2017-18 Result
Maintain agreements with health-related national peak and advisory bodies in order to harness input into the Australian Government's health agenda, through information sharing and relevant, well-informed advice.	Agreements were maintained with health-related national peak and advisory bodies.
	Result: Met

The Government continued to fund health-related national peak and advisory organisations to deliver on required outcomes. The funded organisations represent a range of healthcare practitioners, health consumers and pharmacists as well as community groups interested in issues such as asthma, allergies, continence, haemophilia, hepatitis, HIV/AIDS, rural health, vision impairment and mental health.

All funded organisations provided input to policy and programs throughout 2017-18. These organisations consulted with their members on matters such as the Fifth National Mental Health and Suicide Prevention Plan, the fifth edition of the National Palliative Care Standards and Health Care Homes.

Program 1.5: International Policy

The Department met both performance targets related to this program.

In 2017-18, the Department continued to pursue Australia's health interests through participation in international fora, maintaining country-to-country partnerships and harnessing information on international best practice.

Active engagement in international health fora, and securing Australia's interests at relevant meetings of key international health bodies and organisations, helps to strengthen global health systems capacity, and fulfils Australia's responsibility to contribute to improving global and regional public health. These outcomes assist in protecting the health of Australians and contribute to policies and actions that help to advance the health of the Australian community.

Australia's continued engagement with the Organisation for Economic Co-operation and Development (OECD) Health Committee's work in 2017-18, underpinned the development of health policy by providing internationally comparable data with a range of indicators such as health care quality and health system performance. The OECD Health Committee's work informed Australia's long-term health reform agenda in areas such as people-centered care, mental health benchmarking, digital health data governance and preventive health. The Department also reports on Australia's progress against the United Nations Sustainable Development Goals (SDG) health indicators through the Australian Government's Reporting Platform on the SDG Indicators website. For further information refer www.sdgdata.gov.au/

Australia had the honour of hosting the sixty-eighth session of the World Health Organization (WHO) Regional Committee for the Western Pacific (RCM68) from 9–13 October 2017 in Brisbane. The meeting was attended by Health Ministers and senior government officials from across the 37 countries and areas of the WHO's Western Pacific region, as well as leading academics and non-government representatives active in international health.

The Secretary chaired the week long meeting, where discussions focused on critical issues for our region, including strengthening regulatory and food safety systems, accelerating action on non-communicable diseases, including childhood obesity and mental health, and furthering efforts to combat communicable diseases including tuberculosis, hepatitis, measles and rubella. Hosting RCM68 provided a valuable opportunity for Australia to showcase its credentials as a global and regional leader in health and to strengthen its bilateral relationships with regional partners on priority health issues, such as regional health security and implementation of the International Health Regulations.

Engaging internationally on health issues

Australia's health system integrates evidence-based international norms and standards and remains at the forefront of international best practice.

Source: 2017-18 Health Portfolio Budget Statements, p.55 and Health Corporate Plan 2017-18, p.28

2017-18 Target	2017-18 Result
Australia's engagement and active participation at the WHO, the OECD and the Asia-Pacific Economic Cooperation (APEC) Health Working Group contributes to development and adoption of international best practice, improved governance and focus on identifying and responding to global health security threats.	The Department actively engaged and led Australia's participation in meetings of the WHO governing bodies, the OECD Health Committee, APEC Health Working Group, G20 Health Working Group and other international fora. The Department provided leadership in these diverse international health fora, promoting and learning from international best practice and sharing its technical and policy expertise focusing on domestic, regional and global health priorities.
	Result: Met

In 2017-18, the Department continued to lead Australia's delegations to WHO governing body meetings. As an active and well respected member of the WHO, Australia's delegations participated in these meetings to ensure Australia's domestic, regional and global interests were promoted and protected. Australia's participation ensured all decisions or resolutions adopted during the meetings were aligned with, or not contrary to, Australia's domestic and foreign policies.

In May 2018, Australia was elected onto the WHO Executive Board for a three-year term. Membership on the Executive Board enables Australia to more directly influence and inform the work of the WHO, and provides a platform to showcase Australia's leadership in global health. In October 2017, the Department also signed the first Australia-WHO Country Cooperation Strategy.

Through engagement in the APEC and the Pacific Heads of Health Meeting, the Department continued to support improved regional capacity to respond to global health security threats. As agreed to at the March 2018 APEC Health Working Group meeting, Australia led the development of reporting requirements for the APEC Healthy Asia Pacific 2020 Initiative. This provides a framework for APEC economies to improve health standards across a variety of priority areas, including health emergencies and emerging diseases.

Australia's relationships with key countries are strengthened and its interests in health are supported.

Source: 2017-18 Health Portfolio Budget Statements, p.56

2017-18 Target	2017-18 Result
Departmental representatives actively promote international cooperation on a case-by-case basis to build relationships, encourage information exchanges and support capacity building to protect the health of Australians and others in the Western Pacific region. Work with the WHO Western Pacific Regional Office to host RCM68 in October 2017.	The Department has continued to strengthen and invigorate long standing relationships as well as build new relationships with emerging countries in the Western Pacific region. The Department successfully hosted RCM68 from 9–13 October 2017 in Brisbane.
	Result: Met

In 2017-18, Australia became a full member of the Pacific Health Ministers Meeting (PHMM), which is indicative of our level of constructive engagement in the Western Pacific region in terms of health. Membership of the PHMM enables Australia to fully contribute to regional health dialogue, such as discussions on addressing health security issues in the region, as well as common challenges with chronic disease.

RCM68 provided a platform to establish and reinforce important bilateral relationships with Health Ministers and senior leaders from across the region.

Outcome 1 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 1.1: Health Policy Research and Analysis[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	44,941	45,988	1,047
Special Accounts			
Medical Research Future Fund	143,315	30,100	(113,215)
Special appropriations			
National Health Act 1953 – blood fractionation, products and blood related products to National Blood Authority	718,621	718,621	-
Public Governance, Performance and Accountability Act 2013 s77 – repayments	2,000	583	(1,417)
Other Services (*Appropriation Act No. 2*)	-	4,720	4,720
Departmental expenses			
Departmental appropriation[2]	53,975	53,308	(667)
Expenses not requiring appropriation in the budget year[3]	2,756	2,454	(302)
Total for Program 1.1	**965,608**	**855,774**	**(109,834)**
Program 1.2: Health Innovation and Technology			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	50,396	43,718	(6,678)
Departmental expenses			
Departmental appropriation[2]	6,498	5,936	(562)
Expenses not requiring appropriation in the budget year[3]	164	157	(7)
Total for Program 1.2	**57,058**	**49,811**	**(7,247)**
Program 1.3: Health Infrastructure[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	8,712	8,001	(711)
Special appropriations			
Health Insurance Act 1973 – payments relating to the former Health and Hospitals Fund	26,039	10,506	(15,533)
Departmental expenses			
Departmental appropriation[2]	3,909	4,221	312
Expenses not requiring appropriation in the budget year[3]	98	113	15
Total for Program 1.3	**38,758**	**22,841**	**(15,917)**

Outcome 1 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 1.4: Health Peak and Advisory Bodies			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	7,696	8,046	350
Departmental expenses			
Departmental appropriation[2]	3,510	3,307	(203)
Expenses not requiring appropriation in the budget year[3]	88	87	(1)
Total for Program 1.4	**11,294**	**11,440**	**146**
Program 1.5: International Policy			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	15,874	14,212	(1,662)
Departmental expenses			
Departmental appropriation[2]	9,298	8,525	(773)
Expenses not requiring appropriation in the budget year[3]	234	226	(8)
Total for Program 1.5	**25,406**	**22,963**	**(2,443)**
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	127,619	119,964	(7,655)
Special Accounts	143,315	30,100	(113,215)
Special appropriations	746,660	729,710	(16,950)
Other Services (*Appropriation Act No. 2*)	-	4,720	4,720
Departmental expenses			
Departmental appropriation[2]	77,190	75,297	(1,893)
Expenses not requiring appropriation in the budget year[3]	3,340	3,037	(303)
Total expenses for Outcome 1	**1,098,124**	**962,829**	**(135,295)**
Average staffing level (number)	**427**	**402**	**(25)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

[1] This program excludes National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) 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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

Outcome 2:
Health Access and Support Services

Support for sustainable funding for public hospital services and improved access to high quality, comprehensive and coordinated preventive, primary and mental health care for all Australians, with a focus on those with complex health care needs and those living in regional, rural and remote areas, including through access to a skilled health workforce

Approximately

$4.3 billion

provided across the portfolio to support **mental health services**

35% decline

in Indigenous child mortality rates between **1998 and 2016**

Over 167,000 weeks

of medical and multidisciplinary rural placement weeks **delivered through the RHMT Program**

Over

850,000

downloads of the **My QuitBuddy** mobile app encouraging people to **quit smoking and stay smoke free**

Highlights

Launch of new 'Head to Health' digital gateway

'Head to Health' provides a place where people can more easily access a range of mental health information most suited to their needs.

Program 2.1

Aboriginal and Torres Strait Islander children immunisation targets exceeded

Immunisation rates for Indigenous five year olds continues to exceed non-Indigenous rates (95% compared to 93%).

Program 2.2

More health practitioners in rural and remote communities

Recruitment and retention of health practitioners in rural and remote areas of Australia continues to support access to a sustainable, highly-trained and better distributed health workforce.

Program 2.3

The Cervical Screening Test replaces the two-yearly Pap test

The Cervical Screening Test is more effective at preventing cervical cancers and will detect the Human Papillomavirus earlier.

Program 2.4

Programs contributing to Outcome 2

	Summary of results against performance criteria			
Program	**Targets met**	**Targets substantially met**	**Targets not met**	**Data not available**
Program 2.1: Mental Health	-	1	-	-
Program 2.2: Aboriginal and Torres Strait Islander Health	1	-	2	1
Program 2.3: Health Workforce	3	-	-	-
Program 2.4: Preventive Health and Chronic Disease Support	2	2	-	4
Program 2.5: Primary Health Care Quality and Coordination	3	-	-	-
Program 2.6: Primary Care Practice Incentives	1	-	-	-
Program 2.7: Hospital Services	1	-	-	-
Total	11	3	2	5

Program 2.1: Mental Health

The Department substantially met the performance target related to this program.

Significant work was undertaken in 2017-18 to implement reforms under the Government's mental health reform agenda. The introduction of 'Head to Health' has enabled the Australian community to more easily access evidence-based digital mental health information, advice and treatment options and non-digital options if more appropriate.

The Department continued to work with the National Mental Health Commission to address the inadequacies and inefficiencies experienced by individuals currently using the mental health service system. This work was undertaken both through the work it is currently delivering as well as its expanded role under the Fifth National Mental Health and Suicide Prevention Plan (the Fifth Plan).

Supporting people with mental illness through more and better coordinated services

Improve mental health care through implementation of reforms under the *Strengthening mental health care in Australia* measure to achieve a more efficient, integrated and sustainable mental health system.

Source: 2017-18 Health Portfolio Budget Statements, p.64 and Health Corporate Plan 2017-18, p.29

2017-18 Target	2017-18 Result
Supporting Primary Health Networks (PHNs), service providers, and mental health stakeholders to facilitate delivery on mental health reforms through: – development of Stage 1 of the digital gateway 'Head to Health'; – delivery of the Fifth Plan by 30 September 2017; – development of PHN regional mental health and suicide prevention plans by 31 March 2018; and – completing the implementation of the commitment to strengthen the National Mental Health Commission (the Commission).	– Stage 1 of the digital gateway 'Head to Health' was launched in October 2017. – The Fifth Plan and its associated Implementation Plan, was endorsed by the Council of Australian Governments' (COAG) Health Council on 4 August 2017. – The timeframe for the development of regional mental health and suicide prevention plans by PHNs has been extended to ensure that PHNs develop joint regional plans with their corresponding Local Health Network as required by the Fifth Plan. – The commitment to strengthen the Commission was substantially progressed with additional funding through the 2018-19 Budget.
	Result: Substantially met

The Fifth Plan spans a five year period and commits the Commonwealth and state and territory governments to mental health reform activities to improve mental health care.

The digital gateway 'Head to Health' was launched in October 2017 and has been positively received by the community. The number of visits to the website are steadily increasing and feedback from users continues to inform ongoing iterations to the site, ensuring it continues to meet user needs.

The 2018-19 Budget provided resourcing to the Commission to support its expanded role in reviewing and reporting on the performance of the mental health system in Australia and to ensure a cross-sectoral perspective is taken to mental health policy development and reform.

‘Head to Health’

Australia’s National Mental Health Commission’s Review of Mental Health Programmes and Services ‘*Contributing Lives,Thriving Communities*’ highlighted that clinically effective digital mental health services offer one of the greatest invest-to-save opportunities for government and the community.

The Review noted however, that there was poor integration of existing digital mental health services, creating difficulty for consumers accessing and navigating relevant services.

In response to these findings, the Australian Government committed to delivering a new digital mental health gateway, ‘Head to Health’, to make it easier for consumers to access a range of free or low-cost Australian digital mental health services.

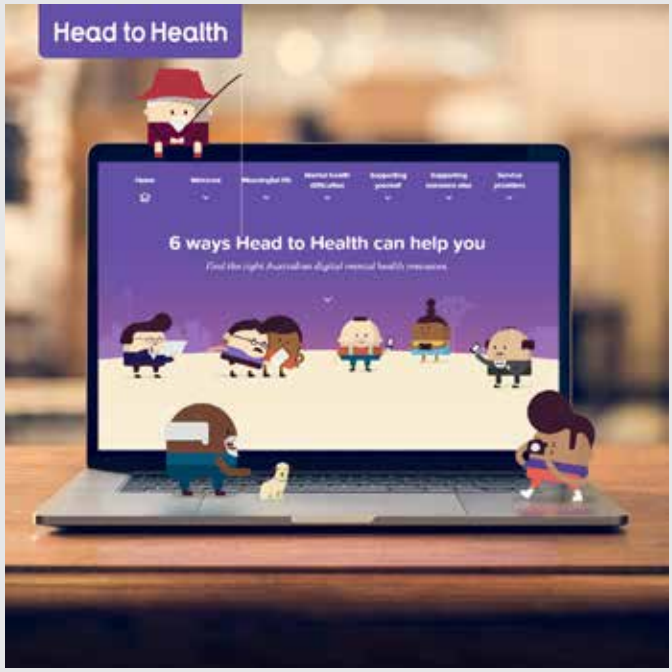
‘Head to Health’ aims to optimise the use of digital technologies, and forms an important element of a stepped care approach in helping people get the mental health services most suited to their needs.

‘Head to Health’ enables users to seek help anonymously when everyday distress requires additional support and in doing so aims to improve early detection and treatment rates.

Digital mental health services generally focus on common mental health conditions such as anxiety and depression, which can range in severity from low to severe. Digital mental health services are generally delivered online via desktops, mobile devices and apps but can also be delivered via telephone. The term ‘digital’ also extends to encompass telephone and online crisis and counselling services.

‘For school counsellors and their clients – a helpful website to direct people to helpful resources.’

‘The website is SO GOOD! Easy to navigate, looks modern, huge library of resources and recommendations for mental health. This is a great tool for clinicians to go through with patients as well. Well done @healthgovau.’



Program 2.2:
Aboriginal and Torres Strait Islander Health

The Department continued to work towards meeting the performance targets related to this program.

The Closing the Gap target on Aboriginal and Torres Strait Islander child mortality is on track to be met with the rate significantly declining (by 35%) over the long-term (1998 to 2016).

During 2017-18, the Department continued to implement activities under the *Implementation Plan for the Aboriginal and Torres Strait Islander Health Plan (2013–2023)*. The Implementation Plan provides agreed priorities for improving health outcomes in Aboriginal and Torres Strait Islander communities. Current results show the immunisation goals for Indigenous one and five year olds are being exceeded. There has also been an increase in the rates of Indigenous mothers accessing antenatal care along with gradual increases in health check rates.

The New Directions: Mothers and Babies Services and the Australian Nurse-Family Partnership Program have been extended, providing greater access to communities where these services are needed most.

Supporting access to high quality essential health services for Aboriginal and Torres Strait Islander peoples

Improve health outcomes of Aboriginal and Torres Strait Islander peoples through implementing actions under the *Implementation Plan for the National Aboriginal and Torres Strait Islander Health Plan 2013–2023*.[7]

Source: 2017-18 Health Portfolio Budget Statements, p.66

2017-18 Target	2017-18 Result
Undertake actions to inform and complete the drafting of the next iteration of the Implementation Plan (2018–2023). Assess progress against the deliverables and goals for 2018 as specified in the Implementation Plan.	In 2017, the My Life My Lead national consultation process on social determinants and cultural determinants of Indigenous health was held to inform the development of the next Implementation Plan (2018–2023). A report on the outcomes of the consultations was released by the Minister for Indigenous Health The Hon Ken Wyatt AM, MP in December 2017, with the next Implementation Plan due to be finalised in 2018-19. The Implementation Plan Advisory Group continues to monitor and assess progress against the current Implementation Plan. A report card, detailing the progress made against deliverables, will be released towards the end of 2018. Progress against the 20 goals was made available by the Australian Institute of Health and Welfare (AIHW).[8]
	Result: Met

The next iteration of the Implementation Plan is being drafted in partnership with the Implementation Plan Advisory Group and will be informed by the My Life My Lead work. It will feature contributions from jurisdictions and will be aligned to the outcomes of the Closing the Gap refresh.

The Department continues to make progress against deliverables under the current Implementation Plan. As at July 2018, all maternal/antenatal health and smoking goals are on track to be achieved and immunisation rates for Indigenous five year olds exceed non-Indigenous rates (95% compared to 93%).

[7] Available at: www.health.gov.au/internet/main/publishing.nsf/Content/indigenous-implementation-plan

[8] Available at: www.health.gov.au/natsihp

Reduce the rate difference of child 0-4 mortality rate per 100,000 between Aboriginal and Torres Strait Islander peoples and non-Aboriginal and Torres Strait Islander people.[9,10]

a. Rate difference.

b. Aboriginal and Torres Strait Islander.

c. Non-Aboriginal and Torres Strait Islander.

Source: 2017-18 Health Portfolio Budget Statements, p.66

2016 Target	2016 Estimated Result[11]	2015	2014	2013	2012
a. 19–70	76.6	88.6	85.7	101	87
b. 101–151	145.6	163.6	159.1	185	165
c. 78–86	69.2	75.0	74.7	84	77
	Result: Not met				

Indigenous child mortality rates have declined by 35% between 1998 and 2016, with the mortality gap also declining by 32% over the same period. Continued improvements in key preventive factors, such as access to antenatal care and reducing smoking during pregnancy, continue to be important contributors to declining rates. The Indigenous child mortality rate is within the range required to meet the Closing the Gap target by 2018.

Reduce the rate difference of chronic disease related mortality rate per 100,000 between Aboriginal and Torres Strait Islander peoples and non-Aboriginal and Torres Strait Islander people.[12]

a. Rate difference.

b. Aboriginal and Torres Strait Islander.

c. Non-Aboriginal and Torres Strait Islander.

Source: 2017-18 Health Portfolio Budget Statements, p.67

2016 Target	2016 Estimated Result[13]	2015	2014	2013	2012
a. 173–209	346.7	325.6	309.1	335	447
b. 593–628	779.1	774.4	756.5	784	898
c. 417–424	432.4	448.8	447.4	449	451
	Result: Not met				

Although there has been a statistically significant decline in Aboriginal and Torres Strait Islander chronic disease mortality rates over the period 1998–2016, there has been no statistically significant change in the gap between the two populations. This is due to the non-Indigenous rates in chronic disease mortality declining faster than Indigenous rates.

Continued improvements in chronic disease prevention and management, including reducing smoking rates, continue to be important contributors to declining rates of chronic disease related mortality for Aboriginal and Torres Strait Islander peoples.

[9] Available at: https://closingthegap.pmc.gov.au

[10] Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander rates are contextual data and are listed to provide a comparison.

[11] Source: AIHW National Mortality Database, calendar years 1998–2016 (which is the most up-to-date data available) and includes jurisdictions for which data is available and of sufficient quality to publish (New South Wales, Queensland, Western Australia, South Australia and Northern Territory combined). Note that this data is reported on a calendar year basis, reflecting the Australian Bureau of Statistics mortality data collection and publication processes.

[12] Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander rates are contextual data and are listed to provide a comparison.

[13] Source: AIHW National Mortality Database, calendar years 1998–2015 (which is the most up-to-date data available) and includes jurisdictions for which data is available and of sufficient quality to publish (New South Wales, Queensland, Western Australia, South Australia and Northern Territory combined). Note that this data is reported on a calendar year basis, reflecting the ABS mortality data collection and publication processes. Estimated result is based on preliminary data that will not be finalised until 2018.

Increase the percentage of Aboriginal and/or Torres Strait Islander clients with type 2 diabetes who have had a blood pressure measurement result recorded within the previous 6 months.

Source: 2017-18 Health Portfolio Budget Statements, p.67

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
60–65%	Data not available.[14]	Data not available.[15]	63%	N/A	N/A

High blood pressure is a major risk factor for stroke, coronary heart disease, heart failure, kidney disease, deteriorating vision, and for peripheral vascular disease that leads to leg ulcers and gangrene. Reducing the prevalence of high blood pressure is one of the most important means of reducing circulatory diseases, which were the leading cause of death among Aboriginal and Torres Strait Islander peoples in 2008–2012.

Australian Nurse-Family Partnership Program (ANFPP)

In 2017-18, the Department supported the Government to continue to deliver funding to the ANFPP, a nurse-led home visiting program that supports women who are pregnant with an Aboriginal or Torres Strait Islander baby, who may benefit from more intensive support to improve their own health and that of their baby's. The Department provides strategic oversight and works with the ANFPP National Program Centre to support services to deliver this program. The program's success has led to an expansion from three to 13 sites, which was completed in 2017-18.

The value the ANFPP provides Australians is apparent in the case of an 18 year old pregnant woman who had recently moved to a new community. She was recruited to ANFPP with her first baby, having attended no antenatal care and with a history of anxiety and depression. She was withdrawn and felt isolated from her family and friends. She smoked, ate poorly and was not accessing social security payments and support.

Her ANFPP Nurse Home Visitor (NHV) worked with her to prioritise achievable and practical goals that focused on education, networking and empowerment to prepare her for the birth of her baby.

The ANFPP team established a community of support around this young mother. She visited a sacred Aboriginal women's site and met with community Elders and other women, where she was able to connect with her culture and country.

She now attends the ANFPP drop-in sessions once a week to socialise with other mums and bubs, participating in creative activities such as cooking, painting and making plaster casts of her baby's feet. She also learnt relaxation and mindfulness techniques.

With support from her NHV she was able to engage with a range of services in and outside the health system including: antenatal, intrapartum and postnatal; Mums and Bubs clinic; housing support; social security; and other government services and supports.

ANFPP supported her to attend health checks for herself and her baby, resulting in referrals to optometry and dental services.

Further successes from this case included exclusive breastfeeding and an infant who is fully immunised. The mother has ceased smoking and is now accessing a dietitian, a physiotherapist and a psychologist to further support her self-knowledge and the general health and wellbeing of herself and her baby.

More information about the ANFPP and its services available at: www.anfpp.com.au

[14] Data for 2017-18 will be available in November 2018.

[15] Data for 2016-17 was expected to be available by June 2018, however due to technical issues results will now be available in November 2018.

Program 2.3:
Health Workforce

The Department met all performance targets related to this program.

In 2017-18, the Department supported the Government as it continued to address workforce distribution by better targeting investment in workforce support and training, with a focus on improving access in regional, rural and remote areas.

During 2017-18, the Department continued to support the distribution of the health workforce in rural, regional and remote areas of Australia through the Rural Health Multidisciplinary Training (RHMT) Program, which aims to increase the number of health practitioners working in rural and remote areas. The Department continued to provide training programs such as the Specialist Training Program (STP) and the Australian General Practice Training (AGPT) Program. These programs allow trainees to provide valuable services to local communities while undertaking further training. Communities, particularly those in rural and remote areas, will benefit from more qualified general practitioners (GP) distributed across training regions.

Increasing the capacity and effectiveness of the health workforce and improving access to health services for rural Australians

Effective investment in long-term education and training initiatives assists to develop a health workforce that will provide safe, high quality services to meet community need.

a. Maintain the number of medical and multidisciplinary rural placement weeks delivered through the RHMT Program.

b. Establish and maintain the number of training posts for specialist registrars working in expanded health care settings through the STP.

c. Maintain the annual intake of general practice registrars in the AGPT Program.

d. Work with Regional Training Organisations to help registrars gain fellowship from the Royal Australian College of General Practitioners and/or the Australian College of Rural and Remote Medicine.[16]

Source: 2017-18 Health Portfolio Budget Statements, p.68

Academic year 2017 Target[17]	Academic Year 2017 Result[18]	2016	2015	2014	2013
a. 75,000 b. 1,077[19] c. 1,500 d. 920	167,372 1,077 1,514 1,095	N/A	N/A	N/A	N/A
	Result: Met				

During the 2017 academic year, 15 University Departments of Rural Health, 18 Rural Clinical Schools and six dental schools supported rural placements as part of the RHMT program, which aims to increase the recruitment and retention of health practitioners in rural and remote areas.

The Department has funding agreements in place with 13 specialist medical colleges participating in the STP. The STP aims to improve the quality of the future specialist workforce by providing registrars with exposure to a broader range of healthcare settings.

[16] Target assumes an ongoing intake of 1,500 registrars per year and that fellowship requirements, which are outside the scope of the Department, remain unchanged.

[17] The target year was incorrectly published as 2018 in the *2017-18 Health Portfolio Budget Statements*. This measure is reported on an academic year basis and the correct year is 2017.

[18] This data is reported on an academic year basis.

[19] From 2017, the STP merged with the Emergency Medicine Program. The target from 2017 includes transferred emergency medicine places.

Improve the distribution of the medical workforce through the delivery of major health workforce education and training initiatives.

a. Increase the selection of students with a rural background accepted into medical degree courses at universities participating in the RHMTP.

b. Expand the proportion of STP activity provided in rural areas to provide immediate services to rural communities and help attract the next generation of medical specialists to work in these areas.

c. Maintain the level of training for general practice registrars delivered in rural areas through the AGPTP.

Source: 2017-18 Health Portfolio Budget Statements, p.69

Academic Year 2017 Target[20]	Academic Year 2017 Result[21]	2016	2015	2014	2013
a. 26% b. 40% c. 50%	33% 42% 50%	N/A	N/A	N/A	N/A
	Result: Met				

Universities in the RHMT Program have implemented strategies to streamline and prioritise rural origin medical students. Some universities achieved over 60% of Commonwealth supported places filled by medical students from a rural origin.

The STP is currently funding 450 full time equivalent training posts in rural settings, which is 42% of the overall number of specialist training posts within the program. The STP will contribute to a sustainable, Australian-trained future medical workforce for regional, rural and remote communities. The AGPT Program continues to ensure at least half of all general practice training is delivered in rural areas. The medical workforce and local communities benefit from well-supervised and highly trained doctors, working in rural areas while they work towards becoming vocationally recognised GPs. The continued support of rural vocational training is part of a continuum for doctors to learn, train and work in regional, rural and remote Australia.

Support access to health care services in rural communities through the Rural Health Outreach Fund (RHOF).

a. Number of communities receiving outreach services through the RHOF.

b. Number of patient contacts delivered through the RHOF.[22]

Source: 2017-18 Health Portfolio Budget Statements, p.69

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
a. 450 b. 195,000	458 228,071	484 225,865	515 474,455	483 216,787	460 190,460
	Result: Met				

458 regional, rural and remote communities have received services under the RHOF comprising of 228,071 patient contacts under the RHOF. The fund allows improved access to medical specialists, GPs, allied and other health professionals for people living in regional, rural and remote Australia.

[20] The target year was incorrectly published as 2018 in the *2017-18 Health Portfolio Budget Statements*. This measure is reported on an academic year basis and the correct reporting year is 2017.

[21] This data is reported on an academic year basis.

[22] This represents the number of patient contacts, not the number of individual patients.

Improving health care in rural communities

The Australian Government has funded the Royal Flying Doctor Service (RFDS) since the 1930s to deliver the RFDS Program. In 2018, the RFDS is celebrating 90 years of service to rural and remote Australians.

The RFDS delivers sustainable, flexible, effective and efficient emergency and primary care services to people where there are little to no other services. These services include aeromedical evacuations, general practice and nursing clinics, and dental health services – delivered to rural and remote areas beyond the normal medical infrastructure and in locations of market failure.

A mother's story

Two brothers had been driving a light off-road buggy heading kangaroos off a boundary fence at their grandfather's property in western NSW when the accident occurred.

'My eldest son was driving and his brother was a passenger, and despite being told to wear helmets and the safety harness, they did not. They turned too quickly and the buggy flipped and crashed', the boy's mother said.

'They radioed for help and managed to start limping home. Meanwhile a family friend called the RFDS via telephone as she was concerned that one of the boys may have broken some bones and both boys were at risk of concussion.'

'The doctor arrived within the hour – amazingly fast when you consider it is a two and a half hour trip by car.'

'The plane landed on the homestead airstrip and the nurse and doctor chatted to the boys while examining them and completely put them at ease. The boys still talk about how lovely the doctor, pilot and nurse were.'

'My eldest son suffered a dislocated shoulder. He was given some strong pain killers and his shoulder was popped back into place. He said it all happened so quickly and the doctor and pilot were so chatty that he didn't even feel the procedure.'

There were concerns the boys may have cracked bones so they were flown to Adelaide for x-rays. Thankfully however, the eldest boy's shoulder was only badly swollen and his brother was given a clean bill of health apart from a few bruises.

'We are so grateful to the doctors, nurses and pilots of the RFDS,' their mother said. 'The level of care, compassion and expertise they offer people in isolated areas is as good, likely better, than the care offered in metropolitan areas. The RFDS provides an essential service to those who live and travel in the outback – they really do have our backs and it gives great peace of mind knowing that.'

'My eldest son is currently completing his restricted pilot's licence and his experience with the RFDS has been so positive that he hopes to fly for them one day.'

Program 2.4:
Preventive Health and Chronic Disease Support

There were four performance targets for which data was not available at time of publication. Where data was available, the Department met or substantially met all the targets.

During 2017-18, the National Diabetes Strategy Implementation Plan aimed at better supporting people with type 1 and 2 diabetes was released.

The Department promoted evidence-based information to support Australians to make healthy lifestyle choices, partly through programs such as the Health Star Rating system.

Throughout 2017-18, the Department supported the Government in its ongoing efforts to increase participation in cancer screening programs for cervical and bowel cancer. Increasing participation rates is a key contributor to early detection, treatment and reduced incidence of mortality.

The Department continued to support the provision of high quality palliative care in Australia through a range of National Palliative Care Projects, including workforce development and advance care planning. These projects have had a major impact on the palliative care sector as well as the broader health system and have contributed significantly to achieving the objectives of the National Palliative Care Strategy and supporting the provision of quality palliative care.

The Department continued to support activities aimed at reducing the misuse of alcohol and other drugs through increasing treatment services to assist communities to address drug and alcohol misuse by providing a range of treatment services that adequately reflect the needs of local communities. The National Drugs Campaign (NDC) website was launched on 24 September 2017 and provides information about the range of drug support services available to the community, including links to state and territory services. The NDC, through the National Alcohol and Other Drug Hotline, connects people to services that offer support, information, counselling and referrals for treatment.

Bowel Cancer Screening Program saves lives

Australia has one of the highest rates of bowel cancer in the world. Each year around 17,000 Australians are diagnosed with bowel cancer and around 92% of these people are aged over 50. The good news is that if found early nine out of ten cases of bowel cancer can be successfully treated.

The National Bowel Cancer Screening Program (the Program) invites eligible people aged 50 to 74 to screen for bowel cancer using a free, simple test which gets mailed to them at home.

Bowel cancer screening is the best way of detecting bowel cancer early, and involves testing people who do not have any obvious symptoms. The Program aims to help detect bowel cancer early and reduce the number of Australians who die each year from the disease.

A 2018 study by the Australian Institute of Health and Welfare demonstrated that the Program invitees had 13% less risk of dying from bowel cancer, and were more likely to have less-advanced bowel cancers when diagnosed, than non-invitees.[23] It is estimated that the Program will prevent over 90,000 bowel cancer cases and 59,000 deaths from 2015 to 2040.[24]

Don's story

Don Ash, 58, received his test kit in the mail in December 2015, and *'partly due to a busy schedule, travel to Africa; partly due to being a "bloke" and partly due to the anxiety of taking tests I only got around to doing the test in March 2016'*. Don was diagnosed with bowel cancer, and as he was recuperating from surgery in hospital two things kept coming to mind: *'1) Bowel cancer is called by some of the people I have met, a silent killer, and in my case that resonates because I was 100% asymptomatic. Prior to the screening I was living an active, healthy and happy life. No weight loss to speak of, no fatigue, no visible blood in my stools and yet I was living with a time bomb inside of me. 2) The screening kit was, for me, a gift for living, the best and most significant gift I have ever been given.'*

Ross' story

Ross Anthony, 55, has *'always lived a healthy existence. I have participated in sports and exercise for 50 of these years and have the aching bones and body to attest to that.'*

'In 2012, I received a free test kit to screen for bowel cancer in the mail. I duly placed it in my top drawer. A bit over two years later, I stumbled across it and thought, "Maybe it would be a good idea to try the test." When I opened the kit, I noticed that it had expired. Luckily for me I followed up and requested that another kit be sent so that I could complete the test.'

Ross completed the test kit, which led to a diagnosis of bowel cancer, followed by surgery and other treatment. Ross says that, *'I was one of the lucky ones… I have no doubt that this screening program saved my life and I'm sure it will save many, many more.'*

[23] Australian Institute of Health and Welfare 2018. Analysis of bowel cancer outcomes for the National Bowel Cancer Screening Program: 2018. Cat. no. CAN 113. Canberra: AIHW.

[24] Lew JB et al, Long-term evaluation of benefits, harms and cost-effectiveness of the National Bowel Cancer Screening Program in Australia: a modelling study. Lancet Public Health 2017; 2: e331–40

Improving public health and reducing the incidence of chronic disease and complications through promoting healthier lifestyles

Provide national guidance to states and territories, and health professionals, on and through the development and implementation of initiatives to reduce the prevalence of chronic conditions and associated complications.

Source: 2017-18 Health Portfolio Budget Statements, p.72

2017-18 Target	2017-18 Result
Release of the National Diabetes Strategy Implementation Plan (Implementation Plan).	The Implementation Plan was released on 19 December 2017.
Development of a reporting framework for the National Strategic Framework for Chronic Conditions (NSFCC).	A reporting framework for the NSFCC is currently underway and expected to be finalised mid-2019.
Submission of the Australian National Breast Feeding Strategy (the Strategy) for the Australian Health Ministers' Advisory Council (AHMAC) and Council of Australian Governments' (COAG) Health Council approval by the end of 2017.	It is anticipated that the final Strategy will be submitted for approval to AHMAC and the COAG Health Council by the end of 2018.
	Result: Substantially met

The Implementation Plan identifies priority areas that require further investment to better support people with type 1 and type 2 diabetes. The reporting framework will create accountability and enable formal and consistent reporting to AHMAC on progress made against the objectives of the NSFCC.

The Strategy is intended to have no end date. To inform the draft Strategy and to ensure the most up-to-date evidence is incorporated, the Department commissioned an Evidence Check for the Strategy in September 2017. The Evidence Check was informed by extensive stakeholder consultation workshops held in early 2017. The Strategy is anticipated to be submitted for approval to both AHMAC and the COAG Health Council by the end of 2018.

Supporting the development of preventive health initiatives

Provide national leadership to support people to make informed decisions and healthy lifestyle choices.

Source: 2017-18 Health Portfolio Budget Statements, p.73

2017-18 Target	2017-18 Result
Increase in the number of businesses adopting the Health Star Rating System and an increase in products displaying Health Star Ratings. Encourage collaboration between Government, food industry bodies and public health groups through the Healthy Food Partnership Working Groups, including the Portion Size and Reformulation Working Groups, to empower food manufacturers to make positive changes. Provide support to general practitioners to encourage their patients to achieve a healthy lifestyle through increased physical activity and better nutrition, through the Healthy Heart Initiative.	The number of businesses adopting the Health Star Rating System and the number of products displaying a Health Star Rating has continued to increase in 2017-18. There has been an approximate 37% increase in food companies implementing the Health Star Rating System on their products since 31 March 2017. Collaboration between Government, food industry bodies and public health groups has continued through the Healthy Food Partnership Working Groups. The Royal Australian College of General Practitioners are currently developing resources and tools for general practitioners to enhance their knowledge and skills, to work more effectively with their patients and encourage lifestyle change, focusing on patients with high risk lifestyle factors, through the Healthy Heart Initiative.
	Result: Met

The Health Star Rating System continues to have a growing presence in the retail food market with good coverage across products, categories and manufacturers. As at 31 March 2018, over 165 food companies have implemented the Health Star Rating on over 10,300 products to assist consumers to make healthier food choices.

Partnerships have also been established with the National Heart Foundation and the Royal Australian College of General Practitioners to implement the Healthy Heart Initiative.

Improving early detection, treatment and survival outcomes for people with cancer and supporting access to palliative care services

Increase the percentage of people participating in the National Bowel Cancer Screening Program.[25]

Source: 2017-18 Health Portfolio Budget Statements, p.74 and Health Corporate Plan 2017-18, p.29

Jan 2017 – Dec 2018 Target[26]	Jan 2017 – Dec 2018 Result[27]	Jan 2016 – Dec 2017	Jan 2015 – Dec 2016	Jan 2014 – Dec 2015	Jan 2013 – Dec 2014
48.1%	Data not available	Data not available	40.9%	38.9%	37.3%

As there is a time lag between an invitation being sent, test results and collection of data from the program register, final participation rates for 1 January 2016 – 31 December 2017 will be published in the Australian Institute of Health and Welfare's (AIHW) National Bowel Cancer Screening Program: Monitoring report (1 January 2016 – 31 December 2017 participation data) in mid-2019.

Maintain the percentage of women 50–74 years of age participating in BreastScreen Australia.

Source: 2017-18 Health Portfolio Budget Statements, p.74

Jan 2017 – Dec 2018 Target[28]	Jan 2017 – Dec 2018 Result[29]	Jan 2016 – Dec 2017	Jan 2015 – Dec 2016	Jan 2014 – Dec 2015	Jan 2013 – Dec 2014
54%	Data not available	Data not available	54%	N/A	N/A

In 2017-18, the Government continued to actively invite women aged 50–74 to participate in BreastScreen Australia. In 2015 and 2016, around 55% of the eligible population participated in the program. Participation in the BreastScreen Australia Program has remained stable over the past five years with ongoing participation trends expected to remain stable over the forward years. As there is a time lag between an invitation being sent, test results and collection of data from registries, participation rates for 1 January 2016 – 31 December 2017 will be published in the AIHW's BreastScreen Australia monitoring report (1 January 2016 – 31 December 2017 participation results) in October 2019.

[25] Participation is defined as the percentage of people invited to screen through the National Bowel Cancer Screening Program over a two year period (1 January to 31 December) who return a completed screening test within that period or by 30 June of the following year.

[26] This measure is reported on a rolling two-calendar-year basis.

[27] Ibid.

[28] Ibid.

[29] Ibid.

Maintain the percentage of women in the target age group (20–69 years) participating in the National Cervical Screening Program (NCSP).[30]

Source: 2017-18 Health Portfolio Budget Statements, p.74

Jan 2017 – Dec 2018 Target[31]	Jan 2017 – Dec 2018 Result	Jan 2016 – Dec 2017	Jan 2015 – Dec 2016	Jan 2014 – Dec 2015	Jan 2013 – Dec 2014
57%	Data not available[32]	Data not available	56.0%	56.6%	57.7%

AIHW's 'Cervical Screening in Australia Report' for 2019 will publish participation rates for 2017-18, as this data is not currently available.

From 1 January 2015 – 31 December 2016, 56% of women aged 20–69 participated in the NCSP, which is more than 3.8 million women. In accordance with advice from the Medical Services Advisory Committee, renewal of the NCSP was implemented on 1 December 2017.

A new five-yearly cervical screening test will replace the current biennial test, ensuring access to a safe and effective screening program based on current evidence.

Build capability through national leadership to ensure that Australians are provided with high quality palliative care.

Source: 2017-18 Health Portfolio Budget Statements, p.75

2017-18 Target	2017-18 Result
Implement national projects that improve access to high quality palliative care and service delivery, and provide support for people who are dying, their families and carers. Release a draft updated National Palliative Care Strategy (the Strategy) for consultation by end of July 2017. Finalise the revised National Palliative Care Strategy by 30 June 2018.	National Palliative Care Projects continued to be implemented in 2017-18. A draft Strategy was released for consultation in July 2017. The Strategy was endorsed by the Health Services Principal Committee and will be considered by AHMAC and Health Ministers in 2018-19.
	Result: Substantially met

In 2017-18, the Department implemented National Palliative Care Projects including advance care planning, workforce development, national benchmarking and national continuous quality improvement processes. This work resulted in national training materials, assessment tools and other resources to assist health, social service and residential aged care providers, including a focus on the uptake of advance care plans and other mechanisms for increasing individual choice, improving care quality and engagement in planning for goals of care.

[30] From 1 December 2017, the two-yearly Pap test for women 18–69 years of age changed to a five-yearly cervical screening test for women 25–74 years of age.

[31] This measure is reported on a rolling two-calendar-year basis.

[32] Ibid.

Reducing the harmful effects of tobacco use

Reduce the percentage of the population 18 years of age and over who are daily smokers.[33,34]

Source: 2017-18 Health Portfolio Budget Statements, p.75 and Health Corporate Plan 2017-18, p.29

2017-18 Target	2017-18 Result	2014-15	2011-12	2007-08
11%	Data not available[35]	14.7%	16.3%	19.1%

The 2017-18 National Health Survey is in progress with preliminary results to be made available in late 2018. The Department supported the implementation of the National Tobacco Campaign to focus on high prevalence groups, including Aboriginal and Torres Strait Islander peoples, people from disadvantaged backgrounds and people in rural, regional and remote areas.

National Tobacco Campaign – Don't Make Smokes Your Story

Tobacco use remains the leading cause of preventable and premature death and disability in Australia and contributes to health and social inequalities.

As a part of Australia's comprehensive approach to tobacco control, marketing campaigns have been successful in affecting outcomes such as: preventing initiation; encouraging cessation; mobilising community support to legitimise the passage of tobacco control policies; and contributing towards shifting cultural and social norms.

The National Tobacco Campaign contributes to reducing the adult daily smoking rate in Australia. The recent iteration of the campaign, *Don't Make Smokes Your Story* launched in 2016 and aims to empower Aboriginal and Torres Strait Islander smokers aged 18–40 years to quit smoking and stay smoke free.

The campaign uses the theme of family to focus on encouraging quit attempts through a positive and empowering message that speaks directly to Aboriginal and Torres Strait Islander peoples. The campaign works with communities to develop culturally relevant smoking cessation resources and support community events to challenge the social norms around the acceptance of smoking.

Advertising is used across traditional, digital and social media channels as well as Indigenous specific media channels. It highlights the support services available such as the Quitline, the My QuitBuddy mobile application which has received over 850,000 downloads, and the QuitNow website.

Evaluation results of the 2017 campaign found 87% of Indigenous smokers and recent quitters surveyed were aware of the campaign, with 8% stating they had quit smoking and 27% saying that they intended to quit. The campaign also achieved significant cross-over appeal with mainstream audiences.

[33] In line with the monitoring of progress against the 2018 Council of Australian Governments' performance benchmark for tobacco in the general population, results reported under this target have been amended to show age-standardised data sourced from the Australian Bureau of Statistics National Health Survey (NHS).

[34] The Department also monitors and reports on smoking prevalence in the general population using data from the National Drug Strategy Survey.

[35] The Australian Bureau of Statistics National Health Survey is undertaken every three years. Updated information from the next NHS is expected to be available in early 2019.

Preventing and reducing harm to individuals and communities from alcohol, tobacco and other drugs

National direction supports a collaborative approach to preventing and reducing the harms from alcohol, tobacco and other drugs.

Source: 2017-18 Health Portfolio Budget Statements, p.76

2017-18 Target	2017-18 Result
Implementation of Commonwealth funded activities under the National Ice Action Strategy (NIAS). Support the delivery of alcohol and other drug treatment services. Development and promotion of prevention activities to raise awareness of Fetal Alcohol Spectrum Disorders (FASD). Delivery of the next phase of the National Drugs Campaign (NDC). Continued engagement of non-governmental organisations and stakeholders to shape the Commonwealth priorities in preventing and reducing harms from alcohol and drugs. Work with states and territories, and other relevant agencies to: – establish reporting frameworks and implementation plans for the National Drug Strategy and the National Alcohol Strategy; – continue reporting on activities under the National Ice Action Strategy; and – oversee and monitor the progress of the National Drug Strategy, and associated sub-strategies through the National Drug Strategy Committee and the Ministerial Drug and Alcohol Forum (MDAF).	Commonwealth funded activities have been implemented with an additional 158 services to be delivered to local communities to increase accessibility to treatment under the NIAS. The Department supported the delivery of alcohol and other drug treatment services. Prevention and awareness activities for FASD were developed and promoted. The most recent phase of the NDC ran from 24 September 2017 until 20 January 2018, focusing on reducing the use of ice and party drugs such as ecstasy, pills and MDMA. The Department liaised with non-government stakeholders through a variety of fora including formal meetings, conferences and roundtable events to shape the Commonwealth priorities in preventing and reducing harms from alcohol and drugs. The Department continues to work with states and territories and other relevant agencies through the MDAF and the National Drug Strategy Committee to oversee and monitor progress against the National Drugs Strategy. A National Quality Framework has been endorsed by the MDAF.
	Result: Met

Significant progress continues to be made on the implementation of the NIAS, including:

- increasing the number of Local Drug Action Teams (LDATs) in 2017-18 to bring the total across Australia to 172, well ahead of the target of 220 LDATs by the end of 2020;
- the addition of further Primary Health Network-supported drug and alcohol treatment based services on the needs of their local communities;
- a national Alcohol and Other Drug Hotline available to all Australians that provides information, counselling support and services; and
- data enhancement, to ensure that policy and program development is evidence informed.

A national radio campaign and a targeted social media campaign, supported by prevention awareness activities have increased awareness and understanding of FASD amongst Australians. A FASD Strategic Action Plan is being developed that will aim to reduce the prevalence of FASD and the impact it has on individuals, families, carers and communities by identifying a series of priorities and opportunities to inform future approaches by governments, service providers and communities.

The Department worked with all states and territories on their responses to drugs and alcohol, including through the finalisation of the National Drug Strategy in July 2017 and ongoing work towards its sub-strategy, the National Alcohol Strategy. The Department also liaised widely with non-government organisations and stakeholders, throughout the development of the National Alcohol Strategy.

National Drugs Campaign

The National Drugs Campaign launched a new phase of activity in 2017 with a focus on informing young people using ice how to get help, preparing parents to talk to their children about illicit drugs, and highlighting the risks of party drugs.

This campaign was strongly promoted during September to December 2017 across television, digital, social and outdoor advertising, for example billboards.

The ice advertising targeted current users aged 18–25 with messaging on how to get help, while reminding at-risk young people how dangerous ice can be. The help-seeking message was a new campaign element, and 85% of evaluation survey respondents agreed it was effective. Current users were the most likely to take action after seeing the campaign – 20% talked to a friend, 13% stopped or reduced their ice use and 13% sought more information.

The parent-focused advertising was in response to a developmental research finding that one in three young people would go to their parents for advice about drugs. These advertisements prompted 44% of parents to take action. In addition to reinforcing or expanding their drug knowledge, 33% of parents talked to their children about drugs after seeing the campaign.

The third advertising stream featured videos showcasing the impacts of party drugs from loss of friendships, to mental illness and even death. Aimed at 14–17 year-olds, research found that 75% said the videos made them stop and think, 37% said they would avoid using party drugs and 32% thought more about the consequences of using.

With more than 300,000 visits to the campaign website and close to 4,000 calls to the National Alcohol and Other Drug Hotline, the three campaign streams effectively encouraged more young Australians and their parents to seek out information and assistance for drug use.

For more information on the National Drugs Campaign visit www.drughelp.gov.au

Program 2.5:
Primary Health Care Quality and Coordination

The Department met all performance targets related to this program.

The Department works with Primary Health Networks (PHNs) to increase the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, to improve coordination of care to ensure patients receive the right care in the right place at the right time. The Department also supports trials of activities that aim to improve integration of services for people living with complex and chronic conditions.

The Department continues to support the Government to pursue different models of health care for patients with chronic and complex conditions, supported by technology and new payment approaches. These approaches aim to provide better coordinated care; support patients to improve their health literacy and play a greater role in their health care; and more effectively allocate resources in accordance with need.

PHNs continue to engage with local stakeholders to improve services they deliver in their communities, including access to after-hours primary health services, ensuring patients have access to care when they need it.

The Department continued to support access to health information, 24 hours a day, through telephone and digital communication channels.

Strengthening primary health care through improved quality and coordination

Improve efficiency and effectiveness of health services and coordination of care at the local level.
Source: 2017-18 Health Portfolio Budget Statements, p.77

2017-18 Target	2017-18 Result
All PHNs engage with their local health care providers, including Local Hospital Networks (or their equivalent) and other stakeholders to improve health services and care coordination for their communities.[36]	All PHNs are engaging with their local health care providers and other relevant stakeholders to improve health services and care coordination for their communities.
	Result: Met

PHNs engage with stakeholders within their region through specific governance structures, such as clinical councils and community advisory committees and broader community consultations, including with Local Hospital Networks (or their equivalent) and the local community. This input is used to identify and prioritise needs, plan services to meet needs and evaluate effectiveness of delivered services.

[36] Stakeholder engagement, including engagement with local health providers, is a performance indicator under the Primary Health Network Performance Framework (version 1). PHNs reported against this indicator through their 2017-18 six and twelve month performance reports.

Improve continuity of care and coordinated services for patients with chronic and complex illnesses.

Source: 2017-18 Health Portfolio Budget Statements, p.78

2017-18 Target	2017-18 Result
Commencement of patient enrolment and service delivery through Health Care Homes (HCH). Deliver training modules successfully to selected practices. Ongoing support mechanisms are in place to support HCH. Implementation of evaluation framework across enrolled practices and patients.	Patient enrolment and service delivery has commenced through HCH and training modules have been successfully delivered to selected practices. Ongoing support mechanisms are now in place and the evaluation framework has been implemented across enrolled practices and patients.
	Result: Met

Patient enrolment and service delivery has commenced, with enrolment numbers lower than anticipated. Training modules have been delivered to selected practices and continue to be delivered to practices that have joined the trial following the second phase of commencement from December 2017. Departmental and PHN support mechanisms are in place and are being adjusted to support increased enrolment.

Improve access to health advice, information and support services for the Australian community.

Source: 2017-18 Health Portfolio Budget Statements, p.78

2017-18 Target	2017-18 Result
Health information and advice is successfully provided to the community.[37]	Health information and advice continued to be provided 24 hours a day through telephone and digital communication channels. There has been an increase in visits to the health information website and an increase in information requests made through the National Health Service Directory.
	Result: Met

The quality of information and website material is continually improving and regularly updated to support the advice and information provided to the public. A framework has been established to ensure relevant clinical subject matter experts within Australia are consulted to maintain best practice at all times. On average there has been a 70% increase in new visits to the health information website and return visitor rate of approximately 21%.

[37] Success is measured through appropriate information uptake and cost-effectiveness. The Government will ensure that regular randomised sample post surveys are undertaken to measure and determine the uptake of clinical advice and information from the public following use of the national health communication infrastructure.

Program 2.6:
Primary Care Practice Incentives

The Department met the performance target related to this program.

In 2017-18, the Department supported the Government to continue to fund the Practice Incentives Program (PIP) supporting general practice activities by encouraging continuing improvements, increased quality of care, enhanced capacity and improved access and health outcomes for patients.

In recognition of the need to provide general practices with additional time to prepare for the changes and to ensure all implementation issues have been fully identified and addressed, implementation of the new PIP Quality Improvement Incentive was postponed for 12 months and will now occur on 1 May 2019.

Supporting quality care, enhanced capacity and improved access through general practice incentives

Improve access to quality accredited general practitioner care through maintaining the percentage of general practice patient care services provided by Practice Incentives Program (PIP) practices.[38]

Source: 2017-18 Health Portfolio Budget Statements, p.79

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥84.2%	85%[39]	91.0%	86.0%	85.0%	84.7%
	Result: Met				

There are 11 incentives under the PIP that focus on eHealth, teaching, Indigenous health, asthma, cervical screening, diabetes, quality prescribing, general practitioner aged care access, procedural services, after-hours access and rural health.

[38] This is calculated as the proportion of total Medicare Benefit Schedule fees for non-referred attendances provided by PIP practices, standardised for age and sex.

[39] The figure of 85% is an estimate only as the final figure cannot be confirmed until November 2018.

Program 2.7: Hospital Services

The Department met the performance target related to this program.

The Department supports the Government to improve access to and efficiency of, public hospitals through the provision of funding to states and territories. In 2017-18, the National Health Reform Agreement Addendum commenced and a five-year Heads of Agreement on hospital funding from 2020 was signed by six states and territories. These agreements will support more doctors, nurses, services, patients and reforms to the system in preventive health and health data.

Supporting the states and territories to deliver efficient public hospital services

Provide advice to the Minister and external stakeholders in relation to public hospital funding policy.

Source: 2017-18 Health Portfolio Budget Statements, p.80

2017-18 Target	2017-18 Result
Provide advice and analysis in relation to public hospital funding, including: – implementation of the National Health Reform Agreement Addendum; and – development of longer term public hospital funding arrangements.	Advice and analysis in relation to public hospital funding was provided through implementation of the National Health Reform Agreement Addendum and development of longer term public hospital funding agreements.
	Result: Met

On 1 July 2017, the National Health Reform Agreement Addendum 2017-18 to 2019-20 commenced. A new Heads of Agreement was signed by six states and territories to cover the five years from 2020. The Heads of Agreement outlines areas for long term reform in Australia's health system.

Outcome 2 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 2.1: Mental Health[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	778,042	759,708	(18,334)
Departmental expenses			
Departmental appropriation[2]	20,701	21,474	773
Expenses not requiring appropriation in the budget year[3]	537	584	47
Total for Program 2.1	**799,280**	**781,766**	**(17,514)**
Program 2.2: Aboriginal and Torres Strait Islander Health[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	865,806	856,784	(9,022)
Departmental expenses			
Departmental appropriation[2]	35,229	35,383	154
Expenses not requiring appropriation in the budget year[3]	918	964	46
Total for Program 2.2	**901,953**	**893,131**	**(8,822)**
Program 2.3: Health Workforce			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	1,287,695	1,296,175	8,480
Departmental expenses			
Departmental appropriation[2]	34,181	34,924	743
Expenses not requiring appropriation in the budget year[3]	884	947	63
Total for Program 2.3	**1,322,760**	**1,332,046**	**9,286**
Program 2.4: Preventive Health and Chronic Disease Support[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	442,472	373,999	(68,473)
Departmental expenses			
Departmental appropriation[2]	43,934	46,173	2,239
Expenses not requiring appropriation in the budget year[3]	1,121	1,243	122
Total for Program 2.4	**487,527**	**421,415**	**(66,112)**
Program 2.5: Primary Health Care Quality and Coordination			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	404,896	400,252	(4,644)
Departmental expenses			
Departmental appropriation[2]	27,282	27,396	114
Expenses not requiring appropriation in the budget year[3]	703	746	43
Total for Program 2.5	**432,881**	**428,394**	**(4,487)**

Outcome 2 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 2.6: Primary Care Practice Incentives			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	352,063	343,487	(8,576)
Departmental expenses			
Departmental appropriation[2]	2,216	1,779	(437)
Expenses not requiring appropriation in the budget year[3]	57	49	(8)
Total for Program 2.6	**354,336**	**345,315**	**(9,021)**
Program 2.7: Hospital Services[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	14,474	14,435	(39)
Departmental expenses			
Departmental appropriation[2]	25,821	25,887	66
Expenses not requiring appropriation in the budget year[3]	3,739	3,742	3
Total for Program 2.7	**44,034**	**44,064**	**30**
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	4,145,448	4,044,839	(100,609)
Departmental expenses			
Departmental appropriation[2]	189,364	193,016	3,652
Expenses not requiring appropriation in the budget year[3]	7,959	8,275	316
Total expenses for Outcome 2	**4,342,771**	**4,246,130**	**(96,641)**
Average staffing level (number)	**997**	**960**	**(37)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

[1] This program excludes National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) 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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

Outcome 3:
Sport and Recreation

Improved opportunities for community participation in sport and recreation, excellence in high-performance athletes, and protecting the integrity of sport through investment in sport infrastructure, coordination of Commonwealth involvement in major sporting events, and research and international cooperation on sport issues

Over

350,000 children

per term participated in the **Sporting Schools program**

Girls Make Your Move campaign has reached **over**

80%

of young women and girls **aged 12–21 years**

The Department collaborated with more than

20

Australian Government agencies to support the **XXI Commonwealth Games**

$600 million

invested in sports infrastructure by the Australian Government from 2013–18

Highlights

Sporting Schools program exceeding expectations

The Sporting Schools program has continued to exceed expected targets, with children from across 6,570 schools participating in the program.

Program 3.1

World sport returns to Australia

Australia successfully hosted the Gold Coast 2018 Commonwealth Games, the Women's Rugby League World Cup and co-hosted the men's Rugby League World Cup.

Program 3.1

Programs contributing to Outcome 3

	Summary of results against performance criteria		
Program	**Targets met**	**Targets substantially met**	**Targets not met**
Program 3.1: Sport and Recreation	**2**	**1**	**-**
Total	**2**	**1**	**-**

Program 3.1: Sport and Recreation

The Department met or substantially met all performance targets related to this program.

Sport holds a special place in Australia's society and makes a substantial contribution to economic, health, cultural and social outcomes in the community. The Department worked closely with a range of partners and stakeholders to ensure the Australian community has confidence in fair sporting competitions and the sporting sector as a whole. This work also extended beyond Australia's borders to contribute to global efforts for all athletes to compete on a level playing field, free from undue external enhancements or criminal influence.

The Department supported the Government in enhancing Australia's reputation as a pre-eminent host of major sporting events, with the successful hosting of the Rugby League World Cup in 2017 and the Gold Coast 2018 Commonwealth Games. The success of both these events showcased Australia's capacity to stage world-class events.

XXI Commonwealth Games – Gold Coast 2018

The XXI Commonwealth Games were held in Australia on 4–15 April 2018, comprising 18 sports and seven para sports. The majority of events were held on the Gold Coast with additional events in Brisbane, Cairns and Townsville. The Gold Coast 2018 Commonwealth Games (GC2018) had the largest integrated para-sports program in Commonwealth Games history, and for the first time in a major international multi-sport Games, there were an equal number of medal events for men and women across all sports.

The Australian Government invested substantial strategic policy, financial, governance and operational assistance to support the delivery of a safe and successful GC2018 and ensure a lasting legacy for the Gold Coast, Queensland and Australia.

GC2018 was the culmination of significant Australian Government coordination and planning over a number of years, led by the Department's Office for Sport (OFS). From the bid phase commencing in 2010, OFS managed the strategic planning and implementation of GC2018 operational services across more than 20 Australian Government agencies. This was in partnership with the Department of Home Affairs, which managed Australian Government security arrangements.

At Games time, OFS deployed a team of eight liaison officers to represent the Australian Government in the Games Operations Centre on the Gold Coast. OFS liaison officers provided strategic advice and issue resolution support to Games delivery partners including the Queensland Government, the Gold Coast 2018 Commonwealth Games Corporation and the Commonwealth Games Federation to support the smooth and effective delivery of Games operations. OFS liaison officers also supported the attendance of a number of Australian Government representatives at GC2018, including the Governor-General, Prime Minister and Minister for Sport.

Increasing participation in sport and recreation activities, fostering excellence in Australia's high-performance athletes and protecting the integrity of Australian sport

Support participation in sport through the development, implementation and promotion of national policies and strategies.

Source: 2017-18 Health Portfolio Budget Statements, p.84 and Health Corporate Plan 2017-18, p.30

2017-18 Target	2017-18 Result
Provide strategic, high quality policy advice to Government and ensure a coordinated, whole-of-government approach to the development and implementation of relevant policies and strategies, including the release of the National Sport Plan.	The Department worked across government and with key stakeholders on the development of significant sport, participation and water and snow safety policies. Following significant public consultation in 2017-18, the National Sport Plan (the Plan) was released on 1 August 2018.
	Result: Substantially met

The Department also worked with other entities on policies and programs aimed at increasing participation in sport. The Sporting Schools program, run by the Australian Sports Commission (ASC) remains a key initiative to drive increased participation. Since 2015, Sporting Schools program has exceeded expected targets, with over 350,000 children per term participating in the program across 6,570 schools.

The Department continued to support the *Girls Make Your Move* campaign (the campaign), which is aimed at inspiring, energising and empowering young women and girls aged 12–21 years to be more active. It reinforces the many benefits of an active life, whether through recreation, incidental physical activity or sport.

Phase three of the campaign launched in March 2018. The campaign continued to address the issue of inactivity by encouraging young women's participation in physical activity and sport by reducing barriers, generating positive perceptions towards exercise and prompting them to be more active.[40]

The Department, as part of the Committee of Australian Sport and Recreation Officials, endorsed the National Policy Framework for Girls and Women in Sport for presentation at the next Meeting of Sport and Recreation Ministers. The Framework is a national commitment from all jurisdictions to challenge societal perception of gendered norms and create change to increase the number of girls and women in sport.

The Department supported the Government to deliver funding to water and snow safety providers to prevent the incidence of deaths and injuries in aquatic and alpine environments. In addition, water and snow safety participation strategies and initiatives were amalgamated in order to streamline operations and service delivery.

In 2017-18, the National Sport Plan – Sport 2030 was developed and subsequently launched by Senator The Hon Bridget McKenzie on 1 August 2018. The Plan's focus is on four strategic priorities: participation in sport and physical activity; high performance; integrity of sport; and the sports industry. The Plan sets out the Government's vision for Australia to be the world's most active and healthy sporting nation, known for its integrity and sporting success. The Plan aims to achieve increased physical activity for all Australians, for life.

[40] More information on the campaign visit www.girlsmove.gov.au

Girls Make Your Move – empowering young women to be more active

The *Girls Make Your Move* campaign is about inspiring, energising and empowering young women and girls aged 12–21 years to be more active. It reinforces the many benefits of an active life, whether through recreation, incidental physical activity or sport.

The campaign was developed in response to research that identified over 55% of girls aged 15–17 years reported no or low exercise levels, compared to boys (38%). Young women also tend to reduce their participation in sport and their physical activity levels at a faster rate than their male counterparts.

Now in its third year, the campaign addresses this issue by encouraging young women's participation in physical activity and sport by reducing perceived barriers, generating positive perceptions towards exercise and generating intentions to be more active.

The campaign encourages sport and physical activity to be a natural part of young women's lives – a habit they lay down in their teenage years that will hopefully become lifelong.

Being active has many physical, social, emotional and economic benefits for individuals and the community. Regular physical activity can help with managing stress, alleviating depression and anxiety, strengthening self-esteem, enhancing mood and boosting mental alertness. It also provides social benefits through increased social interaction and integration.

Comprising of a website, Instagram and Facebook presence (both have over 31,000 followers), advertising across traditional and social media, events and public relations, the campaign has reached over 80% of young women and girls aged 12–21 years. The campaign has been positively received, with more than one in five girls surveyed indicating they had done more physical activity or sport as a result of the campaign.

Provide whole-of-government leadership and coordination of major international sporting events in Australia, including the development and implementation of related policies and strategies, to support each event.

Source: 2017-18 Health Portfolio Budget Statements, p.84 and Health Corporate Plan 2017-18, p.30

2017-18 Target	2017-18 Result
Strategies and policies are implemented to meet agreed Australian Government obligations to support the: – 2017 Rugby League World Cup; and – Gold Coast 2018 Commonwealth Games.	To support the Australian Government's obligations, the Department led and coordinated a wide array of activity across government departments. These strategies ensured the successful staging of the Gold Coast 2018 Commonwealth Games and the 2017 Rugby League World Cup.
	Result: Met

In 2017-18, the Department implemented a range of activities in conjunction with other relevant portfolios to support these major sporting events. Activities included customs, visas and biosecurity arrangements at airports; radio-communication spectrum management[41]; anti-doping; legacy[42], trade and tourism; and security.

The Department is currently undertaking coordination strategies and preparations for the 2018 Invictus Games, 2018 IWRF[43] Wheelchair Rugby World Championship, 2019 INAS[44] Global Games and 2020 International Cricket Council World Twenty20. The Department is also supporting Australian bids for the 2021 Women's Rugby World Cup and 2023 FIFA[45] Women's World Cup.

[41] The role of the Australian Communications and Media Authority in allocating radio-spectrum to sporting event users, media, broadcasters and then their real-time radio-spectrum monitoring function to detect interference and take action to resolve.

[42] Programs intended to create a lasting benefit to the community after the sporting events have occurred. For example, sporting infrastructure, community access, increased sports participation rates, social inclusion.

[43] International Wheelchair Rugby Federation.

[44] The International Federation for para-athletes with Intellectual Impairments.

[45] Fédération Internationale de Football Association.

Rugby League World Cup 2017 – History was made

The fifteenth staging of the Rugby League World Cup 2017 (RLWC2017) took place from 27 October to 2 December 2017. Twenty national teams participated across both men's and women's competitions playing matches in 13 host cities across Australia, New Zealand and Papua New Guinea.

For the first time in the sport's history, the women's Rugby League World Cup was held in conjunction with the men's Rugby League World Cup. The men's tournament comprised 28 matches in a five week tournament across the three host nations. The women's tournament was staged over two weeks with all pool matches and semi-finals played in Cronulla, New South Wales, and the final played as a double header with the men's final in Brisbane, Queensland. The culmination saw both the Australian men's and women's teams crowned World Champions on home soil.

The Government provided a one-off grant of $500,000 to RLWC2017 to support planning and enhance the delivery of the women's tournament. In doing so, the women's RLWC2017 set new standards for both athletes and spectators, including team logistics, training and playing conditions, game-day experience and international broadcast. Australian Government support was primarily recognised through marketing and promotional opportunities for the *Girls Make Your Move* physical activity campaign directed toward girls and young women.

The Department's Office for Sport led Australian Government support for the RLWC2017, including the coordination of national security (in partnership with the Department of Home Affairs), immigration, customs, biosecurity, sports diplomacy and international relations, tourism and communications. The Office for Sport also provided strategic support to event delivery partners including state and territory governments, the RLWC2017 Organising Committee and the Rugby League International Federation.

Protect the integrity of Australian sport from threats of match-fixing, doping, criminal infiltration and other forms of corruption.

Source: 2017-18 Health Portfolio Budget Statements, p.85 and Health Corporate Plan 2017-18, p.30

2017-18 Target	2017-18 Result
Australian anti-doping arrangements are compliant with the World Anti-Doping Code. Sports integrity efforts of national sporting organisations and states and territories are supported through ongoing assessment of the sports integrity threats and related briefings, education platforms and initiatives. As part of the National Sport Plan, review anti-doping and integrity structures.	Australian anti-doping arrangements were identified by the World Anti-Doping Agency as compliant with the World Anti-Doping Code. The Department supported the integrity efforts of national sporting organisations and states and territories through a range of outreach and educative initiatives. The joint National Integrity of Sport Unit/Australian Criminal Intelligence Commission Sports Betting Integrity Unit was formally established in November 2017. The Department supported the conduct of the Review of Australia's Sports Integrity Arrangements (Wood Review), as part of the National Sport Plan.
	Result: Met

The sports integrity threat environment continued to present challenges at local, national and international levels and required a robust response across the sector. The Wood Review provides comprehensive analysis and recommendations to enhance the protection of Australian sport. The Department has established a taskforce and a Commonwealth Interdepartmental Committee to develop Wood Review implementation options for Government consideration, in consultation with stakeholders.

The establishment of the Sports Betting Integrity Unit provides, for the first time, a single national platform to monitor and respond to match-fixing and sports wagering related corruption and to interact with similar international bodies.

The Sports Integrity Program provided support for a range of integrity initiatives including the anti-doping response to the Gold Coast 2018 Commonwealth Games; local regional and international anti-doping arrangements; anti-doping research; the conduct of the Wood Review; enhanced national sports drug testing capability; and national sports criminal intelligence capability.

In 2017-18, Australia continued to make a significant contribution to global efforts to combat sports corruption, particularly through collaboration with the World Anti-Doping Agency; United Nations Educational, Scientific and Cultural Organization; the Commonwealth; Council of Europe; Interpol; the International Olympic Committee; and other organisations.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Outcome 3 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 3.1: Sport and Recreation[1]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	23,377	23,328	(49)
Special Accounts			
Sport and Recreation	407	404	(3)
Departmental expenses			
Departmental appropriation[2]	7,439	6,438	(1,001)
Expenses not requiring appropriation in the budget year[3]	214	192	(22)
Total for Program 3.1	**31,437**	**30,361**	**(1,076)**
Outcome 3 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	23,377	23,328	(49)
Special Accounts	407	404	(3)
Departmental expenses			
Departmental appropriation[2]	7,439	6,438	(1,001)
Expenses not requiring appropriation in the budget year[3]	214	192	(22)
Total expenses for Outcome 3	**31,437**	**30,361**	**(1,076)**
Average staffing level (number)	**40**	**36**	**(4)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

1 This program excludes National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) 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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

Outcome 4:
Individual Health Benefits

Access to cost-effective medicines, medical, dental and hearing services, and improved choice in health services, including through the Pharmaceutical Benefits Scheme, Medicare, targeted assistance strategies and private health insurance

Almost

155m

Medicare funded GP services were accessed by patients during 2017-18

Consumers paid an average

$9.99

per script

for PBS medicines

Over

733,000

hearing services vouchers provided **to help people manage hearing loss**

Over

1.2m

people

received benefit from the **National Diabetes Service Scheme**

Highlights

MBS continues to support access to modern, high-quality and cost-effective services in line with best clinical evidence

Over 414.3 million Medicare funded services and benefits of over $23.2 billion provided to Australian patients.

Program 4.1

293.5 million prescriptions[46] for medicines filled under the PBS

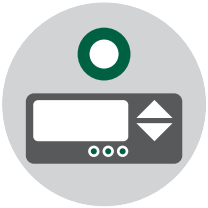
The PBS continued to provide timely, reliable and affordable access to necessary medicines for Australians, with 329 new medicines listed in 2017-18.

Program 4.3

More than 1.1 million children provided with essential dental services

Through the Child Dental Benefits Schedule, eligible Australian children aged 2–17 years continued to have access to essential dental services.

Program 4.6



8,722 children and young people provided with subsidised continuous glucose monitoring products

Through the National Diabetes Services Scheme, children and young people under 21 years of age with type 1 diabetes are assisted to manage their blood glucose levels and control their diabetes.

Program 4.8

[46] Includes above and under co-payment PBS prescriptions for S85 and S100 medicines, including prescriber bags; by date of supply; subject to change due to late claims and adjustments from pharmacies.

Programs contributing to Outcome 4

	Summary of results against performance criteria		
Program	**Targets met**	**Targets substantially met**	**Targets not met**
Program 4.1: Medical Benefits	**5**	**-**	**-**
Program 4.2: Hearing Services	**1**	**-**	**-**
Program 4.3: Pharmaceutical Benefits	**13**	**1**	**-**
Program 4.4: Private Health Insurance	**2**	**-**	**-**
Program 4.5: Medical Indemnity	**2**	**-**	**-**
Program 4.6: Dental Services	**1**	**-**	**-**
Program 4.7: Health Benefit Compliance	**1**	**-**	**-**
Program 4.8: Targeted Assistance – Aids and Appliances	**3**	**-**	**-**
Total	**28**	**1**	**-**

Program 4.1:
Medical Benefits

The Department met all performance targets related to this program.

The Department supported the Government to provide continued access to a modern, high-quality Medicare system based on current clinical evidence. This has included supporting the review of Medicare Benefits Schedule (MBS) items, run by the clinician-led MBS Review Taskforce. Over 90% of all MBS items were either under active review or had been reviewed and the Taskforce finalised its advice to the Minister for Health through a number of clinical reports.

The Department continued to support the Government to operate targeted assistance programs for Australians who require life-saving treatment not available in Australia and the provision of medical assistance to eligible Australians following specific overseas disasters. Assistance was also provided to women who have undergone a mastectomy as a result of breast cancer through the Breast Prostheses Reimbursement Program.

In 2017-18, the Department produced six revised pathology accreditation standards. Accreditation standards ensure that Australians have access to safe and effective pathology services. The Department supported our Ministers to also provide funding for an additional ten radiotherapy facilities, to provide Australians access to high quality radiotherapy services.

Ensuring continued access to a Medicare system that provides modern, high quality and cost-effective professional health services that are in line with current clinical evidence

Continued review of MBS items to maintain a Medicare system that provides high value care to the Australian public based on evidence and best clinical practice.

Source: 2017-18 Health Portfolio Budget Statements, p.93 and Health Corporate Plan 2017-18, p.31

2017-18 Target	2017-18 Result
Clinical Committees[47] will have considered 70% of the MBS items for the review.	Clinical Committees have considered 90% of the MBS items for the review.
	Result: Met

Since the review commenced, there have been over 70 Clinical Committees and working groups established by the independent, clinician-led MBS Review Taskforce. As at 30 June 2018, more than 90% of the over 5,700 MBS items were under active review or had been reviewed. The Taskforce has finalised its advice to the Minister through a number of clinical reports.

The Taskforce is aiming to finalise the majority of its recommendations to Government, with implementation of accepted recommendations to occur into 2019-20.

[47] Available at: www.health.gov.au/internet/main/publishing.nsf/content/MBSR-committees

Providing targeted medical assistance, including to Australians who require life-saving medical treatment not available in Australia; and access to breast prostheses for women who have had breast cancer

To provide financial assistance to Australians for appropriate medical treatment not available in Australia or for out-of-pocket healthcare costs as a result of specific overseas disasters.

Source: 2017-18 Health Portfolio Budget Statements, p.94

2017-18 Target	2017-18 Result
Applications for financial assistance for medical treatment overseas are assessed in a timely manner in accordance with program guidelines. Ensure that the Reciprocal Health Care Agreements[48] are supporting Australians who travel overseas.	All applications for financial assistance for medical treatment overseas were assessed in accordance with the established program guidelines, with financial assistance provided to eligible applicants. Agreements with 11 countries cover the cost of medically necessary care when Australians visit these countries and visitors from these countries visit Australia.
	Result: Met

The Department received 20 applications during 2017-18 for financial assistance under the Medical Treatment Overseas Program (MTOP). Eleven individuals with life-threatening conditions received MTOP funding to undergo life-saving treatment overseas. These applicants were supported by independent expert advice from medical professionals.

The Australian Government has Reciprocal Health Care Agreements (RHCA) with New Zealand, United Kingdom, Republic of Ireland, Sweden, the Netherlands, Finland, Italy, Belgium, Malta, Slovenia and Norway. In 2017-18, 106,461 MBS services were provided to visitors to Australia under the RHCA with a total of $7.17 million paid in benefits.

Improving the quality of life of women who have undergone a mastectomy as a result of breast cancer, through efficient processing of claims from eligible women under the National External Breast Prostheses Reimbursement Program.

Source: 2017-18 Health Portfolio Budget Statements, p.94

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥90%	97%	95%	98%	98%	98%
	Result: Met				

In 2017-18, $6.2 million was paid in reimbursements under this program.

Of the 14,448 eligible claims made, 97% were processed within ten business days of lodgement. Timely processing of claims under this program benefits recipients through the provision of reimbursement for the cost of their prostheses.

[48] Available at: www.humanservices.gov.au/customer/services/medicare/reciprocal-health-care-agreements

Supporting safe and effective diagnostic imaging and pathology services

Maintain a consistent and contemporary accreditation framework which underpins all Medicare eligible pathology services.

Source: 2017-18 Health Portfolio Budget Statements, p.94

2017-18 Target	2017-18 Result
Ensure consumers have continued access to up-to-date, quality pathology services through reviewing and updating the Australian Pathology Accreditation Framework, as required.	The Department ensured consumers had continued access to safe and quality pathology services through contemporary quality standards. Six revised pathology accreditation standards were recently endorsed.
	Result: Met

Six revised pathology accreditation standards were recently endorsed by the National Pathology Accreditation Advisory Council.

These revised accreditation standards reflect current best practice and continue to ensure Australians have access to high quality pathology services through the National Pathology Accreditation Program.

Supporting the delivery of high quality radiation oncology services

Ensure Australians have access to high quality radiotherapy services through the Radiation Oncology Health Program Grant Scheme.

Source: 2017-18 Health Portfolio Budget Statements, p.95

2017-18 Target	2017-18 Result
Provide targeted financial contributions to the capital cost of radiation oncology linear accelerators[49] located in priority areas as agreed between the Commonwealth and relevant states and territories.	Targeted financial contributions were provided, with an increase of ten approved facilities, bringing the approved facility count to 96.
	Result: Met

Ten additional radiotherapy facilities were funded for an additional $7.8 million in 2017-18 under the Scheme. These additional facilities are an increase from the approved facility count of 86 in 2016-17. This will ensure Australians have access to high quality radiotherapy services through the Scheme.

[49] The device most commonly used for external beam radiation treatments for patients with cancer.

Program 4.2: Hearing Services

The Department met the performance target related to this program.

The Hearing Services Voucher Program provides eligible clients with a range of services to help manage their hearing loss, including assessments, hearing aids, fittings, maintenance and rehabilitation services. Under the program, hearing services and devices are provided by a national network of service providers.

The Department supported our Ministers on delivering continued support to hearing research that focuses on ways to reduce the impact of hearing loss and the incidence and consequences of avoidable hearing loss in the Australian community.

Supporting access to high quality hearing services and research into hearing loss prevention and management

Support access to high quality hearing services by providing voucher services nationally.
Source: 2017-18 Health Portfolio Budget Statements, p.96

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
745,000 voucher clients	733,400	713,182	692,283	669,793	647,545
	Result: Met				

The voucher component of the program is client demand-driven and the projected target is an estimation based on population parameters and historical trends.

In 2017-18, 733,400 clients accessed the voucher component of the program at a cost of $449.2 million.

The performance result of 'met' is based on meeting all of the 2017-18 actual demand.

Program 4.3: Pharmaceutical Benefits

The Department met or substantially met all performance targets related to this program.

Reliable, timely and affordable access to cost-effective, high quality medicines and pharmaceutical services is key to improving the health of all Australians. In 2017-18, the Department supported the Government to strengthen the Pharmaceutical Benefits Scheme (PBS) to ensure it remains affordable into the future through extensive consultation with stakeholders and the medicines industry. The Department continued to support Australians' access to PBS medicines and patient focussed care through programs and services delivered under the Sixth Community Pharmacy Agreement and compacts developed in partnership with Medicines Australia, the Pharmacy Guild of Australia and the Generic and Biosimilar Medicines Association.

The Department supported the Government to continue to ensure that patients with life threatening conditions had access to essential medicines through the Life Saving Drugs Program and supported access to PBS-funded medicines and medicines data.

The Department also supported the Pharmaceutical Benefits Advisory Committee (PBAC) to ensure new medicines are considered and listed on the PBS in a timely manner. This ensures the Australian public has access to new and affordable innovative medicines.

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

Ensure eligible patients have access to the Life Saving Drugs Program.
Source: 2017-18 Health Portfolio Budget Statements, p.98

2017-18 Target	2017-18 Result
Patient applications are processed within 30 calendar days of receipt.	All patient applications were processed within 30 calendar days of receipt.
	Result: Met

Ensure continued access to eligible patients to medicines under the Life Saving Drugs Program.
Source: 2017-18 Health Portfolio Budget Statements, p.98

2017-18 Target	2017-18 Result
Facilitate continued eligible patient access to life saving medicines.	The Department facilitated access to life saving medicines for all eligible patients.
	Result: Met

The Life Saving Drugs Program (LSDP) provides fully subsidised access for eligible patients to expensive and life saving medicines for rare and life-threatening medical conditions. Eligible patients had timely access to subsidised treatment and all patient applications with the required information were processed within 30 calendar days of receipt.

There are currently 13 drugs funded on the LSDP (one new drug listed in 2017-18), at no cost to patients. The new drug Vimizim® (elosulfase alfa), was made available to provide life-saving treatment to Australian patients who have a rare medical condition known as Morquio A Syndrome. As at 30 June 2018, there were 403 patients being treated on the LSDP.

Ensuring access to innovative, clinically effective and cost-effective medicines through the PBS

Percentage of submissions for new medicines that are recommended for listing by Pharmaceutical Benefits Advisory Committee (PBAC), that are listed on the PBS within six months of agreement of budget impact and price.

Source: 2017-18 Health Portfolio Budget Statements, p.99

2017-18 Target	2017-18 Result	2016-17	2015-16
80%	88%	85%	92%
	Result: Met		

Negotiations with product sponsors and listing activities for new listings of medicines on the PBS were completed in a timely manner, with 88% being listed on the PBS within six months of agreement on price and the overall cost to Government.

The Department uses this metric because agreement must be reached with a sponsor on price and budget impact before a listing can be finalised by Government. Discussion regarding the finalisation of price and budget impact following PBAC recommendation are often complex and may, in limited circumstances, require further PBAC consideration.

For more information on submissions to the PBAC, refer *Appendix 2: Process leading to PBAC consideration – Annual Report for 2017-18*.

Supporting timely access to medicines and pharmacy services

Deliver an increased suite of reporting and data related to pharmacy and PBS funded medicine access and cost made available to Parliament, consumers and business.

Source: 2017-18 Health Portfolio Budget Statements, p.99

2017-18 Target	2017-18 Result
Periodically increase the volume and nature of data on the Department of Health website during the course of 2017-18.	The Department increased the volume and nature of data related to pharmacy and PBS funded medicines on its website.[50]
	Result: Met

The Department has access to more detailed data and is now reporting based on the date of supply.

Each month more data in relation to the volume and type of medicines dispensed in community pharmacies is released on the PBS website. This is used by businesses, pharmaceutical industry stakeholders and researchers to create a better understanding of pharmacy and the pharmaceutical sector in Australia. In addition, each month the Department, through its data governance and release processes, makes PBS and other pharmacy related data available to researchers, state and territory governments and non-government health administrators.

[50] Available at: www.pbs.gov.au/pbs/home

Percentage of Urban Centres[51] in Australia with a population of 1,000 persons or more with an approved supplier[52] of PBS medicines.

Source: 2017-18 Health Portfolio Budget Statements, p.99 and Health Corporate Plan 2017-18, p.31

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
>90%	90.56%	91.96%	91.8%	N/A	N/A
	Result: Met				

Percentage of Urban Centres in Australia with a population of 1,000 persons or more with a resident service provider of, or recipient of, Medscheck, Home Medicines Review, Residential Medication Management Review or Clinical Intervention.

Source: 2017-18 Health Portfolio Budget Statements, p.100

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
>80%	89.1%	90%	97%	N/A	N/A
	Result: Met				

In 2017-18, 89.1% of communities with a population of 1,000 persons or more had access to medication adherence and medication management programs to support safe, effective and appropriate use of medicines; including avoiding adverse events and decreasing hospitalisations. The 2017-18 target was amended from prior years from Urban Centres/Localities to Urban Centres only.

Percentage of subsidised PBS units delivered to community pharmacy within agreed requirements of the Community Service Obligation.

Source: 2017-18 Health Portfolio Budget Statements, p.100

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
>95%	98.4%	97.5%	96%	N/A	N/A
	Result: Met				

Average cost per subsidised script funded by the PBS.[53]

Source: 2017-18 Health Portfolio Budget Statements, p.100

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
$35.46	$29.11	$31.08	$27.37	N/A	N/A
	Result: Met				

Average cost per script (subsidised and non-subsidised) paid by consumers for PBS medicines.[54]

Source: 2017-18 Health Portfolio Budget Statements, p.100

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
$10.41	$9.99	$9.84	$9.27	N/A	N/A
	Result: Met				

The average cost targets are estimates only. The results are driven by external market forces, and outside the control of the Department. Downward pressure on prices for consumers continues through price disclosure policies. Analysis indicates the average number of section 85[55] hepatitis C prescriptions per month in 2017-18 was 50% lower than in 2016-17. These medicines form a significant proportion of Government spending on the PBS.

[51] Available at: www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.004~July%202016~Main%20Features~Design%20of%20UCL~8

[52] For this criterion, an approved supplier includes a pharmacy, a medical practitioner (in rural/remote locations where there is no access to a pharmacy) or an Aboriginal Health Service, approved to supply PBS medicines to the community. It does not include an approved hospital authority, approved to supply PBS medicines to its patients.

[53] This is the projected average cost to Government for section 85 PBS subsidised prescriptions.

[54] This is the projected average for section 85 PBS prescriptions, including under co-payment prescriptions.

[55] Section 85 hepatitis C prescriptions are hepatitis medicines available through the PBS general schedule.

Maintaining the effectiveness of the PBS through monitoring and post-market surveillance

Post-market reviews deliver relevant and high quality advice to the PBAC and Government.
Source: 2017-18 Health Portfolio Budget Statements, p.101

2017-18 Target	2017-18 Result
Reference groups established, and continue to engage constructively with professional and community stakeholders in the conduct of the reviews.	Reference groups were established and engaged constructively with key stakeholders in the conduct of post-market reviews.
	Result: Met

Percentage of post-market reviews completed within scheduled timeframes.
Source: 2017-18 Health Portfolio Budget Statements, p.101

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
90%	94%	100%	100%	N/A	N/A
	Result: Met				

Percentage of Government-accepted recommendations from post-market reviews that have been implemented within agreed timeframes.
Source: 2017-18 Health Portfolio Budget Statements, p.101

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
80%	100%	85%	80%	N/A	N/A
	Result: Met				

Reference groups supported each of the post-market reviews for:

- ezetimibe;
- chronic obstructive pulmonary disease medicines (COPD);
- pulmonary arterial hypertension medicines; and
- the use of biologics in the treatment of severe chronic plaque psoriasis.

For each review, reference groups were established and engaged constructively with key stakeholders in the conduct of post-market reviews. Each reference group included members with clinical and technical expertise, industry representatives and consumer advocates to ensure relevant and high quality advice was provided.

Two reviews were completed in 2017-18; ezetimibe and COPD. The post-market review of ezetimibe recommended PBS restriction changes to lipid lowering medicines and a price reduction to restore cost-effectiveness. The Australian public will benefit from updated restrictions for lipid lowering medicines, that reflect contemporary treatment guidelines, and from reduced cost to the community.

The post-market review of COPD will benefit the Australian public through updated restrictions for COPD medicines that now align with clinical guidelines. Health professionals and consumers will benefit from information and access to medicines designed to meet clinical needs, and which reduce any inappropriate use of combination inhaler medicines.

The post-market reviews of pulmonary arterial hypertension medicines and the use of biologics in the treatment of severe chronic plaque psoriasis conducted during 2017-18 are expected to be completed by October 2019.

Information regarding quality use of medicines is provided to health professionals and consumers to support use of therapeutics wisely, judiciously and safely to achieve better health and economic outcomes.

Source: 2017-18 Health Portfolio Budget Statements, p.101

2017-18 Target	2017-18 Result
The Department will provide funding for the provision of quality use of medicines information to be available in a variety of formats throughout the year, designed to support health professionals and consumers.	The Department supported the Government to fund NPS MedicineWise to produce publications, resources and educational visits, which provided evidence-based information on therapeutics, including new and revised listings of medicines on the PBS for health professionals and consumers.
	Result: Met

Education was provided to health professionals in the form of educational visits, online modules, resources and publications. Targeted consumer information campaigns included antibiotic awareness and a range of other targeted topics. NPS MedicineWise published Rational Assessment of Drugs and Research, Australian Prescriber and an annual evaluation report of all NPS MedicineWise programs.

NPS MedicineWise continues to make progress through its Choosing Wisely Australia initiative, increasing membership across a broad section of professional colleges, societies and associations. The initiative helps healthcare providers and consumers start important conversations about improving the quality of healthcare by eliminating unnecessary or harmful tests, treatments and procedures.

Estimated savings to Government from price disclosure.

Source: 2017-18 Health Portfolio Budget Statements, p.102

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
$3,600m	$2,735.9m	$2,429.2m	$2,258.4m	N/A	N/A
	Result: Substantially met				

Price disclosure is continuing to produce significant savings, that are driven by market forces. While savings to Government are lower than estimated, medicine prices continue to reduce to below the general patient co-payment of $39.50, resulting in a reduction to consumers out-of-pocket costs.

Savings from price disclosure are expected to continue as a result of increased generic dispensing generating further price reductions, driven by e-Prescribing (including International Nonproprietary Name prescribing) upgrades announced in the 2018-19 Budget.

From 2018-19, the Department will measure performance in terms of the 'percentage of eligible medicines assessed' by the Department in accordance with price disclosure requirements under the *National Health Act 1953* and *National Health (Pharmaceutical Benefits) Regulations 2017*, rather than against financial savings targets.

Program 4.4:
Private Health Insurance

The Department met all performance targets related to this program.

The Department assists the Government to work with private health insurers to support cost-effective private health insurance products and encourages membership and sustainability in the private health insurance industry. The Department monitors the compliance of the industry and discusses any compliance and legislative issues with insurers, to ensure that the protections offered to the community under the regulatory framework are adopted appropriately and consistently.

In 2017-18, the Department supported the Government to deliver reforms to make private health insurance simpler and more affordable. This includes simpler coverage for mental health treatment.

The Department also works to ensure that privately insured patients have access to clinically effective and cost effective prostheses. Through the agreement between the Government and the Medical Technology Association of Australia, the cost of prostheses to private health insurers has decreased by $188 million for the 2018 private health insurance premium round. This reduction in prostheses expenditure places downward pressure on private health insurance premium increases, meaning lower premium changes for consumers. The 2018 average weighted premium increase of 3.95 per cent was the lowest in 17 years.

In 2017-18, the Department continued to support the Private Health Ministerial Advisory Committee, chaired by Dr Jeffrey Harmer AO, which includes consumer, health insurer, hospital, clinician and allied health representatives. This committee provides advice to the Minister for Health on the private health insurance reforms and monitors the implementation of the reforms announced in 2017.

Supporting a viable, sustainable and cost-effective private health insurance sector, including through the private health insurance rebate

Robust policies and procedures are in place, including ensuring all private health insurers are compliant with relevant statutory and legislative requirements.
Source: 2017-18 Health Portfolio Budget Statements, p.103

2017-18 Target	2017-18 Result
Undertake effective compliance and enforcement through applying transparent and consistent procedures agreed with all industry stakeholders. Undertake regular stakeholder communications with insurers and other regulatory agencies to provide two-way dissemination of information.	Compliance with private health insurance legislation was achieved through transparent, consistent and targeted stakeholder communications with insurers and other industry stakeholders, including other regulatory agencies.
	Result: Met

The Department consults with a number of other regulatory agencies, including the Private Health Insurance Ombudsman, Australian Prudential Regulatory Authority and the Australian Competition and Consumer Commission. The regulatory agencies, together with the Department, actively monitor and enforce private health insurers' legislative obligations.

The Department publishes industry circulars relating to compliance matters and identified areas for improvement or clarification. These circulars address issues such as:

- legislative amendments and policy changes;
- legislative clarification;
- private health insurer processing requirements;
- data requirements;
- annual audit requirements; and
- levy arrangements.

Ensure privately insured patients have access to clinically and cost-effective prostheses under the *Private Health Insurance Act 2007*.

Source: 2017-18 Health Portfolio Budget Statements, p.103

2017-18 Target	2017-18 Result
Support the Prostheses List Advisory Committee[56] to reform the Prostheses List arrangements. Publish the Prostheses List enabling access to devices for privately insured patients.	The agreement between the Government and the Medical Technology Association Australia (the Agreement) specified a number of deliverables for 2017-18. These have been delivered. The Prostheses List was published in August 2017[57] and February 2018[58].
	Result: Met

The following commitments under the Agreement were implemented.

- No duplication of safety and efficacy assessment by Prostheses List Advisory Committee and the Therapeutic Goods Administration.
- Three industry working groups were established, which are considering the Prostheses List benefit setting and benefit review framework, funding of cardiac services to support active implantable cardiac devices and quality information and guidance for sponsors of medical devices.
- A governance group was established to oversee the implementation of the Agreement.

[56] Available at: www.health.gov.au/internet/main/publishing.nsf/Content/health-privatehealth-prostheseslist.htm

[57] An amendment to the August 2017 Prostheses List was published with an effective date of 1 February 2018 to implement the first round of 2018 Prostheses List benefit reductions as outlined in the Agreement.

[58] An amendment to the February 2018 Prostheses List was published in June 2018, with an effective date of 1 August 2018, to reflect the second round of 2018 Prostheses List benefit reductions.

Program 4.5:
Medical Indemnity

The Department met all performance targets related to this program.

The Department supports the Government to administer a range of schemes, with the Department of Human Services, to support the stability of the medical indemnity industry and provide assurance to privately practicing doctors, midwives and their patients.

The Premium Support Scheme assists eligible doctors to reduce medical indemnity costs through a Government-funded subsidy. In 2017-18, the Government also maintained a contract with Medical Insurance Group Australia to subsidise the cost of medical indemnity insurance for eligible midwives.

These schemes improve the accessibility of professional indemnity insurance and help reduce out-of-pocket costs and improve choice for patients.

Ensuring the ongoing stability of the medical insurance industry and that insurance products are available and affordable

Enable continued availability of professional indemnity insurance for eligible midwives.
Source: 2017-18 Health Portfolio Budget Statements, p.104

2017-18 Target	2017-18 Result
Maintain a contract with an indemnity provider for the provision of professional indemnity insurance to eligible midwives.	A contract has been maintained with a medical indemnity provider for the provision of professional indemnity insurance to eligible midwives.
	Result: Met

Eligible midwives receive a subsidy towards the cost of purchasing Commonwealth supported professional indemnity insurance from Medical Insurance Group Australia, assisting in keeping midwife care accessible and affordable to the community.

Decrease the number of doctors that require support through the Premium Support Scheme.[59]
Source: 2017-18 Health Portfolio Budget Statements, p.104

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
<1,500	985	1,268	1,237	1,400	1,613
	Result: Met				

Eligible doctors receive a subsidy towards the cost of their medical indemnity insurance, assisting in keeping medical care accessible and affordable to the community. All eligible applicants received a premium subsidy through the Premium Support Scheme in 2017-18.

[59] A decline in doctors accessing the Premium Support Scheme is an indication of medical indemnity insurance being affordable.

Program 4.6:
Dental Services

The Department met the performance target related to this program.

The Child Dental Benefits Schedule (CDBS) continued to provide access to essential dental health services to eligible children. Adult public dental patients were provided access to services through the extension to the National Partnership Agreement on Adult Public Dental Services.

Improving access to dental services

Support eligible children to access essential dental health services through the CDBS. Source: 2017-18 Health Portfolio Budget Statements, p.105	
2017-18 Target	**2017-18 Result**
1.11 million children access the CDBS.	Almost 1.12 million children accessed the CDBS in 2017-18.
	Result: Met

The CDBS is a demand-driven, calendar year program, providing access to benefits for basic dental services for eligible children aged 2–17 years. Since the program commenced in 2014 the take-up rate has continued to trend upwards.

Program 4.7:
Health Benefit Compliance

The Department met the performance target related to this program.

Under this program, the Department supports the Government to protect the integrity of Australia's health payments system through prevention, identification and treatment of incorrect claiming, inappropriate practice and fraud by health care providers and suppliers and manages pathology rents regulations.

In 2017-18, the Department continued to build its data analytics capability and apply behavioural economics approaches to its Medicare provider compliance activities to enhance the integrity of the MBS, the PBS, the CDBS and health incentive payments.

Ensuring the integrity of health provider claiming

Improve health provider compliance through a contemporary program that utilises advanced analytics and behavioural economics to identify irregular payments and behaviours, measured through:

a. Value of debts recovered.

b. Behavioural change from activities from prior years.[60]

Source: 2017-18 Health Portfolio Budget Statements, p.106 and Health Corporate Plan 2017-18, p.31

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
a. $15.6m b. $13.0m	$22.1m $148.5m	$13.0m N/A	$9.9m N/A	N/A N/A	N/A N/A
	Result: Met				

In 2018-19, performance of this program will focus on ensuring we are targeting our compliance effectively to those providers whose claiming is non-compliant, so that the proportion of audits and reviews that are undertaken find non-compliance in greater than 90% of cases. The approach will better enable the delivery of a quality health provider compliance program that: prevents non-compliance by assisting health providers to meet their compliance obligations when claiming benefits; intervenes and corrects claims when honest mistakes occur; and detects and investigates fraud and inappropriate practice.

In 2017-18, the Department:

- worked closely with professional bodies and stakeholder groups on its compliance strategies;
- commenced strengthening compliance activities relating to prohibited practices concerning Pathology Approved Collection Centres; and
- introduced legislation that commenced on 1 July 2018 to further support the integrity of Australia's health payments system.

Improvements to the program resulted in: 20 fraud cases successfully prosecuted; 109 requests to the Director of Professional Services Review to review the appropriateness of services of health practitioners; and 3,074 completed audits and reviews of health providers. A total of $48.7 million of debt was raised for recovery.

The success of the investments in improved capabilities since 2016-17 is demonstrated by the Department meeting the performance targets.

[60] Estimated savings to Government from improved health provider compliance, achieved through positive behavioural change.

Program 4.8:
Targeted Assistance – Aids and Appliances

The Department met all performance targets related to this program.

The National Diabetes Services Scheme (NDSS) ensures that people with diabetes have timely, reliable and affordable access to products and services that assist them to effectively self-manage their condition. This includes services and products for people with type 1, type 2 and gestational diabetes and fully-subsidised continuous glucose monitoring products for over 8,000 eligible children and young people aged under 21 years.

In 2017-18, the Department helped our Ministers to continue to support Australians managing a number of other specific health conditions, including stoma[61] and Epidermolysis Bullosa[62]. The Stoma Appliance Scheme provides support to people with a stoma by ensuring they have timely access to stoma products through the 22 Stoma Associations. The National Epidermolysis Bullosa Dressing Scheme provided nearly 200 people with over $3 million of products to manage their condition.

Improving health outcomes through the provision of targeted assistance for aids and appliances

The NDSS meets the needs of registrants.[63] Source: 2017-18 Health Portfolio Budget Statements, p.107	
2017-18 Target	**2017-18 Result**
Annual NDSS registrant survey demonstrates that the needs of registrants are being met.	Of the surveyed registrants, the vast majority (over 90%) indicated that the NDSS met their needs, by improving their knowledge and understanding of diabetes and helping them manage their condition more effectively.
	Result: Met

In 2017-18, 1,276,939 people with type 1, type 2 and gestational diabetes received benefit from the NDSS. A further 142,358 people were registered on the post-gestational diabetes register, who were eligible to receive services (but not products) from the NDSS. All eligible individuals were provided access throughout the financial year.

[61] A stoma is a natural or surgically-created body opening, to allow bodily waste to leave the body.

[62] Epidermolysis Bullosa is a rare genetic disease that primarily affects children and is characterised by extremely fragile and blister prone skin.

[63] Registrants are people with type 1 diabetes, type 2 diabetes, gestational diabetes or 'other diabetes' who are registered on the NDSS.

Support children and young people under 21 years of age, with type 1 diabetes, through the NDSS.
Source: 2017-18 Health Portfolio Budget Statements, p.107

2017-18 Target	2017-18 Result
Provide eligible children and young people under 21 years of age with subsidised continuous glucose monitoring products through the NDSS to assist in the management of their type 1 diabetes.	8,722 children and young people under 21 years of age were provided access to fully subsidised continuous glucose monitoring.
	Result: Met

The number of eligible children and young people who accessed this program was higher than anticipated with 8,722 people benefiting from fully subsidised continuous glucose monitoring.

Support Australians to assist in the management of specific chronic health conditions (diabetes, stoma and Epidermolysis Bullosa).
Source: 2017-18 Health Portfolio Budget Statements, p.108

2017-18 Target	2017-18 Result
Ensure provision of subsidised aids and appliances to assist eligible Australians in the management of their chronic health conditions.	Subsidised aids and appliances have been provided to eligible Australians.
	Result: Met

In 2017-18, 24 new products were listed on the Stoma Appliance Scheme, providing greater choice of products which could lead to improved health outcomes.

Close to 200 recipients were supplied with over $3 million worth of products under the National Epidermolysis Bullosa Dressing Scheme.

Outcome 4 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 4.1: Medical Benefits			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	105,544	100,301	(5,243)
Special account			
Medicare Guarantee Fund – medical benefits	23,169,289	22,807,734	(361,555)
accrual adjustment	9,496	395,410	385,914
Departmental expenses			
Departmental appropriation[1]	31,666	32,049	383
Expenses not requiring appropriation in the budget year[2]	808	871	63
Total for Program 4.1	**23,316,803**	**23,336,365**	**19,562**
Program 4.2: Hearing Services			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	528,894	518,467	(10,427)
Departmental expenses			
Departmental appropriation[1]	7,417	7,221	(196)
Expenses not requiring appropriation in the budget year[2]	1,987	1,841	(146)
Total for Program 4.2	**538,298**	**527,529**	**(10,769)**
Program 4.3: Pharmaceutical Benefits			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	821,200	719,268	(101,932)
Special account			
Medicare Guarantee Fund pharmaceutical benefits	11,605,605	11,434,595	(171,010)
accrual adjustment	28,042	255,629	227,587
Departmental expenses			
Departmental appropriation[1]	58,983	57,753	(1,230)
Expenses not requiring appropriation in the budget year[2]	2,067	1,889	(178)
Total for Program 4.3	**12,515,897**	**12,469,134**	**(46,763)**

Outcome 4 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 4.4: Private Health Insurance			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	4,492	2,315	(2,177)
Special appropriations			
Private Health Insurance Act 2007 - incentive payments and rebate	6,024,091	6,010,185	(13,906)
Departmental expenses			
Departmental appropriation[1]	13,536	11,621	(1,915)
Expenses not requiring appropriation in the budget year[2]	255	282	27
Total for Program 4.4	**6,042,374**	**6,024,403**	**(17,971)**
Program 4.5: Medical Indemnity			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	221	221	-
Special appropriations			
Medical Indemnity Act 2002	91,800	79,306	(12,494)
Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010	1,934	-	(1,934)
Departmental expenses			
Departmental appropriation[1]	1,881	1,965	84
Expenses not requiring appropriation in the budget year[2]	40	44	4
Total for Program 4.5	**95,876**	**81,536**	**(14,340)**
Program 4.6: Dental Services[3]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	-	-	-
Special appropriations			
Dental Benefits Act 2008	326,223	333,927	7,704
Departmental expenses			
Departmental appropriation[1]	1,942	1,861	(81)
Expenses not requiring appropriation in the budget year[2]	51	51	-
Total for Program 4.6	**328,216**	**335,839**	**7,623**

Outcome 4 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 4.7: Health Benefit Compliance			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	15,900	15,416	(484)
Departmental expenses			
Departmental appropriation[1]	65,004	60,533	(4,471)
Expenses not requiring appropriation in the budget year[2]	1,626	1,566	(60)
Total for Program 4.7	**82,530**	**77,515**	**(5,015)**
Program 4.8: Targeted Assistance - Aids and Appliances			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	12,294	14,696	2,402
Special appropriations			
National Health Act 1953 – aids and appliances	353,784	351,420	(2,364)
Departmental expenses			
Departmental appropriation[1]	4,640	4,869	229
Expenses not requiring appropriation in the budget year[2]	109	132	23
Total for Program 4.8	**370,827**	**371,117**	**290**
Outcome 4 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	1,488,545	1,370,684	(117,861)
Special appropriations	6,797,832	6,774,838	(22,994)
Special account	34,774,894	34,242,330	(532,564)
accrual adjustment	37,538	651,039	613,501
Departmental expenses			
Departmental appropriation[1]	185,069	177,872	(7,197)
Expenses not requiring appropriation in the budget year[2]	6,943	6,676	(267)
Total expenses for Outcome 4	**43,290,821**	**43,223,439**	**(67,382)**
Average staffing level (number)	**926**	**876**	**(50)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

[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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

[3] This program excludes National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) Framework.

Outcome 5:
Regulation, Safety and Protection

Protection of the health and safety of the Australian community and preparedness to respond to national health emergencies and risks, including through immunisation initiatives, and regulation of therapeutic goods, chemicals, gene technology, and blood and organ products

Over

94%

immunisation coverage rates

in children 5 years of age

Over

7,300

new medical devices

and nearly

400

new prescription medicine applications approved

Over

285

new chemicals assessed

for health and environmental effects

The National Incident Room

responded to approximately

14 incidents per month

including national health emergencies or emerging health protection issues

Highlights

Better access to quality medicines and medical devices

The finalisation of significant regulation streamlining is set to bring life-saving medicines and medical devices onto the Australian market faster.

Program 5.1

Reducing the spread of antimicrobial resistance (AMR)

Progress continued on a range of initiatives to reduce the development and spread of AMR in Australia.

Program 5.2

Defending against disease-carrying mosquitoes

The risk of mosquito-borne diseases in the Torres Strait continued to be reduced through strategic suppression, control and monitoring of the disease-carrying mosquito *Aedes albopictus*.

Program 5.2

Programs contributing to Outcome 5

	Summary of results against performance criteria		
Program	**Targets met**	**Targets substantially met**	**Targets not met**
Program 5.1: Protect the Health and Safety of the Community Through Regulation	**9**	**4**	**-**
Program 5.2: Health Protection and Emergency Response	**3**	**1**	**-**
Program 5.3: Immunisation	**2**	**-**	**-**
Total	**14**	**5**	**-**

Program 5.1:
Protect the Health and Safety of the Community Through Regulation

The Department met or substantially met all performance targets related to this program.

The Department protects the health and safety of the community and the environment through regulating therapeutic goods, controlled substances, industrial chemicals and genetically modified organisms (GMOs).

In 2017-18, the Department continued to participate in international fora and engage with international regulators through the Therapeutic Goods Administration (TGA), the Office of Chemical Safety (OCS) and the Office of the Gene Technology Regulator (OGTR).

The TGA progressed implementation of recommendations from the Review of Medicines and Medical Devices Regulation. These reforms aim to enhance the range of medicines and medical devices on the Australian market, strengthen product safety, increase transparency for consumers and industry, provide consumers more information on the products they purchase and improve compliance with legislation. In 2017-18, there were over 7,300 new medical devices and nearly 400 new medicine applications (prescription, over the counter and complementary) approved to be included in the Australian Register of Therapeutic Goods.

The OCS has continued to administer the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). Legislation to implement reforms to NICNAS has been introduced into Parliament and consultation on the technical details of the reforms has continued. These reforms aim to achieve a more appropriate balance between regulatory efforts and the likelihood of risk to the health and wellbeing of the community and the environment.

The OGTR continued to administer the Gene Technology Regulatory Scheme to ensure that medical, agricultural and other research involving GMOs is conducted in accordance with best practice and in a manner that protects human health and safety and the environment. The scheme also ensures that all GMOs are subject to a scientifically rigorous risk assessment that must be completed prior to release into the Australian environment.

The Department, through the Office of Drug Control, continued to work closely with law enforcement agencies to ensure the Australian community had access to essential medicines and continued to support the operations of businesses involved in lawful trade of controlled substances.

Regulating therapeutic goods for safety, effectiveness/performance and quality while promoting best practice

Regulate therapeutic goods for safety, effectiveness/performance and quality.

a. Percentage of applications lodged under prescription medicines registration (Category 1 applications) processed within the legislated timeframes.

b. Percentage of quality related evaluations of prescription medicines (Category 3 applications) processed within 45 working days.

c. Percentage of conformity assessments for medical devices processed within 255 working days.

d. Percentage of licensing and surveillance inspections completed within target timeframes.

Source: 2017-18 Health Portfolio Additional Estimates Statements, p.55

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
a. 100%	100%	100%	100%	99.7%	99.8%
b. 100%	99.5%	99.8%	99.1%	98%	100%
c. 100%	100%	100%	100%	100%	N/A
d. 85%	85%	N/A	N/A	N/A	N/A
	Result: Substantially met				

Category 1 applications are for new medicines, presentations and indications. All 357 Category 1 applications were processed within the legislated timeframes. This is attributed to the structured registration process, which consists of eight phases with eight milestones, enabling effective planning and tracking by the TGA and sponsors.

Category 3 applications are initiated by sponsors for manufacturing and quality changes, usually to an existing, marketed medicine. Of 1,451 Category 3 applications, 1,444 were processed within the legislated timeframe.

All 271 conformity assessments for medical devices were processed within the legislated timeframe of 255 working days. Of these assessments, 266 were processed in under 200 working days.

Contribute to the evolving international environment to help support the quality and safety of medicines and medical devices in Australia.

Source: 2017-18 Health Portfolio Budget Statements, p.116 and Health Corporate Plan 2017-18, p.32

2017-18 Target	2017-18 Result
Increase engagement with overseas regulators in comparable health systems, and with regional and international organisations, such as the World Health Organization, to improve public health and safety. Increase use of overseas assessments by comparable regulators, while maintaining sovereignty of regulatory decisions.	The Department continues to engage with overseas regulators through established fora and bilateral meetings. The TGA makes extensive use of overseas assessments for medical devices, relying on certification from European notified bodies.
	Result: Met

The Department continues to participate in international fora that promote information sharing, cooperation and regulatory convergence in relation to therapeutic goods. These include international initiatives such as: the International Coalition of Medicines Regulatory Authorities; the International Medical Devices Regulators' Forum; the Australia, Canada, Singapore and Switzerland Consortium; as well as bilateral collaboration with other regulators.

Collaboration with overseas regulators – Generic Medicines Work Sharing Trial

In 2017-18, the Therapeutic Goods Administration (TGA) and the therapeutic products regulators from Canada (Health Canada), Switzerland (Swissmedic) and Singapore (Health Sciences Authority) conducted a trial for the joint evaluation of an application for a new generic medicine. This was the first work-sharing trial of its type and resulted in the new medicine receiving marketing authorisation in Australia, Canada and Switzerland almost simultaneously (Singapore participated in the trial as an observer). The process proved to be both informative for the regulators and rewarding for the sponsor. The application went through three assessment rounds, with the first being the most challenging as it made the applicant aware of the large data requirements to support their submission. The subsequent assessment rounds were managed with greater ease as evidenced by the fact that all three countries were able to approve the application within the standard assessment length set by the regulatory agencies. Importantly, the trial resulted in the regulators gaining a better understanding of each other's processes, which will facilitate further work-sharing and ensure subsequent trial applications also remain within legislated assessment timeframes.

Collaborating with overseas regulators benefits the development of internationally consistent regulatory processes and ensures emerging regulatory policy is aligned with international best practice. The community benefits from quicker access to quality, safe and effective therapeutic products leading to improved health and safety outcomes. The therapeutic products industry benefits from lower costs and reduced assessment times when applying for market authorisation in multiple countries.

'This trial has been a positive first step in streamlining approaches for the regulatory agencies involved, leading to increased efficiency in the registration of new medicines.'

A public statement on generic medicine work-sharing is available at www.tga.gov.au/acss-generic-medicine-work-sharing-trial

Who is this program intended for/aimed at?

The target audience is the TGA and its counterpart regulators, with the ultimate aim of early access to safe, quality and effective medicines for the Australian community. International collaboration builds synergies between the TGA and other mid-sized, trusted regulators. It brings greater alignment of regulatory approaches, technical requirements and makes more efficient use of resources.

Improve intelligence, monitoring and compliance functions to ensure compliance with the *Therapeutic Goods Act 1989*.

Source: 2017-18 Health Portfolio Budget Statements, p.117

2017-18 Target	2017-18 Result
Implement the Compliance and Enforcement Plan. Strengthen inter-agency partnerships to enable greater monitoring and use intelligence to target non-compliance. Remove illegal and/or non-compliant products that pose an unacceptable risk from the Australian market.	The Compliance and Enforcement Plan for 2017-18 was documented and implemented. The Department has developed improved, cooperative partnerships with state, territory, Federal and international partners across health agencies, law enforcement and regulator entities and has a strong partnership with the Australian Border Force. The Department has assessed over 2,554 compliance referrals in the reporting period which resulted in 403,421 units of illegal therapeutic goods destroyed. **Result: Met**

Stakeholder engagement was enhanced both domestically and internationally, including the execution of joint compliance activities across state, territory, Federal and international jurisdictions.

All allegations of compliance breaches were assessed against the Case Categorisation and Prioritisation Model to determine the appropriate compliance action to be applied.

Improve access to therapeutic goods for consumers whilst maintaining the safety of therapeutic goods in Australia.

Source: 2017-18 Health Portfolio Budget Statements, p.117

2017-18 Target	2017-18 Result
Implementation of the Australian Government's reforms arising from the Review progressed through: – developing and implementing new regulatory pathways for prescription and complementary medicines and medical devices; – a risk-based approach to variations to registered medicines; – improving patient-specific access to unapproved therapeutic goods; and – more effective regulation of therapeutic goods advertising.	Reforms from the Review of Medicine and Medical Devices Regulation have been progressed through establishment of: – new regulatory pathways for prescription and complementary medicines and medical devices; – a risk-based approach to variations to registered medicines; – improved patient-specific access to unapproved therapeutic goods; and – improved regulation of therapeutic goods advertising. **Result: Met**

The second tranche of legislative changes to implement the reforms from the Expert Panel Review of Medicines and Medical Devices Regulation, the *Therapeutic Goods Amendment (2017 Measures No. 1) Act 2018*, was enacted in March 2018.

Key reforms achieved included establishing new regulatory pathways allowing priority review of prescription medicines and medical devices, enabling some overseas assessments of medical devices to be used to support shorter assessment times and establishing a new pathway where listed complementary medicines can be assessed for effectiveness.

The TGA reviewed and implemented a new version of the orphan[64] designation pathway and made a number of changes to the regulatory framework for medical devices during 2017-18.

[64] An orphan is a medicine, vaccine or in vivo diagnostic agent that meets the requirements of regulation 16J of the Therapeutic Goods Regulations 1990 and provide a financial incentive (through fee waiver) for sponsors to bring products for rare diseases and conditions to market.

Maintain the Poisons Standard in accordance with the requirements of the *Therapeutic Goods Regulations 1990* to support protection of the community.

Source: 2017-18 Health Portfolio Budget Statements, p.117

2017-18 Target	2017-18 Result
Consider advice from the Advisory Committee on Medicines and Chemicals Scheduling to inform updates to the Poisons Standard. Implement scheduling policy reforms.	Advice from the Advisory Committee on Medicines and Chemicals Scheduling was considered when updating the Poisons Standard. The Poisons Standard was revised four times during 2017-18. Implementation of scheduling policy reforms has been initiated. **Result: Substantially met**

All required amendments to the Poisons Standard were published on the TGA website[65] prior to implementation and in the Poisons Standard as soon as practicable after the Secretary's delegates' final decisions.

Regulating the import, export, and manufacture of controlled drugs, and cultivation of medicinal cannabis

Applications for the import, export, and manufacture of controlled substances are assessed and processed within appropriate timeframes to support Australian industry to engage in international trade, and ensure that medicinal products are available to Australian patients.

Source: 2017-18 Health Portfolio Budget Statements, p.118

2017-18 Target	2017-18 Result
Applications are processed within agreed timeframes.	94% of applications were processed within agreed timeframes. **Result: Substantially met**

The Department issued 9,197 licences and permits authorising the import, export and manufacture of controlled drugs. This represents a 22% increase compared with 2016-17. This substantial increase in volumes led to a decrease in completion of applications within agreed timeframes.

The Department also issued 93 checks and statements to law enforcement in support of investigations into possible criminal importation.

In part, these increases are driven by the introduction of the Medicinal Cannabis Scheme, as well as increases to the numbers of substances on prohibited import and export schedules.

[65] Available at: www.tga.gov.au/publication/poisons-standard-susmp

Ensure that licence applications for the cultivation and production of medicinal cannabis are subject to fit and proper person and security tests through engagement with law enforcement and state and territory regulatory authorities.

Source: 2017-18 Health Portfolio Budget Statements, p.118 and Health Corporate Plan 2017-18, p.32

2017-18 Target	2017-18 Result
Improve response rates from law enforcement agencies through the formalisation of Memoranda of Understanding. Build internal intelligence holdings supporting repeat and new applications.	Law enforcement responses to application assessments are now completed for all applications. Internal intelligence holdings are now in place and in use.
	Result: Met

The majority of requests for information that Office of Drug Control (ODC) submits to contacts in law enforcement and state and territory governments yielded no adverse findings about the persons of interest. There have been a number of situations where adverse findings against a person have been shared with ODC, resulting in the exclusion of those persons from any licences. The exclusions are enforced either through the application of conditions to the licence or by the licence holder removing the person from the body corporate.

Four such exclusions have occurred out of 41 licences granted or reviewed in 2017-18. In all cases, information about persons identified as being of interest is captured in ODC records to add to existing intelligence holdings.

Protecting people and the environment by assessing the risks of industrial chemicals and providing information to promote their safe use

Increased proportion of NICNAS risk management recommendations considered by Commonwealth and state and territory risk management agencies and accepted to promote safer use of industrial chemicals.

Source: 2017-18 Health Portfolio Budget Statements, p.118

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥80%	99.6%	N/A	N/A	N/A	N/A
	Result: Met				

A total of 222 recommendations were considered and accepted in part or whole by risk management agencies, including Safe Work Australia and the delegate of the Secretary of the Department of Health for maintaining the Poisons Standard.

Increased proportion of known importers and manufacturers of industrial chemicals registered with NICNAS, to promote awareness among the regulated community of their legal obligations.

Source: 2017-18 Health Portfolio Budget Statements, p.118

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥90%	99%	N/A	N/A	N/A	N/A
	Result: Met				

All introducers (importers and manufacturers) of industrial chemicals are required to register with NICNAS each year. As a result of compliance monitoring activities to identify unregistered industrial chemicals introducers, 381 new introducers were registered with the scheme in 2017-18.

A sample of registered introducers were audited to determine their compliance with their obligations under the *Industrial Chemicals (Notification and Assessment) Act 1989* with respect to new chemicals, resulting in the identification of five non-compliant introducers. Subsequently, 18 new chemicals were notified or reported to NICNAS.

Maintain proportion of NICNAS risk assessments completed within statutory timeframes to minimise regulatory burden on businesses.
Source: 2017-18 Health Portfolio Budget Statements, p.118

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥95%	99%	99.6%	99%	98%	98%
	Result: Met				

During 2017-18, the Department completed 287 pre-market assessments of new chemicals with 285 of these completed within statutory timeframes. Assessment reports on three secondary notification assessments of previously assessed chemicals were also published within statutory timeframes.

Assessment quality is maintained through peer reviewing and seeking stakeholder feedback prior to finalising all reports. In 2017-18, no applications concerning the outcomes of chemical assessments were submitted to the Administrative Appeals Tribunal for review.

Protecting the health and safety of people and the environment by regulating activities with genetically modified organisms

Protect people and the environment through open, effective and transparent regulation of genetically modified organisms (GMOs).
Source: 2017-18 Health Portfolio Budget Statements, p.119

2017-18 Target	2017-18 Result
Risk assessments and risk management plans prepared for 100% of applications for licensed dealings. 100% of licence decisions made within statutory timeframes. High level of compliance with gene technology legislation and no adverse effect on human health or environment from authorised GMOs. Stakeholders, including the public, consulted on all assessments for proposed release of GMOs into the environment.	Risk assessments and risk management plans were prepared and decisions made within statutory timeframes, for 100% of licensed dealings. There was a high level of compliance with gene technology legislation with no evidence of any adverse effect on human health or environment from authorised GMOs. Stakeholders, including the public, were consulted on all assessments for proposed release of GMOs into the environment.
	Result: Met

The Office of the Gene Technology Regulator (OGTR) has skilled technical staff to conduct science-based risk assessments. There are project management structures for all licence applications, including milestones for both timing and quality assurance, and public consultation procedures built in to relevant decision making processes.

Monitoring and compliance inspections have confirmed a high level of compliance with licence and certification requirements. Stakeholders are continuing to work with inspectors using a cooperative compliance approach.

Enhance harmonisation in the regulation of GMOs and genetically modified products. Source: 2017-18 Health Portfolio Budget Statements, p.119	
2017-18 Target	**2017-18 Result**
Maintained best practice regulation through participation in international harmonisation activities and collaboration with relevant national regulators.	The OGTR and the Gene Technology Regulator participated in a range of international and national activities that focused on best practice regulation of GMOs. New and emerging technologies and their regulation was a key topic of discussion for both national and international harmonisation. **Result: Met**

The Gene Technology Regulator and OGTR staff engage effectively in international fora and activities relevant to the regulation of GMOs.

The OGTR is invited to participate in international conferences and to host delegates due to its internationally acknowledged technical expertise and experience. The Australian gene technology regulatory system represents international best practice and has effectively protected people and the environment for 17 years.

Protecting the health of people and the environment through effective regulation

Strengthen existing frameworks to ban cosmetic testing on animals. Source: 2017-18 Health Portfolio Budget Statements, p.120	
2017-18 Target	**2017-18 Result**
Amend the National Health and Medical Research Council (NHMRC) Australian Code for the care and use of animals for scientific purposes (Animal Ethics Code) to ban cosmetic testing on animals. Undertake procurement and commence work program to develop a voluntary Industry Code of Practice and a product information and communication package. Legislate Animal Cosmetic Testing Ban as part of the new Industrial Chemicals Bill 2017.	Work has commenced on amending the Animal Ethics Code. Initial discussions were held with industry and other key stakeholders on the voluntary Industry Code of Practice and the product information and communication package. Animal Cosmetic Testing Ban legislation was developed as part of the Industrial Chemicals Bill 2017 that is currently before the Senate. **Result: Substantially met**

The use of animals in scientific research is regulated by the states and territories, with the NHMRC's Animal Ethics Code offering national guidance. By amending the Animal Ethics Code in combination with legislative changes, a ban on the testing of cosmetic ingredients or products on animals in Australia can be delivered. The work to amend the Animal Ethics Code is not yet complete due to the delays in the passage of the Industrial Chemicals Bill 2017, as amendments to the Animal Ethics Code need to be aligned with the ban as passed by Parliament.

Program 5.2:
Health Protection and Emergency Response

The Department met or substantially met all performance targets related to this program.

In 2017-18, the Department developed five national strategies that define the priority populations most at risk or impacted by blood borne viruses (BBV) and sexually transmissible infections (STI) in Australia. The strategies set out a range of actions for 2018–2022 to reduce the transmission of BBVs and STIs and minimise their social and personal impact.

The Department has maintained effective preparation and mitigation measures and has responded to national health emergencies, minimising the health impact on the community of those events. Strengthening Australia's health security capacity enables greater detection, prevention and response to public health threats, ultimately improving community protection.

A number of key initiatives to reduce the development and spread of antimicrobial resistance (AMR) have been progressed in 2017-18, including through surveillance, awareness raising and supporting health professionals to reduce antibiotic prescribing where it was safe and appropriate to do so.

Exotic mosquitoes and vector-borne diseases present a public health risk to Australia. Several factors have increased the risk and distribution of mosquitoes and the viruses they carry, including increased international travel and trade, increased urbanisation and changing climate. The Department worked closely with the Department of Agriculture and Water Resources and the states and territories at Australia's international airports and seaports and in the Torres Strait, on the surveillance and control of exotic mosquitoes. This has reduced the risk of new populations of exotic mosquitoes establishing in Australia and the risk of dengue fever and other mosquito-borne diseases in the Torres Strait.

Reducing the incidence of blood borne viruses (BBV) and sexually transmissible infections (STI)

National direction supports a coordinated response to reducing the spread of BBVs and STIs.
Source: 2017-18 Health Portfolio Budget Statements, p.122

2017-18 Target	2017-18 Result
All partners, including states and territories, clinicians, researchers, and community and professional organisations are supported to address rising rates of BBVs and STIs in the community through development and publication of the new National BBV and STI Strategy 2018–2022, incorporating HIV, hepatitis B, hepatitis C, and STI, with a focus on Aboriginal and Torres Strait Islander BBV and STI.	Five National BBV and STI Strategies for 2018–2022 were drafted in 2017-18: – Eighth National HIV Strategy; – Fifth National Hepatitis C Strategy; – Third National Hepatitis B Strategy; – Fourth National STI Strategy; and – Fifth National Aboriginal and Torres Strait Islander BBV and STI Strategy. All five Strategies are expected to be launched in the second half of 2018. **Result: Substantially met**

At the Minister's request, five separate Strategies were developed in preference to a single National BBV and STI Strategy 2018–2022.

Consultations on the national strategies were extensive and considerable feedback and input has been received from stakeholders. The Australian Health Protection Principal Committee (AHPPC) endorsed three of the five Strategies in 2017-18. Once the final two Strategies are endorsed by AHPPC, all five National Strategies will be provided to the Australian Health Ministers' Advisory Council and the Council of Australian Governments' Health Council for endorsement.

The Department considers that the significant stakeholder engagement in the development of these strategies indicates a high level of commitment to the implementation of the Strategies from 2018–2022.

Providing an effective response to national health emergencies, improving biosecurity and minimising the risks posed by communicable diseases

Manage and respond to national health emergencies and emerging health protection issues through effective preparation and mitigation measures.

Source: 2017-18 Health Portfolio Budget Statements, p.122

2017-18 Target	2017-18 Result
National responses to health emergencies are successfully managed through the timely engagement of national health coordination mechanisms and response plans.	The Department continued to manage and respond to national health emergencies and emerging health protection issues through effective preparation and mitigation measures.
Collect and disseminate data in the National Notifiable Diseases Surveillance System, including publishing on the Department's website.[66]	Data was provided electronically to the National Notifiable Diseases Surveillance System from states and territories daily. Aggregated data was made available on the Department of Health's website, updated daily.
Complete World Health Organization (WHO) International Health Regulations (2005) Joint External Evaluation of core capacities.	Australia's national health security capabilities were evaluated through completion of the WHO International Health Regulations (2005) Joint External Evaluation in 2017-18. The evaluation found Australia has a high level capacity to detect, prevent, prepare for and respond to health emergencies.
	Result: Met

In 2017-18 the Department's National Incident Room (NIR) responded to approximately 14 incidents per month. The three most common hazards notified to the NIR, accounting for over two-thirds of the year's incidents, were tuberculosis, measles and Legionnaires' disease.

Over the reporting period, 105 incidents involved the use of protected information within the meaning of section 18 of the *National Health Security Act 2007*.

On a larger scale, the NIR provided the capability to coordinate a national response to health emergencies and health aspects of other emergencies. In 2017-18, responses coordinated by the Department included the response to the rise in invasive meningococcal disease cases and multiple Australian Government international deployments of the Australian Medical Assistance Teams.

Australia's Joint External Evaluation of compliance with the International Health Regulations mission took place between 24 November and 1 December 2017. A team of international experts conducted an external, objective assessment of 19 core capacities of health security. The final mission report was published on 18 April 2018. The report confirms that Australia has a very high level of capacity for health security across all the targeted core capacities and provides recommendations to further build on our capabilities.

[66] Available at: www.health.gov.au/internet/main/publishing.nsf/content/cda-surveil-nndss-nndssintro.htm

Provide national direction to minimise the spread of antimicrobial resistance (AMR). Source: 2017-18 Health Portfolio Budget Statements, p.123	
2017-18 Target	**2017-18 Result**
Action against the spread of AMR is supported by implementation of programs that support the *National AMR Strategy 2015–2019*.[67]	A range of key activities to reduce the development and spread of AMR has been implemented under the *National AMR Strategy 2015–2019*. **Result: Met**

The Department has progressed a number of key activities to reduce the development and spread of AMR in Australia, in particular the:

- development and release of a dedicated AMR website to raise awareness and understanding about AMR and antibiotic use;[68]
- continuation of and enhancements to the Antimicrobial Resistance and Use in Australia Surveillance System to further understand the current AMR situation in Australia and target efforts accordingly; and
- establishment of clear governance mechanisms to oversee and drive the work to stop the spread of AMR.

Support Australia's defences against the potential spread of mosquito-borne diseases on mainland Australia and in the Torres Strait. Source: 2017-18 Health Portfolio Budget Statements, p.123	
2017-18 Target	**2017-18 Result**
Undertake targeted vector surveillance and control programs in the Torres Strait.[69] Work closely with the Department of Agriculture and Water Resources and states and territories, on exotic vector surveillance and control at Australia's international airports and seaports.	Surveillance reports continue to confirm the suppression of exotic mosquito populations in the Torres Strait. There have been no detections of the targeted exotic mosquito on mainland Australia. The Department of Health engaged closely with the Department of Agriculture and Water Resources and states and territories to implement exotic vector surveillance and control at Australia's international air and sea ports. Several exotic mosquitoes were detected through trapping and specimen analysis during 2017-18 and in all cases effective chemical treatments were implemented. **Result: Met**

The program to protect Australia from the exotic mosquito *Aedes albopictus* has remained successful during 2017-18. Focus has been maintained on suppression of the exotic mosquito on the strategic transport hubs of Horn Island and Thursday Island. The intensive control and monitoring activities on these islands in recent years have resulted in near elimination, such that the species has been undetectable in most of the surveys conducted on these islands.

Mosquito suppression strategies have effectively prevented growth or expansion of the residual population of exotic mosquitoes and consequently there have been no detections of the exotic mosquito in surveys conducted on the mainland of Australia.

[67] Available at: www.amr.gov.au/australias-response/national-amr-strategy

[68] Available at: www.amr.gov.au

[69] Vector control and surveillance aims to manage and eradicate disease carrying mosquito populations.

Program 5.3: Immunisation

The Department met both performance targets related to this program.

The Government aims to reduce the incidence of vaccine-preventable diseases and protect individuals and the Australian community through the National Immunisation Program (NIP) and associated initiatives. Through the NIP, childhood immunisation rates continue to be high, indicating a high level of protection in the community.

The Department is also supporting the Government to close the gap between Aboriginal and Torres Strait Islander children aged 12–15 months and non-Indigenous children of the same cohort. While there has been an increase in immunisation coverage rates for Aboriginal and Torres Strait Islander children at 12–15 months of age, a significant gap still remains and further work is required to reduce this disparity.

To improve population coverage of the vaccines usually given in early childhood, the Department implemented the *Supporting No Jab, No Pay – National Immunisation Program* to expand the NIP to all individuals up to the age of 19 years and refugee and humanitarian entrants of all ages.

In addition, the Department implemented the *Supporting No Jab, No Pay – improving awareness and uptake of immunisation* initiative through the launch of a Childhood Immunisation Education Campaign. This campaign supports expectant parents and those with children under the age of five by explaining the benefits of childhood vaccination, addressing misconceptions and encouraging timely completion of the childhood immunisation schedule.

A new *National Partnership on Essential Vaccines* (NPEV) has also been put in place which establishes the ongoing collaborative arrangements that support the delivery of the NIP. The new NPEV is an important step in protecting Australians from the spread of vaccine preventable diseases through the cost-effective and efficient delivery of the NIP and increasing immunisation coverage rates including in geographic areas of low coverage.

Getting the facts about childhood immunisation

Launched in August 2017, the *Childhood Immunisation Education* campaign encourages Australian parents and carers to get their kids vaccinated. It was developed in response to research that showed that when people are fully informed about the benefits of vaccination, they are more likely to vaccinate. The campaign addressed perceived misconceptions and informed parents of the evidence-based facts about childhood vaccinations.

Two phases of the campaign were delivered in 2017-18 reaching parents through online communication channels including social media, digital advertising and online video. Real families who experienced the devastating loss of their young children due to vaccine-preventable disease were included in the advertising materials. Their engaging stories were supported with immunisation facts presented by Immunologist, Professor Ian Frazer AC.

'Our baby son Riley died from a vaccine-preventable disease. Nothing can bring him back. But together we can all help to prevent this tragedy from happening to other families.'

Catherine and Greg Hughes

While immunisation rates in Australia are already high, with 94.4% of five-year-old children fully vaccinated[70], there are some areas where the immunisation rate is too low. It is these pockets of low coverage which pose risks to the community, especially to people who can't be vaccinated, like newborns or those with certain medical conditions. While this campaign targeted all Australian parents with children aged 0-5 years, areas with the lowest immunisation coverage rate for children aged 0-5 years were supplemented with increased advertising placement.

Evaluation of the campaign has indicated positive results, including increases in future vaccination intent and increased positive perceptions of childhood immunisation.

[70] Australian Immunisation Register June 2018 assessment quarter available at: https://beta.health.gov.au/health-topics/immunisation/childhood-immunisation-coverage/immunisation-coverage-rates-for-all

Increasing national immunisation coverage rates and improving the effectiveness of the National Immunisation Program

Increase the immunisation coverage rates in children at 5 years of age.[71]

Source: 2017-18 Health Portfolio Budget Statements, p.124 and Health Corporate Plan 2017-18, p.32

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥92.5%	94.4%	93.6%	92.9%	92.3%	92.0%
	Result: Met				

Immunisation coverage rates have continued to increase in 2017-18. This trend is expected to continue towards the World Health Organization Western Pacific Region, Chief Medical Officer's and Chief Health Officers' aspirational target coverage rate of 95%. The Department will continue to work with states and territories to achieve this target.

Increase the immunisation coverage rates among 12–15 months of age Aboriginal and Torres Strait Islander children.[72]

Source: 2017-18 Health Portfolio Budget Statements, p.124

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥89.0%	92.5%	92.2%	89.8%	N/A	N/A
	Result: Met				

Immunisation coverage rates among 12–15 months of age Aboriginal and Torres Strait Islander children continue to improve with the gap between non-Indigenous children in the same cohort decreasing from 1.6% in 2016-17 to 1.5% in 2017-18.

[71] Further information available at: www.immunise.health.gov.au/internet/immunise/publishing.nsf/Content/acir-curr-data.htm

[72] Ibid.

Outcome 5 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 5.1: Protect the Health and Safety of the Community Through Regulation			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	659	109	(550)
Departmental expenses			
Departmental appropriation[1]	15,600	15,267	(333)
to Special Accounts	(10,305)	(10,305)	-
Expenses not requiring appropriation in the budget year[2]	3,720	116	(3,604)
Special Accounts			
OGTR[3]	7,673	7,534	(139)
NICNAS[4]	19,489	17,907	(1,582)
TGA[5]	148,324	142,280	(6,044)
Expense adjustment[6]	(2,730)	4,647	7,377
Expenses not requiring appropriation in the budget year[2]	-	3	3
Total for Program 5.1	**182,430**	**177,557**	**(4,873)**
Program 5.2: Health Protection and Emergency Response[7]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	88,727	85,992	(2,735)
Non cash expenses[8]	24,408	24,422	14
Special Accounts			
Human Pituitary Hormones Special Account (s78 PGPA Act)	170	115	(55)
Departmental expenses			
Departmental appropriation[1]	25,443	25,395	(48)
Expenses not requiring appropriation in the budget year[2]	752	756	4
Total for Program 5.2	**139,500**	**136,680**	**(2,820)**
Program 5.3: Immunisation[7]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	36,430	34,565	(1,865)
to Australian Childhood Immunisation Special Account	(7,055)	(3,222)	3,833
Special Accounts			
Australian Childhood Immunisation Register Special Account (s78 PGPA Act)	9,820	9,895	75
Special appropriations			
National Health Act 1953 – essential vaccines	374,572	344,427	(30,145)
Departmental expenses			
Departmental appropriation[1]	8,918	9,180	262
Expenses not requiring appropriation in the budget year[2]	229	246	17
Total for Program 5.3	**422,914**	**395,092**	**(27,822)**

Outcome 5 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Outcome 5 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	125,816	120,666	(5,150)
to Special Accounts	(7,055)	(3,222)	3,833
Non cash expenses[8]	24,408	24,422	14
Special Accounts	9,990	10,010	20
Special appropriations	374,572	344,427	(30,145)
Departmental expenses			
Departmental appropriation[1]	49,961	49,842	(119)
to Special Accounts	(10,305)	(10,305)	-
Expenses not requiring appropriation in the budget year[2]	4,701	1,118	(3,583)
Special Accounts	172,756	172,371	(385)
Total expenses for Outcome 5	**744,844**	**709,329**	**(35,515)**
Average staffing level (number)	**944**	**894**	**(50)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

3 Office of the Gene Technology Regulator Special Account.

4 National Industrial Chemicals Notification and Assessment Scheme Special Account.

5 Therapeutic Goods Administration Special Account.

6 Special accounts are reported on a cash basis. The adjustment reflects the difference between expense and cash, and eliminates inter-entity transactions between the core Department and TGA.

7 This program excludes National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) Framework.

8 Non cash expenses relate to the write down of drug stockpile inventory due to expiration, consumption and distribution.

Outcome 6:
Ageing and Aged Care

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

Over 99,900
Home Care Packages
provided to support older people to **live at home longer**

Over 210,800
residential aged care places provided

860
National Aboriginal and Torres Strait Islander **Aged Care Program places** funded

$64 million in grants
allocated to **22 projects around Australia** to improve or maintain residential aged care

Highlights

Enhancements to My Aged Care

Improvements made to My Aged Care will lead to improved client outcomes through increased responsiveness of assessments and timely access to aged care services.

Program 6.1

Supporting older Australians to live at home longer

A range of flexible aged care programs continued to be delivered, providing services to older Australians living at home.

Program 6.2

Programs contributing to Outcome 6

	Summary of results against performance criteria		
Program	**Targets met**	**Targets substantially met**	**Targets not met**
Program 6.1: Access and Information	-	2	-
Program 6.2: Home Support and Care	4	-	-
Program 6.3: Residential and Flexible Care	5	2	-
Program 6.4: Aged Care Quality	4	-	-
Total	13	4	-

Program 6.1:
Access and Information

The Department substantially met both performance targets related to this program.

During 2017-18, the Department continued to make enhancements to the My Aged Care platform, including a major restructure of the website to improve navigation and content. Access to information relating to aged care services has been greatly improved through enhancements to system performance and efficiency. These enhancements have provided improved and more consistent client outcomes, responsive assessments of clients' needs and goals, appropriate referrals and equitable access to aged care services.

Supporting equitable and timely access to aged care services and information for older Australians, their families, representatives and carers

Demonstrated system efficiency of My Aged Care through maintaining:

a. the percentage of high priority comprehensive assessments with clinical intervention completed within 48 hours of referral acceptance; and

b. the percentage of high priority home support assessments completed within ten calendar days of referral acceptance.

Source: 2017-18 Health Portfolio Budget Statements, p.130

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
a. >90% b. >90%	88% 93%	71.0% N/A	96.9% N/A	94.8% N/A	89.0% N/A
	Result: Substantially met				

The Department substantially met the target for the number of high priority comprehensive assessments with clinical intervention that were completed within 48 hours of referral acceptance in 2017-18. Due to a number of factors the target was not met, including unanticipated spikes in assessment volumes, complexity of cases and availability of clients.

The Department exceeded the target for the number of home support assessments completed within ten days of referral acceptance.

Percentage of surveyed users[73] who are satisfied[74] with the service provided by the:

a. My Aged Care Contact Centre.

b. My Aged Care website.

Source: 2017-18 Health Portfolio Budget Statements, p.130 and Health Corporate Plan 2017-18, p.33

2017-18 Target	2017-18 Result	2016-17	2015-16
a. ≥95% b. ≥65%	92% 56%	95% 54%	97% 59%
	Result: Substantially met		

Significant changes to aged care programs during the past year has impacted the satisfaction results for the My Aged Care Contact Centre, a primary information channel for consumers. The Department continues to improve and develop information and support services available to users of the system, to ensure that information is clear and readily available.

As part of a continuous improvement approach, the My Aged Care website is constantly updated and improved to make it easier for older Australians and their families to access information about aged care services.

[73] 'Users' refers broadly to different types of callers to the My Aged Care Contact Centre and visitors to the My Aged Care website, including people seeking information and/or services for themselves, or others, as well as aged care service providers seeking information or system help.

[74] 'Satisfied' callers to the My Aged Care Contact Centre and visitors to the My Aged Care website are those who respond 'very satisfied' or 'satisfied' to the My Aged Care Customer Satisfaction Survey question: 'How satisfied were you overall with your experience?'

Program 6.2:
Home Support and Care

The Department met all performance targets related to this program.

The Government has continued to support older Australians to live at home for longer by providing choice through a range of flexible options. These include: the Commonwealth Home Support Programme (CHSP), which provides assistance to carry on living independently at home and in the community; the Home Care Packages Program, which provides consumers with more choice about their care and who provides it; and the Continence Aids Payments Scheme, which provides financial support to eligible recipients.

The CHSP provided continuity of essential services such as transport, meals, domestic assistance, personal care, nursing, allied health and respite services. These services assisted clients to remain independent and connected to their community for longer.

Providing home support for older people who need assistance to keep living independently

Commonwealth Home Support Programme continues to assist older people to stay independent and live in their homes and communities for longer.

Source: 2017-18 Health Portfolio Budget Statements, p.132 and Health Corporate Plan 2017-18, p.33

2017-18 Target	2017-18 Result
Continue to provide services through the CHSP.	Services were provided through the CHSP.
	Result: Met

During 2017-18, the Department supported the Government to fund CHSP providers to deliver services in all states and territories except Western Australia. Home and Community Care services in Western Australia transitioned to the CHSP on 1 July 2018.

The Commonwealth Continuity of Support (CoS) Programme[75] continues to be implemented in a phased approach to support eligible older people with a disability.

Source: 2017-18 Health Portfolio Budget Statements, p.132

2017-18 Target	2017-18 Result
Progressive regional implementation is ongoing.	In 2017-18, the Department continued the phased implementation of the CoS Programme with Victoria, Northern Territory and South Australia transitioning to the program.
	Result: Met

The CoS Programme was implemented from 1 December 2016 in regions of New South Wales, Queensland and Tasmania in line with the phased rollout of the National Disability Insurance Scheme (NDIS). In 2017-18, Victoria, South Australia and the Northern Territory also commenced phased transitions.

As at 30 June 2018, South Australia, the Australian Capital Territory and New South Wales reached full implementation, with all eligible state disability clients transitioning to the CoS Programme.

Western Australia will begin transitioning from 1 July 2019 and will be finalised by 30 June 2020.

[75] The CoS Programme provides support to older people with a disability currently receiving state and territory-managed specialist disability services, who are not eligible for the NDIS, at the time the NDIS is implemented in a region. The CoS Programme is being implemented in line with the NDIS rollout.

Providing older people access to a range of ongoing care services to keep living in their own homes

Provide support to older people with complex care needs to keep them living independently in their own homes through the Home Care Packages Program.

a. Number of allocated Home Care Packages.[76]

Source: 2017-18 Health Portfolio Budget Statements, p.132

2017-18 Target	2017-18 Result	2016-17
87,590[77]	99,932	91,980
	Result: Met	

Home Care Packages are assigned to older Australians through the national prioritisation system, managed by My Aged Care. The Department provides Home Care Packages regularly, at a rate appropriate to meet the target, including mainstream and flexible Home Care Packages.

Providing assistance to eligible recipients through the Continence Aids Payments Scheme

Assist people with permanent and severe incontinence to maintain a good quality of life enabling them to participate in the community.

Source: 2017-18 Health Portfolio Budget Statements, p.133

2017-18 Target	2017-18 Result
Provide financial assistance through the Continence Aids Payments Scheme to eligible people to support the purchase of continence products.	Clients were provided assistance through the Continence Aids Payments Scheme during 2017-18.
	Result: Met

The total number of clients for the Continence Aids Payments Scheme changes based on the need of the eligible population who meet the application criteria as the program is demand driven.

[76] Includes mainstream and flexible Home Care Packages.

[77] The 2017-18 target was revised downwards from 100,436 published in the *2017-18 Health Portfolio Budget Statements* as a result of the Government's decision at the Mid-Year Economic outlook to rebalance home care packages to Levels 3 and 4.

Home Care Packages Program – helping senior Australians to live at home longer

The Australian Government's Home Care Packages Program (home care) helps senior Australians 65 years or older through a coordinated package of care and services to help them to live independently in their own home for as long as they can.

This year the Department has been working with the sector to bed down the significant changes implemented as part of the Increasing Choice in Home Care reforms. The changes give senior Australians greater choice and control over who deliver their care and services.

In doing so, the changes support senior Australians to choose their preferred home care provider and to direct their government subsidy to that provider. This also means that consumers can change their home care provider if they wish, including if they move to another area to live.

To receive a home care package, a person must first be assessed as eligible by an Aged Care Assessment Team. There are four levels of home care packages to help meet the different levels of care needs. During the assessment, the assessor will discuss the person's current care needs and determine the best level to meet those needs.

The benefit of a home care package is that the provider will work with a client to identify and manage a package of care and services to meet a person's specific needs so they can live a more active and independent life.

'I got on to My Aged Care and had some people come over to assess Mum…she's now more independent, and she has extra help. It's great.'

Family member of care recipient.

'With the workers coming in from home care, it's given me a better quality of life… that gives me the independence to live here and live quite comfortably.'

Aboriginal and Torres Strait Islander care recipient.

Program 6.3: Residential and Flexible Care

The Department met or substantially met all performance targets related to this program.

Residential aged care provides a range of care options and accommodation for older Australians who are unable to continue living independently in their own home. This can be on both a permanent or short-term basis. As at 30 June 2018, there were 210,815 operational residential aged care places, an increase of 6,480 over the year.

Supporting mainstream residential and home-based aged care services are a number of different flexible care programs, which recognise that the needs of some people may require a different care approach. This includes the Short-Term Restorative Care Programme, which became operational in February 2017 and provides a range of restorative care services aimed at improving wellbeing and independence of older Australians to enable them to continue living in their own homes.

In addition, the Transition Care Program provides a time-limited package of restorative services that seek to optimise the functioning and independence of older people after a hospital stay, enabling them to return to their own homes.

The Department, in a joint initiative with state and territory governments, continued to provide integrated health and aged care services for small rural and remote communities through the Multi-Purpose Services Program, allowing services to exist in regions that could not viably support a stand-alone hospital or aged care service. Grants under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program resulted in additional residential aged care services providing flexible, culturally safe, aged care services to older Aboriginal and Torres Strait Islander peoples close to their home and community.

Supporting people with different care needs through flexible care arrangements

Increase in the number of older people who accessed restorative interventions through the Short-Term Restorative Care (STRC) Programme or the Transition Care Program (TCP).
Source: 2017-18 Health Portfolio Budget Statements, p.135

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
≥27,000	26,024	N/A	N/A	N/A	N/A
	Result: Substantially met				

In 2017-18, there were 475 STRC places and 4,060 TCP places, which can be used for up to eight weeks and 12 weeks respectively. The total number of people that access the places in any given year will reflect the assessed need and length of stay of individuals. The target is an estimate of how many people the Department considers will access the places.

Since its establishment in 2016-17, a total of 475 STRC places have been made available, with over 3,000 people a year able to access care through these places. There has been a significant increase in the number of people accessing restorative care through STRC in 2017-18.

Number of places funded through Multi-Purpose Services (MPS).
Source: 2017-18 Health Portfolio Budget Statements, p.135

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
3,712	3,624	3,636	3,592	3,545	3,525
	Result: Substantially met				

The 2017-18 MPS Program allocations round resulted in the establishment of a new MPS in Bonalbo New South Wales, with the allocation of 15 new flexible places (high care residential).

The level of care designated to 63 existing flexible aged care places was changed from low care to high care in 18 services in South Australia, New South Wales and Victoria. There was significantly less demand for MPS from providers in 2017-18 compared to the past two years.

Number of places funded through the National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP).

Source: 2017-18 Health Portfolio Budget Statements, p.135

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
850	860	820	820	802	739
	Result: Met				

The 2017-18 NATSIFACP expansion round resulted in three additional residential aged care services with a total of 35 aged care places being funded under the program from 1 January 2018. These services are located in the Gulf of Carpentaria and in Doomadgee, Normanton and Mornington Island in Queensland.

In addition, two current NATSIFACP aged care service providers received additional funding to change the mix of places already funded under the program.

Supporting people in residential aged care

Provide residential care options and accommodation for older people who are unable to continue living independently in their own homes.

a. Residential aged care places available as at 30 June.

Source: 2017-18 Health Portfolio Budget Statements, p.135

2017-18 Target	2017-18 Result	2016-17	2015-16	2014-15	2013-14
209,700	210,815	204,335	199,449	195,953	192,834
	Result: Met				

This is the number of operational places available in the market, noting that at any point in time not all places will be occupied.

The number of operational residential aged care places has increased since 2016-17. The Department continues to monitor the impact of the red tape reduction measures introduced in early 2016 that encourage providers to operationalise their provisionally allocated places.

Ensure that subsidies paid to residential aged care providers accurately reflect the assessed care needs of residents.

Source: 2017-18 Health Portfolio Budget Statements, p.135

2017-18 Target	2017-18 Result
Aged Care Funding Instrument (ACFI) reviews are undertaken for all residential aged care services that are determined to be at high-risk of inaccurate claiming.	There were 2,334 ACFI claims relating to the assessment of a resident that resulted in adjustments to the amount of subsidies paid as a result of the Department's review activities of all residential aged care services.
	Result: Met

The Department has continued to ensure subsidies paid to residential aged care providers accurately reflect the assessed care needs of residents.

High risk services are identified through detailed analysis of the ACFI claiming patterns of all 2,700 residential aged care services in Australia.

Facilitating equitable access to residential aged care through capital grants

Provide assistance for essential capital improvements to support access to residential aged care.
Source: 2017-18 Health Portfolio Budget Statements, p.136

2017-18 Target	2017-18 Result
Where access is impeded, the Rural, Regional and Other Special Needs Building Fund provides limited funding to support ongoing improvements for essential construction, maintenance and upgrades where eligible aged care providers are unable to meet the whole cost of capital works.	$64 million in capital grants was allocated to 22 projects around Australia that will improve or maintain access to residential aged care.
	Result: Met

The $64 million in grants was allocated as part of the 2016-17 Aged Care Approvals Round and was prioritised to projects in rural, regional and remote areas of Australia and/or areas with projects that specifically focus on the provision of residential care to people from special needs groups.

Protecting the financial security of people in Commonwealth-subsidised residential aged care through the Accommodation Payment Guarantee Scheme

Accommodation payment refunds made to eligible aged care recipients within 14 days following the Secretary's refund declaration under the *Aged Care (Accommodation Payment Security) Act 2006*.[78]
Source: 2017-18 Health Portfolio Additional Estimates Statements, p.62

2017-18 Target	2017-18 Result
100% of accommodation payment refunds are made within 14 days.	100% of accommodation payment refunds were made within 14 days.
	Result: Met

During 2017-18 the Secretary made one refund declaration under the Accommodation Payment Guarantee Scheme. The Department made the refund within a week of the declaration.

[78] The administering of the Accommodation Payment Guarantee Scheme is a demand driven process. In accordance with the *Aged Care (Accommodation Payment Security) Act 2006*, where the scheme is triggered the Department will make 100% of payments under the scheme for residents who are owed an accommodation payment. The Commonwealth has discretion to levy all approved residential aged care providers to recover the cost of each trigger of the scheme. Further information available at: www.myagedcare.gov.au/financial-and-legal/protecting-consumer-rights

GEN – the one stop shop for aged care data and reporting

GEN is a new, freely-available and user-friendly website that provides unprecedented detail and access to information and data for Australia's aged care system. GEN is designed to cater to all levels of users, with easily understood language and illustrations, interactive visualisations and infographics, and downloadable data files. GEN is inviting and universally accessible, from technically skilled users such as academics, researchers and policy makers, to members of the public, including students, current and prospective recipients of aged care services and aged care service providers.

GEN reports on capacity and activity in the aged care system, with particular focus on key topic areas including aged care services and places, people receiving aged care and their pathways through the system, the assessments of their care needs and Australian Government funding of aged care. Information, publications and other resources concerning additional subjects are also provided and a service providing customised analyses and extracts of data is available on request. Key departmental publications such as the annual *Report on the Operation of the Aged Care Act 1997* are also published on GEN and thereby receive a wider audience than previously was the case.

GEN hosts a number of key data products that have become highly valued by users, including: the interactive '*My aged care region*' tool, which provides users with dynamic data specific to their geographic region of interest; the Aged Care Services Information data files, which provide extensive and regularly updated information from providers regarding the services they operate; and the Aged Care Data Snapshot's dashboard and detailed data files, which are of particular use to a number of government agencies.

The Department of Health and the Australian Institute of Health and Welfare have collaborated on, and jointly developed, GEN. GEN is Australia's only centralised and independent repository of national aged care data and publications. GEN was launched by the Minister for Aged Care, The Hon Ken Wyatt AM, MP on 15 August 2017, and since its launch the public utilisation of, and familiarity with, aged care data and resources has greatly improved. Many updates to GEN's content and enhancements to its functionality have been made to date, and many more are planned for the future.

GEN
AGED CARE DATA

Program 6.4:
Aged Care Quality

The Department met all performance targets related to this program.

During 2017-18, the Department continued to address aged care provider non-compliance with the assistance of the Australian Aged Care Quality Agency (the Quality Agency) and the Aged Care Complaints Commissioner (the Complaints Commissioner).

Through the Dementia and Aged Care Services (DACS) Fund, the Department supported the Government to deliver funding for a range of activities to support emerging priorities in dementia care. The Department is also supporting improvements in the quality of care for people living with dementia through the delivery of high quality training in dementia care.

Ensuring the provision of quality aged care, including equitable care for people from diverse backgrounds, and support for people with dementia

Protect the safety, wellbeing, and interests of Commonwealth-subsidised care recipients through regulatory activities.
Source: 2017-18 Health Portfolio Budget Statements, p.137

2017-18 Target	2017-18 Result
Identify, respond to, and take appropriate action to address approved provider non-compliance under the *Aged Care Act 1997* (the Act).	The Department undertook appropriate action to address approved provider non-compliance. For each incidence of potential non-compliance received by the Department, a risk assessment has been undertaken to determine the appropriate action to address non-compliance. The Department's role in responding to non-compliance complements the complaints resolution function of the Complaints Commissioner and the accreditation assessment and monitoring function of the Quality Agency. **Result: Met**

Identified non-compliance has been addressed, with a substantial increase in the amount of compliance activity across the aged care sector.

In return for government subsidy, providers of aged care are expected to meet certain responsibilities relating to the provision of care and services. These responsibilities are set out in the Act.

The objective of the Department's regulatory activities is for providers to voluntarily comply with their responsibilities and where non-compliance is identified, to return the provider to compliance as quickly as possible to protect the health, safety and wellbeing of care recipients.

The Department responded to non-compliance in a variety of ways including using administrative approaches and regulatory resolutions such as imposing sanctions.

Respond to existing and emerging challenges in the provision of aged care for older Australians.

Source: 2017-18 Health Portfolio Budget Statements, p.138

2017-18 Target	2017-18 Result
Provide $76.138m through the DACS Fund for support activities including dementia care, services targeting lesbian, gay, bisexual, transgender and intersex people and people from culturally and linguistically diverse backgrounds; and special measures for Aboriginal and Torres Strait Islander peoples.	$77.368m funding was provided through the DACS Fund to support a range of activities.
	Result: Met

The DACS Fund is focused on providing support for emerging priorities in dementia care, special measures to support Aboriginal and Torres Strait Islander peoples and ensuring people from diverse backgrounds receive the same quality of aged care as other senior Australians. DACS also funded the development of an Aged Care Workforce Strategy and the Aged Care Diversity Framework.

Improve the quality of care for people with dementia by the provision of vocational-level training to aged care workers or continuing professional development training to health professionals.

Source: 2017-18 Health Portfolio Budget Statements, p.138

2017-18 Target	2017-18 Result
At least 70% of people surveyed[79] think that the quality of care they are receiving has improved since their associated aged care worker/health professional has undertaken training through the national Dementia Training Program.	96% of people surveyed think that Dementia Training Australia has improved the quality of care they are receiving.
	Result: Met

The Dementia Training Program provided accredited education, upskilling and professional development for the workforce providing dementia care in the primary, acute and aged care sectors.

The consortium delivering the Dementia Training Program, Dementia Training Australia, uses a network of teams to ensure training is available nationally, including in rural and remote areas, through face to face training, online learning and a comprehensive range of free online resources and webinars.

People providing care, family members and people living with dementia have verified that the knowledge and skills imparted through training has translated into a higher quality of care.

[79] People surveyed include providers of care for, and the families of, people living with dementia. This survey was developed by the Dementia Training Program in collaboration with the Australian Institute of Health Innovation. The survey is not publically available.

Increase the confidence of aged care providers in managing behavioural and psychological symptoms of dementia.

Source: 2017-18 Health Portfolio Budget Statements, p.138 and Health Corporate Plan 2017-18, p.33

2017-18 Target	2017-18 Result
At least 75% of sampled care givers[80] report an improvement in confidence when managing behavioural and psychological symptoms of dementia, following an intervention from the Dementia Behaviour Management Advisory Services (DBMAS).	92% of care givers surveyed report an improvement in confidence when managing behavioural and psychological symptoms of dementia following an intervention from the DBMAS.
	Result: Met

DBMAS provides nationally coordinated, locally based support and advice to aged, primary and acute care providers and individuals caring for people living with dementia, where behavioural and psychological symptoms of dementia are impacting on their care and quality of life.

The results show that care providers who use this service are becoming more skilled and confident in caring for people living with dementia.

[80] Sampled care givers include family, carers, acute care staff and aged care staff/providers. The survey was provided by DBMAS provider. The survey is not publically available.

Outcome 6 – Budgeted expenses and resources

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 6.1: Access and Information			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	208,414	206,229	(2,185)
Departmental expenses			
Departmental appropriation[1]	43,583	43,968	385
Expenses not requiring appropriation in the budget year[2]	1,118	1,173	55
Total for Program 6.1	**253,115**	**251,370**	**(1,745)**
Program 6.2: Home Support and Care[3]			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	2,559,699	2,400,487	(159,212)
Special appropriations			
Aged Care Act 1997 – Home Care Packages	1,968,204	2,032,079	63,875
National Health Act 1953 – continence aids payments	92,009	90,409	(1,600)
Departmental expenses			
Departmental appropriation[1]	36,253	35,718	(535)
Expenses not requiring appropriation in the budget year[2]	945	972	27
Total for Program 6.2	**4,657,110**	**4,559,666**	**(97,444)**
Program 6.3: Residential and Flexible Care			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)[4]	110,929	110,120	(809)
Zero Real Interest Loans			
– appropriation	44,200	29,451	(14,749)
– expense adjustment[5]	(28,448)	(26,480)	1,968
Special appropriations			
Aged Care Act 1997 – residential care	11,500,060	11,219,254	(280,806)
Aged Care Act 1997 – flexible care	470,072	454,371	(15,701)
Aged Care (Accommodation Payment Security) Act 2006	85	83	(2)
Departmental expenses			
Departmental appropriation[1]	40,730	39,891	(839)
Expenses not requiring appropriation in the budget year[2]	1,138	1,122	(16)
Total for Program 6.3	**12,138,766**	**11,827,812**	**(310,954)**

Outcome 6 – Budgeted expenses and resources (continued)

	Budget estimate 2017-18 $'000 (A)	Actual 2017-18 $'000 (B)	Variation $'000 (B) - (A)
Program 6.4: Aged Care Quality			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)	121,436	117,942	(3,494)
Departmental expenses			
Departmental appropriation[1]	51,584	52,705	1,121
Expenses not requiring appropriation in the budget year[2]	1,313	1,417	104
Total for Program 6.4	**174,333**	**172,064**	**(2,269)**
Outcome 6 totals by appropriation type			
Administered expenses			
Ordinary annual services (*Appropriation Act No. 1*)[4]	3,044,678	2,864,230	(180,448)
– expense adjustment[5]	(28,448)	(26,480)	1,968
Special appropriations	14,030,430	13,796,196	(234,234)
Departmental expenses			
Departmental appropriation[1]	172,150	172,282	132
Expenses not requiring appropriation in the budget year[2]	4,514	4,684	170
Total expenses for Outcome 6	**17,223,324**	**16,810,913**	**(412,411)**
Average staffing level (number)	**1,012**	**972**	**(40)**

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

[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 are made up of depreciation expense, amortisation, make good expense, operating losses and audit fees.

[3] This program excludes Home and Community Care National Partnership payments to state and territory governments by the Treasury as part of the Federal Financial Relations (FFR) Framework.

[4] 'Ordinary annual services (*Appropriation Act No. 1*)' against program 6.3 excludes amounts appropriated in Bill 1 for Zero Real Interest Loans as this funding is not accounted for as an expense.

[5] Payments under the zero real interest loans program are a loan to aged care providers and not accounted for as an expense. The concessional loan discount is the expense and represents the difference between an estimate of the market rate of interest, and that recovered under the loan agreement, over the life of the loan. This adjustment recognises the difference between the appropriation and the concessional loan discount expense.

Part 2.2: Entity Resource Statement

		Actual available appropriation 2017-18 $'000 (A)	Payments made 2017-18 $'000 (B)	Balance remaining 2017-18 $'000 (A) - (B)
Ordinary annual services[1]				
Departmental appropriation				
Prior year departmental appropriation		35,416	35,416	-
Departmental appropriation[2]		658,441	609,173	49,268
Departmental capital budget[3]		11,095	10,992	103
Receipts retained under PGPA Act – section 74		107,463	107,463	-
Total		**812,415**	**763,044**	**49,371**
Administered expenses[4]				
Outcome 1		127,510	108,028	
Outcome 2		4,145,448	3,909,729	
Outcome 3		23,377	20,520	
Outcome 4		1,488,545	1,338,493	
Outcome 5		125,925	116,167	
Outcome 6		3,044,678	2,813,005	
Receipts retained under PGPA Act – section 74		16,935	-	
Payments to Corporate Commonwealth Entities		510,429	510,429	
Total		**9,482,847**	**8,816,371**	
Total ordinary annual services	**A**	**10,295,262**	**9,579,415**	
Other services[5]				
Departmental non-operating				
Prior year departmental appropriation		2,675	2,075	600
Equity injections		7,422	1,070	6,352
Total		**10,097**	**3,145**	**6,952**
Administered non-operating				
Prior year administered appropriation		242,315	22,182	
Administered Assets and Liabilities		25,000	22,712	
Payments to Corporate Commonwealth Entities		54,533	54,533	
Total		**321,848**	**99,427**	
Total other services	**B**	**331,945**	**102,572**	
Total available annual appropriations and payments		**10,627,207**	**9,681,987**	

		Actual available appropriation 2017-18 $'000 (A)	Payments made 2017-18 $'000 (B)	Balance remaining 2017-18 $'000 (A) - (B)
Special appropriations				
Special appropriations limited by criteria/entitlement				
Aged care (Accommodation Payment Security) Act 2006			83	
Aged Care Act 1997			13,678,701	
Health Insurance Act 1973			309,229	
National Health Act 1953			1,760,120	
Medical Indemnity Act 2002			75,838	
Dental Benefits Act 2008			333,993	
Private Health Insurance Act 2007			6,017,801	
Public Governance, Performance and Accountability Act 2013 – section 77			583	
Total special appropriations	**C**		**22,176,348**	
Special accounts[6]				
Opening balance		144,417		
Appropriation receipts[7]		13,527		
Appropriation receipts – other entities[8]		34,774,894		
Non-appropriation receipts to Special Accounts		171,973		
Payments made			34,451,787	
Total Special Account	**D**	**35,104,811**	**34,451,787**	**653,024**
Total resourcing and payments[9]	**A+B+ C+D**	**45,732,018**	**66,310,122**	
Less appropriations drawn from annual or special appropriations above				
and credit to special accounts		13,527		
and Corporate Entities		564,962	564,962	
Total net resourcing and payments for the Department of Health		**45,153,529**	**65,745,160**	

Budget refers to estimated actual expenses for 2017-18 as disclosed in the *2018-19 Health Portfolio Budget Statements*.

1 *Appropriation Act (No.1) 2017-2018*, *Appropriation Act (No.3) 2017-2018*, *Appropriation Act (No.5) 2017-2018*. This also includes prior year departmental appropriation and section 74 retained revenue receipts.

2 This excludes an amount of $577,000 appropriated in 2017-18 budget relating to 2016-17. This amount is included in the prior year balance.

3 For accounting purposes this amount has been designated as 'contributions by owners'.

4 In 2018, administered ordinary annual services appropriations $21,617,000 of the *Appropriation Act (No. 1) 2017-2018* was permanently quarantined under section 51 of the PGPA Act.

5 *Appropriation Act (No.2) 2017-2018*, *Appropriation Act (No.4) 2017-2018*, *Appropriation Act (No.6) 2017-2018*.

6 Does not include 'Relevant Money' held in Services for Other Entities and Trust Moneys special account (SOETM).

7 Appropriation receipts from the Department of Health's annual appropriations for 2017-18 included above.

8 Appropriation receipts from other entities credited to the Department of Health's special accounts.

9 Total resourcing excludes the actual available appropriation for all Special Appropriations.

Part 3:
Management & Accountability

4,486
Department of Health staff

1,412 **Questions on Notice**

376 **Freedom of Information** requests

Almost 10,000 grants administered

Part 3.1: Corporate Governance

The Department's corporate governance practices and processes play an integral role in ensuring Government priorities and program outcomes are delivered efficiently. In 2017-18, the Department introduced a range of initiatives to strengthen corporate processes including new governance structures and improved business and risk planning.

Senior governance committees

At the end of 2017, the Department announced new governance arrangements to streamline existing governance committees and strengthen Executive Board oversight of the Department's performance (refer *Figure 3.1.1* and *Table 3.1.1*).

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

- organisational performance and leadership;
- excellence in program delivery and accountability; and
- development of high quality policy advice to the Government.

The Audit and Risk Committee delivers a series of accountability measures outlined in the *Public Governance, Performance and Accountability Act 2013*.

Figure 3.1.1: Senior governance committee structure

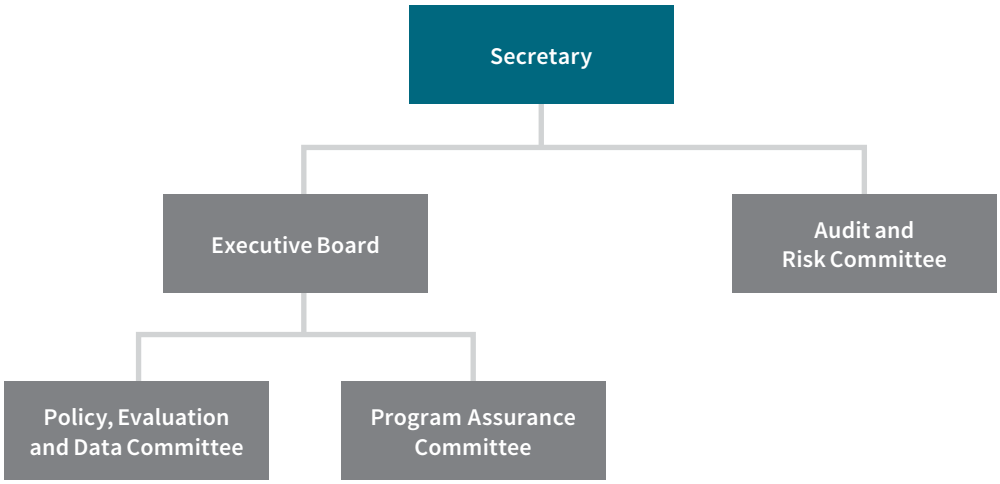


Table 3.1.1: Senior governance committees

Committee	Role
Executive Board	The Executive Board drives the leadership, culture and performance of the Department and provides stewardship through: • effective decision making and governance; • setting the strategic direction and ensuring achievement of high quality outcomes; • shaping organisational culture and developing capability; and • monitoring and addressing departmental performance and risks. Membership comprises the Secretary and all Deputy Secretaries.
Policy, Evaluation and Data Committee	The Policy, Evaluation and Data Committee supports the Department to deliver the Government's agenda through: • providing oversight and advice on developing evidence-based, high quality policy; • guiding strategic evaluation to improve performance and accountability; and • setting organisational and whole of portfolio priorities for the quality and veracity of data capture, use and analysis. Membership includes representation from a variety of senior executives across areas of expertise and divisions, chaired by the Deputy Secretary, Health Systems Policy and Primary Care group.
Program Assurance Committee	The Program Assurance Committee drives excellence in program delivery: • across all departmental programs, the approved outcomes and programs structure reflected in the Portfolio Budget Statements; and • for both ongoing delivery of programs and the implementation of new programs and measures. Membership includes representation from a variety of senior executives across areas of expertise and divisions, chaired by the Deputy Secretary, Aged Care, Sport and Population Health group.
Audit and Risk Committee	The Audit and Risk Committee 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 financial and non-financial performance reporting.

Audit and Risk Committee Membership

Audit and Risk Committee membership comprises an independent external chair, two independent external members and two senior executive members chosen from within the Department. The Committee met six times in 2017-18.

In 2017-18, the two departmental senior executive members were the Deputy Secretary of the Health Financing Group and the First Assistant Secretary of the Health Workforce Division.

As at 30 June 2018, the Audit and Risk Committee comprised the following independent membership.

Kathleen Conlon – independent external chair

Kathleen Conlon commenced as the Chair of the Department's Audit and 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, health care practice area and the Sydney office.

Kathleen is a member of Chief Executive Women, and a non-executive Director of the REA Group Limited, Lynas Corporation Limited, Aristocrat Leisure Limited and the Benevolent Society. 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.

Jenny Morison – independent external member

Jenny Morison is a Fellow Chartered Accountant of Australia and New Zealand, with over 35 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 has extensive experience as an 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 and is a Fellow of the Australian Institute of Management.

Steve Peddle – independent external member

Steve Peddle has more than 20 years senior management experience as a Chief Information Officer (CIO), Chief Technology Officer and General Manager, covering information and communication technology service delivery and senior general management.

Steve has gained experience in private, government and defence industries in the areas of computer design and engineering, applications development, strategic planning, outsourcing contract management, housing management services, digital broadcast video services, network security and operations service delivery. Steve is currently the CIO for the Australian Maritime Safety Authority.

Organisational Planning

The Department's corporate governance agenda is guided by the Corporate Plan. In 2017-18, the Department strengthened oversight of program performance through the establishment of the Program Assurance Committee and continued to implement changes to align with the enhanced Commonwealth performance framework. Planning and risk processes are closely aligned to ensure each area's priorities aim to meet our vision and objectives.

Our purpose

To support government and stakeholders to lead and shape Australia's health and aged care system and sporting outcomes through evidence-based policy, well targeted programs, and best practice regulation.

Corporate Plan

The Corporate Plan is the primary planning document of the Department and is updated annually. It describes the Department's current position, our purpose and the strategies we will pursue to achieve our purpose.

The four year horizon for the Corporate Plan outlines the Department's medium-term direction to deliver on the Government's health, aged care and sport agenda, including detail about significant activities, capability and risks.

The Corporate Plan has been prepared to meet requirements of the *Public Governance, Performance and Accountability Act 2013* and the Public Governance, Performance and Accountability Rule 2014.

Risk management

The Department's leadership team promotes and demonstrates an open and proactive approach to risk, by using risk management as a tool to assist in making business decisions.

During 2017-18, the Department revised the Enterprise Level Risks and the Enterprise Risk Appetite Statement. As part of the review, an additional risk theme was identified and added to support the divisions to meet their objectives. The risk themes are: Policy, Fraud, People, Regulation, Delivery, Governance, Information and Finance. Throughout the year, the Department continued to embed the Enterprise Risk Appetite Statement and increase the level of risk maturity.

The Risk Management Policy was also revised to align with the changing departmental environment and the Commonwealth Risk Management Policy. This allows the Department to remain adaptable to the shifting landscape of the Health portfolio and reflect departmental needs.

In 2018, the Department maintained its 'Integrated' level of maturity against the Comcover Risk Management Benchmarking Survey. The Department continues to improve risk culture and awareness, through positively engaging with risk.

Fraud minimisation and control

The Department undertook audit and fraud control assurance activities that promoted and supported effective corporate governance. In 2017-18, the Department's fraud risk assessment was updated with a focus on improving controls related to high fraud risk themes and activities. These included administered payments, regulation and information management. Implementation of the Program Assurance Committee further strengthens the Department's fraud minimisation strategies. The Department's overarching assurance framework also supported the ongoing provision of advice, support, monitoring and education.

The internal audits that were completed during 2017-18 covered and supported compliance with the Department's control frameworks for: grant selection and approval; procurement; the regulation of medicinal cannabis and monitoring of prescription medicines; departmental budget and travel management; aged care prudential risk management; the collection and reporting of corporate performance information; and information system security, data management and data breach reporting arrangements. The completed internal audits also reviewed the delivery and performance of a number of key Commonwealth health initiatives, programs and systems.

During 2017-18 the Department:

- completed six audits from the 2016-17 Internal Audit Work Program, nine audits from the 2017-18 Internal Audit Work Program, one management requested audit, and three non-audit assessments. A further six audits from the 2017-18 Internal Audit Work Program were underway or pending completion as at 30 June 2018; and
- received 116 fraud allegations. 97 allegations related to external (program) fraud and 19 related to internal fraud/corruption. The Department centrally investigated two of these allegations, 57 allegations were referred internally to relevant business areas for compliance action and six allegations required no further action. A further 51 were referred to law enforcement or other agencies for review or action. The Department's Fraud and Corruption Control Plan 2018–20 and website provides support to employees and members of the public for reporting concerns of fraud and corruption. In addition to the dedicated fraud team, the Department has in place program specific compliance teams that receive and respond to allegations of program non-compliance and fraud.

Compliance reporting

There have been no significant breaches of finance law by the Department during 2017-18. The Department maintains a risk-based approach to compliance with a combination of self-reporting and focused review. Any changes to this methodology are reviewed and endorsed by the Audit and Risk Committee. All instances of non-compliance are reported to the Audit and Risk Committee. The Department minimises non-compliance through training and publication of legislation and rules, delegation schedules and Accountable Authority Instructions, which are available to staff to inform decision-making.

Certification of departmental fraud control arrangements

I, Glenys Beauchamp, certify that the Department has:

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

Glenys Beauchamp PSM

September 2018

Part 3.2: People

The Department aspires to be a high performing organisation with a positive culture that enables collaboration, innovation, respect and staff engagement. We measure our performance and culture through the Australian Public Service Commission (APSC) Employee Census, internal Pulse Survey, and key HR measures including workforce planning metrics, skills and capability, and diversity benchmarks. As at 30 June 2018, the Department employed 4,486 staff on an ongoing and non-ongoing basis.

Organisational performance

Staff Survey

The Australian Public Service (APS) State of the Service Employee Census (Staff Survey) continues to provide valuable insight into staff views. The survey was conducted between 7 May and 8 June 2018, with 79 per cent of the Department's staff participating (an increase from 74 per cent in 2017).

Overall, the Department has maintained its positive results from previous years with a general improvement across the majority of questions in the Staff Survey. The perception of Senior Executive Service (SES) leadership improved, and remains significantly higher than the APS average. Satisfaction with Executive Level 2 leadership has steadily improved since 2016. Refer *Figure 3.2.1* and *Figure 3.2.2*.

Over the coming year, the Department will focus on improving its internal communications, staff consultation, staff wellbeing and workforce management functions.

The Department also conducts a Pulse Survey twice a year, which complements the annual Staff Survey. The Pulse Survey is an internal tool to further measure employee outcomes, organisational performance, leadership and culture. The Pulse Survey links to and supports *Our Behaviours in Action* and the People Strategy.

The collection of people data is critical in helping the Department continue to drive improvements in performance and culture.

Figure 3.2.1: Health and APS senior leadership perception

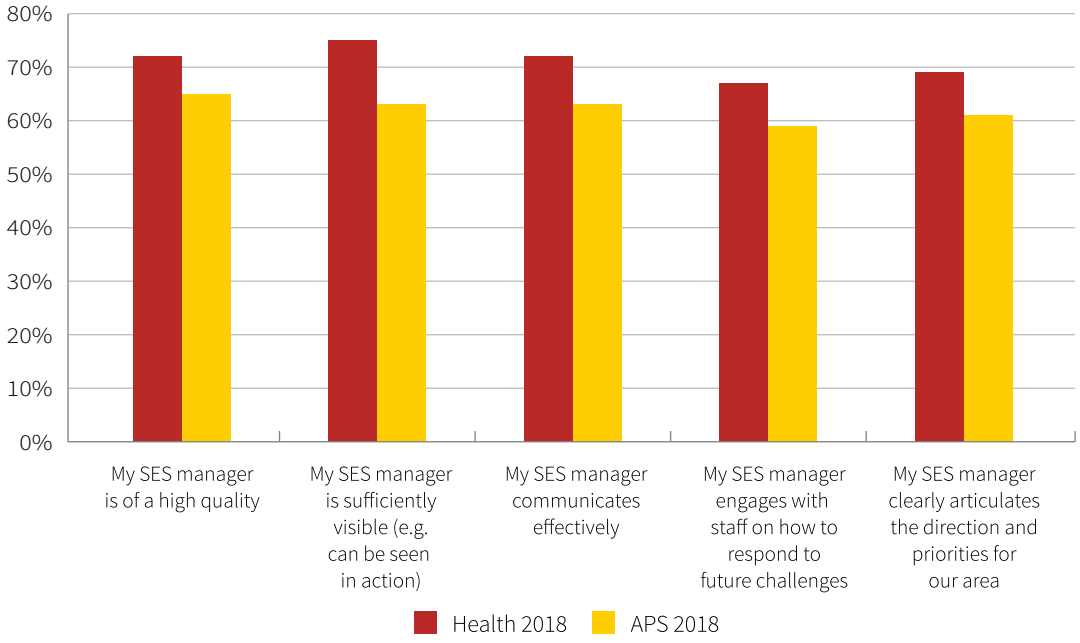
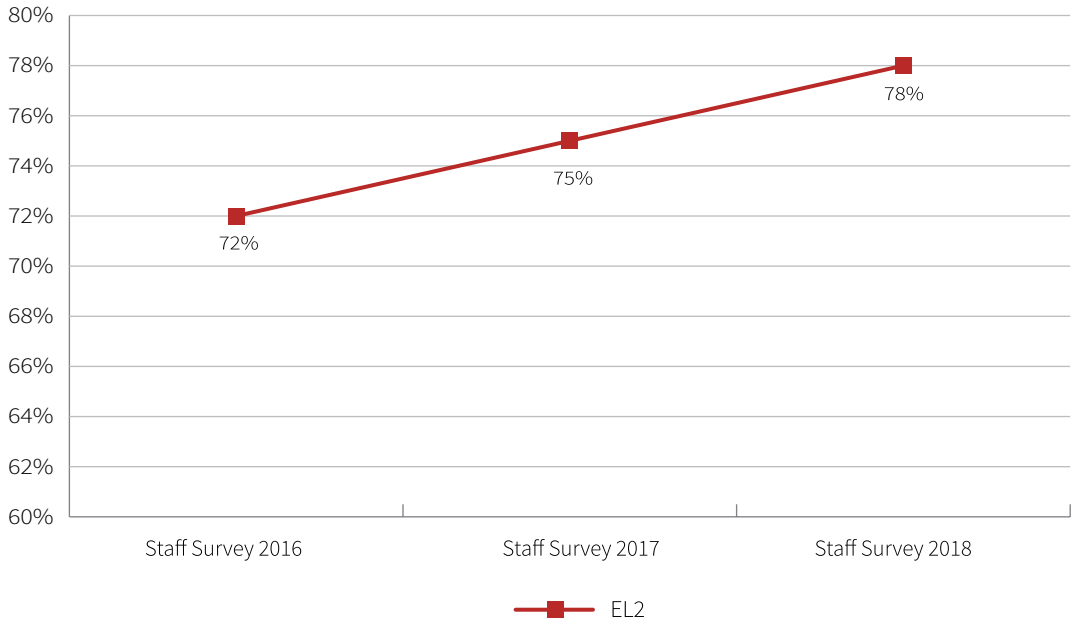


Figure 3.2.2: EL2 leadership perception overtime



Workforce composition

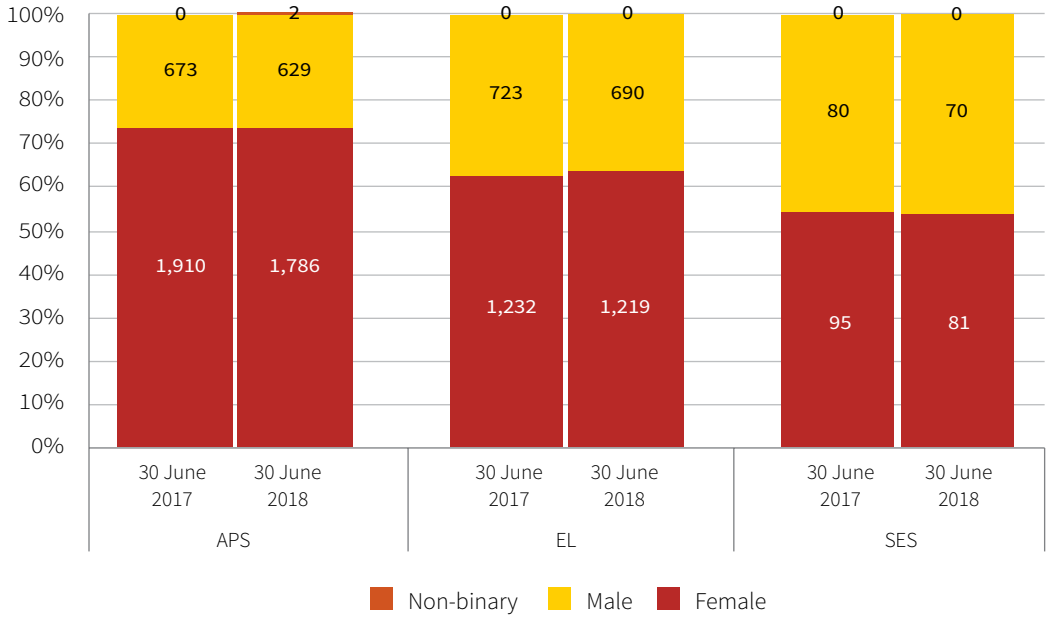
As at 30 June 2018, the Department has a workforce of 4,486 APS staff (including staff on leave and secondment). This is a decrease from 4,720 as at 30 June 2017, which is largely attributed to tighter recruitment controls, targeted voluntary redundancies and a higher turnover rate, compared to the historical low level of 2016-17.

At 30 June 2018:

- 95.4 per cent of staff were ongoing and 4.6 per cent were non-ongoing;
- 22.3 per cent of staff were employed on a part-time basis;
- 68.9 per cent of staff were female; and
- 2.8 per cent of staff identified as Aboriginal and/or Torres Strait Islander.

The ongoing staff turnover rate in 2017-18, excluding voluntary redundancies, was 8.6 per cent, an increase from 7.7 per cent in 2016-17. Including the voluntary redundancies, the ongoing staff turnover rate was 11.6 per cent.

Figure 3.2.3: Comparison of gender profile at 30 June 2017 and 30 June 2018[81,82]



[81] Excluding the Secretary, Holders of Public Office and the Chief Medical Officer. SES staff and equivalent comprise SES Band 1–3 and Medical Officers 5-6. Executive Level (EL) staff and equivalents comprise EL 1-2, Medical Officers 2–4, Legal 1-2, Public Affairs 3, Senior Principal Research Scientist and Principal Research Scientist.

[82] The Department has implemented the Australian Government Guidelines on the Recognition of Sex and Gender and made changes to human resource management systems to enable collection of non-binary gender. As at 30 June 2018, two staff had self-identified as non-binary.

Employment arrangements

The Department's practices for making employment arrangements with its staff are consistent with the requirements of the *Workplace Bargaining Policy 2015* and the *Fair Work Act 2009*. Information on employment arrangements is outlined below.

Enterprise Agreement

The *Department of Health Enterprise Agreement 2016–2019* (EA) provides the terms and conditions of employment for non-SES staff. The EA commenced operation on 3 February 2016 and will nominally expire on 26 January 2019.

The EA contains a flexibility term, which enables the Department to make an Individual Flexibility Arrangement with a non-SES staff member. An Individual Flexibility Arrangement varies specified terms and conditions provided under the EA for that individual where necessary and appropriate.

All salary increases awarded to staff by the EA are funded through a range of productivity improvements. These productivity improvements include corporate initiatives, such as property and ICT efficiencies, and streamlining processes and removal of restrictive and/or inefficient work practices.

The Department does not have any Australian Workplace Agreements in place and generally does not use common law contracts. However, common law contracts may be used where necessary to establish and/or supplement conditions and entitlements.

Executive remuneration and performance pay

The Department maintained remuneration for senior executives consistent with equivalent public sector entities during 2017-18. Base salaries and inclusions, complied with Government policy and guidelines. Individual salaries are negotiated on commencement and reviewed annually by the Department's Executive Board.

Comprehensive terms and conditions of employment for new departmental SES staff are provided via individual determinations made under section 24(1) of the *Public Service Act 1999*. Remuneration information for executives and other highly paid officials is published on the Department's website[83] in accordance with the Executive Remuneration Reporting Guidelines issued by the Department of the Prime Minister and Cabinet.

No departmental staff received performance pay in 2017-18.

Refer *Appendix 1: Workforce Statistics* for more information on the Department's staffing numbers, workplace arrangements, remuneration and salary structures.

[83] Available at: www.health.gov.au/internet/main/publishing.nsf/Content/executive-remuneration

Capability

Building the right capability

The Department's *Learning and Development Strategy 2016–2019* (L&D Strategy) supports a diverse learning environment that builds a capable workforce to achieve departmental outcomes. The L&D Strategy also identifies a number of key drivers and learning principles, recognising the different influences, learning methods and future challenges staff in the Department face.

In 2017-18, the Department delivered a number of new learning and development initiatives including:

- Aboriginal and Torres Strait Islander Cultural Appreciation Program;
- records management and TRIM training; and
- dealing with change.

The Department continued to deliver training incorporating elements from the Australian Public Service Commission's fundamental programs. To build the capability of the Department's staff, face-to-face learning, instructor-led training covered:

- information technology;
- writing and communication;
- stakeholder engagement;
- finance and procurement;
- culture and inclusion;
- work health and safety; and
- leadership and management.

The Department also offers e-learning programs to staff, encompassing subjects such as APS Values, cultural awareness, work health and safety, financial management and knowledge management.

Leadership capability

The Department continues to deliver leadership development programs, building leadership and management capability at all levels within the Department.

In 2017-18, the Department implemented the Leadership and Management Framework. The Framework outlines leadership expectations required at each level and provides an overview of core leadership and management options available for staff. The Framework supports the People Strategy, and embeds *Our Behaviours in Action* through the development of leadership at all levels.

A range of leadership and management development options are available to support the development of a range of skills required to lead effectively. These options are aligned to leadership at all levels, and include the IGNITE program for Individual Leaders (aimed at technical and specialist leaders), Ready to Supervise (those who are new to supervision or soon to be first time managers), Foundational Leaders (those who manage a small team), Expansion Leaders (for more experienced managers) and the Section Leaders program for Directors. The Department continues its focus on building a coaching culture through the 'Unlocking Best Work' coaching program which aims to embed *Our Behaviours in Action*. There are also a range of management programs and tools, such as 360 degree feedback, and on the job learning to support building leadership and management capability in the workplace.

The Department also continued to develop the leadership capability of EL2 and SES staff, by providing 'Manager Snapshot' sessions which focus on an individual topic of interest each month, as well as facilitating 'learning circles' that allow our managers to share and discuss matters in an open and supportive forum. These initiatives provide for continual learning and development through practical and social learning.

Culture

Workforce inclusivity and diversity

The Department is committed to reflecting the diversity of the Australian community in its workforce by building an inclusive culture that respects and celebrates differences. Diversity in our experiences, backgrounds, skills, talents and views enriches our working environment and capacity to deliver health outcomes for all Australians.

Our staff survey results indicate our senior leaders actively support people from diverse backgrounds (8 per cent higher than the APS), and 78 per cent of employees agree the agency supports and actively promotes an inclusive workplace culture (3 per cent higher than the APS).

In 2017-18, the Department's diversity related staff networks were supported by ten champions from its Senior Executive cohort. These officers raise awareness and understanding by educating colleagues and advocating for diversity across the Department more broadly.

The Department supports three formal staff networks, each championed by a Deputy Secretary, the National Aboriginal and Torres Strait Islander Staff Network, Health Pride Network, and Disability and Carers Network, and two informal staff-led networks – the Gender Equality Network and the Multicultural Network. The Department also continues to participate in whole-of-government forums, roundtables and meetings with stakeholders and corporate partners including the Australian Network on Disability and Pride in Diversity.

In 2017-18, the Department entered into its second year of implementation for the Accessibility Action Plan and the Innovate Reconciliation Action Plan, with the development of the first Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Action Plan underway. These plans collectively outline clear pathways for the Department to achieve a more inclusive workplace.

The Department continues to participate in the annual Australian Workplace Equality Index (AWEI), which is the national benchmark for LGBTI workplace inclusion in Australia. In 2018, the Department received an overall Bronze Member status (with a total score of 92 out of 200), which is an increase from Participating status (59 out of 200) in 2017.

Career and Succession

Performance development

Creating a culture of high performance and an environment that provides both job satisfaction and opportunities for career growth were a continuing focus for the Department. Investing in high performance is central to *Our Behaviours in Action*, with nurturing talent and building capability fundamental to this investment.

This included the ongoing provision of a range of behavioural and ethical education and training opportunities aimed at embedding staff knowledge and understanding of their responsibilities, and emphasising the workplace behaviours expected of all staff under the APS Code of Conduct.

The Department's Performance Development Scheme requires that all staff engage in formal performance discussions and assessments at least twice a year. The purpose of these discussions and assessments is to ensure that goals are clear, progress is monitored and any obstacles are addressed. Discussions around individual development plans and opportunities are also held and reviewed through this process to ensure that appropriate development is provided to staff.

Simplifying and streamlining of the systems used to support performance development continues to be a focus with the aim of reducing barriers to participation.

All alleged breaches of the APS Code of Conduct are treated seriously and managed in accordance with best practice. The majority of complaints received were handled through local management action or preliminary assessments. The Department finalised 15 APS Code of Conduct investigations during 2017-18, resulting in 13 breaches of the APS Code of Conduct being determined.

Entry-level programs

During 2017-18 the graduate and apprentice teams were merged to become an employment pathways team. This created efficiencies and promotes consistent development opportunities across all employment pathways programs.

The Department is committed to diversity and inclusivity in the workplace and this year successfully piloted the 2019 Graduate Development Program – Affirmative Measures recruitment process.

The Department currently participates in a number of other recruitment programs and activities to engage a diverse range of participants. These include:

- Digital Transformation Agency's Australian Government ICT Graduate Program;
- APSC Grad Access Program (an Affirmative Measures recruitment program for people with a disability);
- APSC Indigenous Graduate Program (Affirmative Measures); and
- Department of Human Services Indigenous Apprenticeship Program.

In 2018-19 there will be a continued focus on enhancements to entry level programs including:

- program attraction and retention strategies;
- reviewing the learning and development offering; and
- post program pathways.

Career development and mobility

The Department is committed to career development and supports secondment and mobility opportunities both within the APS and with the private sector. The Department was one of seven agencies that participated in Operation Free Range, an Australian Public Service Commission-led study on APS mobility. During the period of the study, there were a total of 326 jobs published, with the Department posting 224 of these. At the completion of the study, there were a total of 14 staff placed in the participating agencies with four of these staff from the Department and four placed in the Department.

The Department maintains an internal mobility register that allows ongoing staff to be considered for placements both temporary and permanent. The use of this internal register is promoted to hiring managers seeking to fill a vacancy.

The Department also maintains strong connections with the private sector, professional bodies and academia to promote collaboration and sharing of professional expertise. Mobility and stretch opportunities are encouraged as ways of developing depth and breadth of experience. Talent management practices link to the long-term needs of the Department's business. Through succession planning, the Department identifies, attracts and actively retains critical staff by investing in their careers—through the innovative use of employment, development, remuneration and entitlement frameworks.

This year the Department partnered with the Canberra Business Chamber, Human Rights Commission and other federal government agencies to offer secondments opportunities to Health employees. The Department has also hosted secondees from both the public and private sector.

Work Health and Safety (WHS)

The Department's Comcare Premium has reduced by $1,067,742 (from $4,417,466 in 2016-17 to $3,349,724 in 2017-18). This positive trend has been consistent over the last four years. In 2017-18, our premium was 1.15 per cent (scheme average = 1.23 per cent) and in 2018-19 our premium is 0.86 per cent (scheme average = 1.06 per cent).

The majority of the Department's staff work in an office, exposing them to well-documented ergonomic risks. The Department seeks to provide well-designed and innovative work spaces and WHS programs.

Some of the Department's staff work at the Therapeutic Goods Administration (TGA), which has a different risk profile that includes laboratory work with potentially hazardous substances. The TGA is also situated in a rural setting, where controls for encountering venomous wildlife are in place.

The Department has policies and procedures in place to appropriately protect workers from, and respond to, all potential hazards.

An emerging issue for the Department is an increase in the number of psychological claims accepted in the latter half of 2017-18, which have a higher average incurred cost. This will be an area of focus in 2018-19.

Creating the right work environment and managing potential sources of harm (such as high work demands, low levels of control and poor support) will benefit everyone at work. Improving mental health at and through work will help us realise the health benefits of work, while also driving greater productivity and inclusion.[84]

Evaluation of the Department's WHS performance

The Department provides support to ill or injured employees and their managers in relation to assist both workers compensation claims and non-work related injury and illness. The Department aims to return employees to the workplace as quickly as possible and provide a positive influence on our productivity through low rates of unscheduled absence. Since 2013-14, the number of compensation claims accepted for the Department has been consistently declining. There were 33 accepted claims in 2017-18.

The Department continues to progress audit recommendations from a Comcare WHS audit in 2016, and has completed all but four recommendations from the Comcare Rehabilitation Management System audit in 2017.

Improving WHS in the workplace

There were a number of initiatives undertaken in 2017-18 to improve WHS in the Department.

- The in-house development of a departmental specific WHS e-learning training module which is designed to increase existing and new employees' awareness and knowledge about WHS.
- Trialing a more accessible influenza vaccination program involving on-site and pharmacy voucher options, and including contractors in the vaccination program for the first time.
- Streamlining the Department's Ergonomics Program by developing an ergonomic equipment catalogue and providing staff with the ability to self-order ergonomic equipment that has been recommended to them by an in-house ergonomic specialist.
- Embedding the Department's Early Intervention Policy which was finalised in May 2017. The Policy aims to minimise the impact of injury or illness on employees and the Department, through various activities including workstation assessments, access to the Employee Assistance Program, flexible working arrangements, and where appropriate, reimbursement for medical treatments.
- Improved reporting on WHS and return to work outcomes to Senior Executives.

The Health and Wellbeing Program

During 2017-18, the Department's Health and Wellbeing Program continued to provide support to staff through a variety of initiatives. These include the:

- Employee Assistance Program (EAP) – 16.5 per cent of staff in Health and its portfolio agencies used the EAP, with 789 new referrals recorded;
- annual Vaccination Program – 2,305 employees across the country received an influenza vaccination; and
- corporate gym membership scheme – staff accessed discounted membership or attendance rates at nominated gyms in the major cities.

Notifiable incidents

The Department received 453 accident and incident reports in 2017-18. The Department is working to improve the WHS related reporting culture, with a focus on increasing the reporting of near misses and hazards, and the identification of early intervention opportunities.

Of the 453 hazard and incident reports, there were seven notifiable incidents sent to Comcare. The incidents have been investigated and where action has been required action plans have been developed.

[84] Source: Australian Public Service Commission, 2013, Working Together: Promoting mental health and wellbeing at work. Available at: www.comcare.gov.au/static/mental_health/index.html#2/z

Disability confidence and recognition of carers

Supporting staff

The Department remains committed to being an employer of choice for people with disability and those with caring responsibilities. The Department's goal is to minimise barriers to employment for people with disability, fostering an environment that enables people with disability, and carers, to maximise their productivity and potential.

The Accessibility Action Plan (AAP) 2016–19 has entered into its second year of implementation. The APP is inclusive of both our staff with disability and caring responsibilities. Highlights from 2017-18 include:

- implementation of SES Changing Mindsets Program. This program is designed to provide experiential activities for SES employees to interact with staff with disability;
- launching APS As One Disability Awareness and Building Disability Confidence e-learning modules;
- growth of our Disability and Carers Staff Network and delivery of their workplan; and
- recognition of the Department as a carer-friendly workplace by Carers Australia and a gold member of the Australian Network on Disability.

Changing Mindsets program

In 2017-18, the Department launched its Changing Mindsets program. This program was developed in partnership with the Department's Disability and Carers Network and SES Disability and Carer Champions. All SES were invited to participate as were all staff from the Disability and Carers Network.

The program focuses on providing a collection of experiential activities for our SES leaders providing direct exposure to staff with disability and/or carer responsibilities. Program experiences are designed to encourage SES to consider practical actions they can take in their leadership role to improve employment experiences of staff with disability and/or carer responsibilities. Participants of the program have found the activities to be honest, informative, unique and positive.

The sessions allowed issues to be raised in a safe environment and connected staff across various levels. The feedback and suggestions gathered through the sessions were valuable in understanding key issues our staff face and provided focus areas where we can improve. The sessions also raised visibility of the Department's existing strategies and policies available.

"As a carer for my son with a high level spinal injury, having the support and flexibility that the Department has given me has been immensely important. Having the opportunity to participate in the SES Changing Mindsets 5+5 experience demonstrated to me that our SES are committed to understanding the diverse needs of people with a disability and their carer's. Most importantly it gave me confidence that the sessions will translate into practical actions to support people with a disability and their carers."

The Changing Mindsets program is an important part of the Department's commitment to delivering our Accessibility Action Plan 2016–19 and another valuable step towards achieving our goal to be an inclusive organisation that values fairness, equity and diversity consistent with the APS Values and Code of Conduct and improving diversity and inclusion across the APS.

The Department participated in the Access and Inclusion Index evaluation and benchmarking report for the first time. Participation allowed us to comprehensively self-assess our organisation's maturity on the journey towards disability confidence.

Working with carer organisations

The Department consults with carer organisations to develop support mechanisms and implement reforms to ensure that programs and services continue to meet the requirements of the *Carer Recognition Act 2010* and consider the needs of carers, people with disability and vulnerable populations.

Part 3.3: Financial and Property Management

Financial accountability responsibilities

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

In support of the finance law, the Department's Accountable Authority Instructions are issued in accordance with section 20A of the PGPA Act. The Department has also issued Finance Business Rules that clearly set out the rules and processes required for the financial administration of the Department.

The finance law, supporting instructions and rules, provide a framework to ensure the efficient, effective, economical and ethical use of public resources. The Executive Board is responsible for monitoring and addressing departmental performance and risks. Advice on financial matters including administered, departmental and capital expenditure is provided through monthly reports from the Chief Financial Officer and supported by the Administered Program Board and the Investment Board. Further, the Department's Audit and Risk Committee provides independent advice and assurance to the Accountable Authority (the Secretary).

The finance law also mandates the production of audited financial statements prepared in accordance with the Australian Accounting Standards. The complete set of financial statements for the Department is provided in Part 4: Financial Statements.

Managing our assets

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

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

Effective management of the Department's capital budgets is achieved by:

- including whole-of-life consideration in proposals for capital expenditures;
- whole-of-Department prioritisation of capital projects and major purchases by the Department's Investment Board;
- undertaking regular stocktakes of physical assets; and
- annually reviewing assets for indications of impairment and changes in expected useful lives.

Procurement

Purchasing

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

During 2017-18, the Department continued to focus on enhancing procurement communication, education and quality assurance processes to improve compliance. The Department's Procurement Transformation Project, which was completed in 2017-18, enhanced our corporate service offering, specifically, refining our procurement and contract management process tools, guidance and education material.

Initiatives to support small business

Small and Medium Enterprises (SME) make up the majority of all Australian businesses, contribute billions of dollars to the economy and provide employment for millions of Australians. In addition to the use of mandatory Whole of Australian Government panels, the Department supports small business participation in the Commonwealth Government procurement market. SME participation statistics are available on the Department of Finance's website at: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/

The Department's measures to support SMEs include:

- ongoing promotion and application of the Indigenous Procurement Policy, of which detailed information is included below;
- Small Business Engagement Principles clearly communicated in simple language and in an accessible format as outlined in the Government's Industry Innovation & Competitiveness Agenda;
- use of the Commonwealth Contracting Suite (CCS) to minimise the burden on businesses contracting with the Commonwealth Government; and
- internal guidance and advice to support the Indigenous Procurement Policy, Small Business Engagement Principles and the CCS.

The Department recognises the importance of ensuring that small businesses are paid on time. The results of the most recent Survey of Australian Government Payments to Small Business are available on the Treasury's website[85].

Over the 2017-18 financial year, the Department has continued to enhance and mature its Vendor Invoice Management System to ensure timely payment to small businesses.

Indigenous Procurement Policy

Indigenous businesses are vital to creating jobs and employing more Indigenous Australians. The Indigenous Procurement Policy aims to enable these Indigenous businesses to grow and create opportunities for Indigenous Australians.

The Department's target of 73 contracts with Indigenous businesses was exceeded with 142 new contracts entered into with Indigenous businesses during 2017-18, worth a combined value of $21.4 million. In addition, the Department had a total of 21 continuing multi-year contracts entered into from previous financial years with a combined value of $8.1 million.

The Department continues to promote awareness of opportunities to procure goods and services from Indigenous businesses. Together with the implementation of the Department's *Innovate Reconciliation Action Plan 2017–19*, launched in early July 2017, which incorporates Indigenous business development targets, these initiatives have provided greater awareness and recognition of Indigenous suppliers and the benefits of their involvement in the Department's procurements.

The Department is a member of Supply Nation, which supports and empowers Indigenous enterprises to achieve success and build business.

Consultants

The Department engages consultants to provide specialist expertise, independent research, reviews or assessments in relation to:

- investigating or diagnosing a defined issue or problem;
- carrying out defined reviews or evaluations; or
- providing independent advice, information or creative solutions to assist the Department in decision-making.

[85] Available at: www.treasury.gov.au

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 are made in accordance with the PGPA Act and related regulations including the Commonwealth Procurement Rules and other internal policies.

During 2017-18, a total of 548 new consultant contracts were awarded, with a combined value of $44.0 million. This represents a 2.1 per cent decrease in the number of contracts from 2016-17 where 560 consultancy contracts were awarded and a 55.6 per cent decrease in the value of contracts from 2016-17 where $99.3 million was committed to consultancies.

Furthermore, at the end of the 2017-18 financial period, a total of 27 consultancy contracts with a combined value of $22.4 million remain ongoing from previous financial years.

Further information on the value of contracts and consultancies valued over $10,000 is available on the AusTender website[86].

Exempt contracts and Australian National Audit Office access

Exempt contracts

In 2017-18, a total of 136 contracts were exempt from reporting on AusTender on the basis that publishing contract details would disclose exempt matters under the *Freedom of Information Act 1982*. This represents an increase from 2016-17 where 116 contracts were exempt from reporting.

Australian National Audit Office access clauses

In 2017-18, there were no departmental contracts exempt from the standard contract clauses which grant the Auditor-General access to contractor premises.

Grants

The Department supports a range of Government policy decisions through provision of grant funding across 18 programs and all six outcomes. In 2017-18, the Department administered 9,889 grant activities involving payments totaling $5.79 billion. The Department's grants administration practices are based on the mandatory requirements and principles of grants administration in the Commonwealth Grant Rules and Guidelines. The Commonwealth Grant Rules and Guidelines establish the overarching Commonwealth grants policy framework and articulate expectations of non-corporate Commonwealth entities in relation to grants administration.

The Department's grants administration is also undertaken in partnership with the Community Grants Hub within the Department of Social Services and the Business Grants Hub within the Department of Industry, Innovation and Science, and involves five distinct but interrelated stages:

- design;
- select;
- establish;
- manage; and
- evaluate.

In line with the requirements of the Commonwealth Grants Rules and Guidelines, the Department has adopted a risk-based approach to grants administration. Key to the Department's risk-based approach is risk assessment and management at the design, select and manage stages of the grants administration lifecycle. This approach helps the Department achieve value for money, meet outcomes, reduce red tape for funded organisations and apply the principle of proportionality.

Information on grants awarded by the Department during the period 1 July 2017 to 30 June 2018 is available on the Department's website at: www.health.gov.au for grants awarded up to 31 December 2017 and on the Australian Government's grant information system, GrantConnect at: www.grants.gov.au for grants awarded from 1 January 2018.

[86] Available at: www.tenders.gov.au

Advertising and market research

In 2017-18, the Department is required to report on all payments over $13,200 (GST inclusive) to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

This section details these payments, along with the names of advertising campaigns conducted by the Department during 2017-18.

Advertising campaigns

During 2017-18, the Department conducted the following advertising campaigns:

- Childhood Immunisation Education campaign;
- Childhood Immunisation Education campaign - Phase Two;
- National Drugs campaign;
- National Tobacco campaign;
- Girls Make Your Move campaign; and
- Healthy Ageing campaign.

Further information on these advertising campaigns is available at www.health.gov.au, and in the reports on Australian Government advertising prepared by the Department of Finance and published at: www.finance.gov.au/advertising/

Table 3.3.1: Advertising, market research, direct mail and media advertising payments for 2017-18

Organisation	Service provided	Paid (GST incl)
Advertising agencies (creative advertising agencies which have developed advertising campaigns)		
AJF Partnership	Girls Make Your Move Campaign creative services	$109,916
BCM Partnership	National Drugs Campaign creative services	$1,951,855
BMF Advertising	Healthy Ageing Campaign creative services	$1,485,633
Carbon Media Pty Ltd	Childhood Immunisation Education Campaign creative services	$545,776
Carbon Media Pty Ltd	National Tobacco Campaign creative services	$186,345
Total		**$4,279,525**
Market research		
Australian Market Research	Market Research (In home aged care consumer research)	$83,699
Bastion Insights Pty Ltd T/As Bastion Latitude	Research for Palliative Care communications	$87,450
Bastion Insights Pty Ltd T/As Bastion Latitude	Concept Testing Research for Young Males and Physical Activity Communication Campaign	$101,167
Bastion Insights Pty Ltd T/As Bastion Latitude	Consumer Research into Healthy Ageing	$404,360
Bastion Insights Pty Ltd T/As Bastion Latitude	Market Research for Immunisation Communication	$65,961
Bastion Insights Pty Ltd T/As Bastion Latitude	Market Research for Immunisation Communication	$86,124
ChatHouse Research	Concept testing for nutrition communications	$48,034
ChatHouse Research	Concept testing research for the Health Star Rating Campaign	$175,105
Essence Communications	Market research evaluation of the effectiveness of graphic health warnings on tobacco product packaging	$594,825

Organisation	Service provided	Paid (GST incl)
Horizon Research	Australian Clinical Trials Marketing Campaign - Market Research	$39,814
IPSOS Public Affairs	Research on patient decision making	$57,339
National Health Call Centre Network (Healthdirect Australia)	In home aged care consumer and provider research	$165,981
ORC International	Research services for National Tobacco Campaign (*Don't Make Smokes Your Story* Campaign)	$116,820
ORIMA Research	Market Research Girls Make Your Move Campaign	$95,975
ORIMA Research	Purchase of minutes from Indigenous Omnibus Survey	$39,999
Private Healthcare Australia Limited	Research to understand costs associated with specialists' booking fees	$123,750
Qualie	National Bowel Cancer Screening Communication Optimisation	$15,138
Quantum Market Research	Market Research on Gene Technology for the Third Review of the Gene Technology Scheme	$142,722
Snapcracker Research and Strategy	Tobacco research	$495,000
Snapcracker Research and Strategy	Concept testing research for National Childhood Immunisation Education Program	$54,010
Snapcracker Research and Strategy	Research regarding vaccination in pregnancy	$363,000
Snapcracker Research and Strategy	Market Research for the National Drugs Campaign	$68,750
Stancombe Research and Planning	Market Research for the National Drugs Campaign	$164,987
Taylor Nelson Sofres Australia T/a Kantar	Market Research Girls Make Your Move Campaign	$75,658
Taylor Nelson Sofres Australia T/a Kantar	Market Research for the Aged Care communication Campaign	$95,836
WhereTo Research	Concept testing research for the Private Health Insurance reform package	$248,930
WhereTo Research	Evaluation Research for the Healthy Ageing Long Live You Campaign	$60,445
WhereTo Research	Market Research National Bowel Cancer Screening Program	$165,000
Total		**$4,235,879**
Direct mail organisations[1] (includes organisations which handle the sorting and mailing out of information material to the public)		
National Mailing and Marketing Pty Ltd	2018 Influenza resources mail out	$71,260
National Mailing and Marketing Pty Ltd	Cervical screening resources to GPs mail out	$48,811
National Mailing and Marketing Pty Ltd	Provider compliance personalised letter mail out	$16,428
National Mailing and Marketing Pty Ltd	Gardasil9 HPV vaccine mail out	$21,602
National Mailing and Marketing Pty Ltd	Head to Health letter and resources mail out	$51,858

Organisation	Service provided	Paid (GST incl)
National Mailing and Marketing Pty Ltd	Health Care homes resources mail out	$50,761
National Mailing and Marketing Pty Ltd	Home Care Reform personalised letter mail out	$155,964
National Mailing and Marketing Pty Ltd	Maternal pertussis for pregnant women mail out	$25,401
National Mailing and Marketing Pty Ltd	National Immunisation Program expansion generic letter & resources mail out	$41,307
National Mailing and Marketing Pty Ltd	National Immunisation Program schedule changes	$83,562
Total		**$566,954**
Media advertising organisations (the master advertising agencies which place Government advertising in the media – this covers both campaign and non-campaign advertising)		
Dentsu X Australia Pty Ltd	Media buy National Drugs Campaign	$6,498,453
Dentsu X Australia Pty Ltd	Media buy National Tobacco Campaign	$6,490,000
Dentsu X Australia Pty Ltd	Media buy Healthy Ageing Campaign	$6,405,690
Dentsu X Australia Pty Ltd	Media buy Girls Make Your Move Campaign	$5,526,737
Dentsu X Australia Pty Ltd	Media buy Childhood Immunisation Campaign	$1,072,051
Dentsu X Australia Pty Ltd	Media buy Childhood Immunisation Campaign Phase 2	$1,317,385
Dentsu X Australia Pty Ltd	Media buy Gardasil 9 communications	$44,000
Dentsu X Australia Pty Ltd	Media buy palliative care communications	$45,000
Dentsu X Australia Pty Ltd	Media buy PFAS public consultations	$37,704
Total		**$27,437,020**
Grand Total		**$36,519,378**

[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. When 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.

Property management and environmental impact

Ecologically sustainable development principles

The principles of ecologically sustainable development (ESD) outlined in section 3A of the *Environment Protection and Biodiversity Conservation Act 1999* are that:

- decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations;
- if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;
- the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations;
- the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making; and
- improved valuation, pricing and incentive mechanisms should be promoted.

Our contribution

In 2017-18, the Department continued its commitment to ESD through a methodical approach to planning, implementing and monitoring the Department's environmental performance through programs and policies that are in accordance with current legislation, whole-of-government requirements and environmental best practice. The Department also administers legislation as outlined below, that is relevant to, and meets the principles of, ESD.

- *Gene Technology Act 2000*
  Through the Gene Technology Regulator, the Department protects the health and safety of people and the environment by identifying risks posed by gene technology and manages those risks through regulating activities with genetically modified organisms (GMOs). These activities range from contained work in certified laboratories to release of GMOs into the environment. The Regulator imposes licence conditions to protect the environment, and uses extensive powers to monitor and enforce those conditions.
- *Industrial Chemicals (Notification and Assessment) Act 1989*
  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 promoting their safe use. NICNAS operates within an agreed framework for chemical management that is consistent with the National Strategy for ESD and is aligned with the United Nations Conference on Environment and Development Agenda 21 (Rio Declaration) chapter on the environmentally sound management of toxic chemicals.

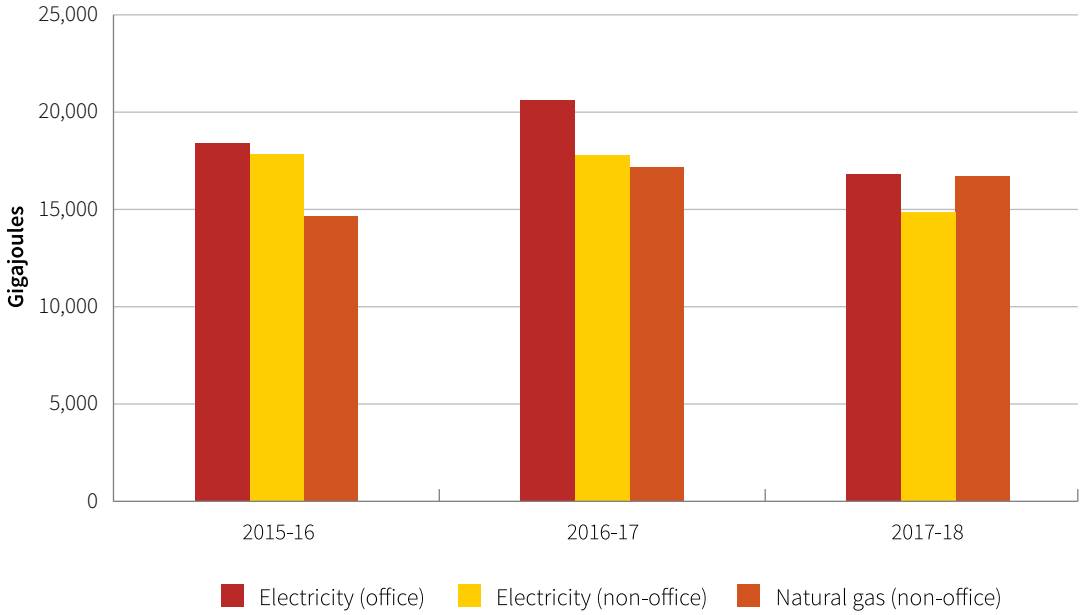
Environmental impact of our operations

The Energy Efficient in Government Operations (EEGO) Policy contains minimum energy performance standards for Australian Government office buildings as a strategy for achieving energy targets. This ensures that entities progressively improve their performance through the procurement and ongoing management of energy efficient office buildings and environmentally sound equipment and appliances.

The Department, as part of its strategic accommodation planning, undertakes to meet the requirements of the Green Lease Schedule; that is, for tenancies of greater than 2,000m^2 with a lease term greater than two years, accommodation will meet the 'A' grade standard of the Building Owners and Managers Association International guidelines and meet a minimum National Australian Built Environment Rating System rating of 4.5 stars.

Energy consumption

Figure 3.3.1: The Department's electricity and natural gas consumption



The Department is required to meet the target of no more than 7,500 megajoules (MJ) per person, per annum, for office tenant light and power under the EEGO Policy. In 2017-18, the Department met this target, using 4,057MJ per person, per annum.

This achievement reflects the Department's efforts in its leased property portfolio to reduce energy consumption through technology such as:

- T5 fluorescent and movement activated sensor lighting;
- double glazed windows;
- energy efficient heating;
- ventilation; and
- air-conditioning systems.

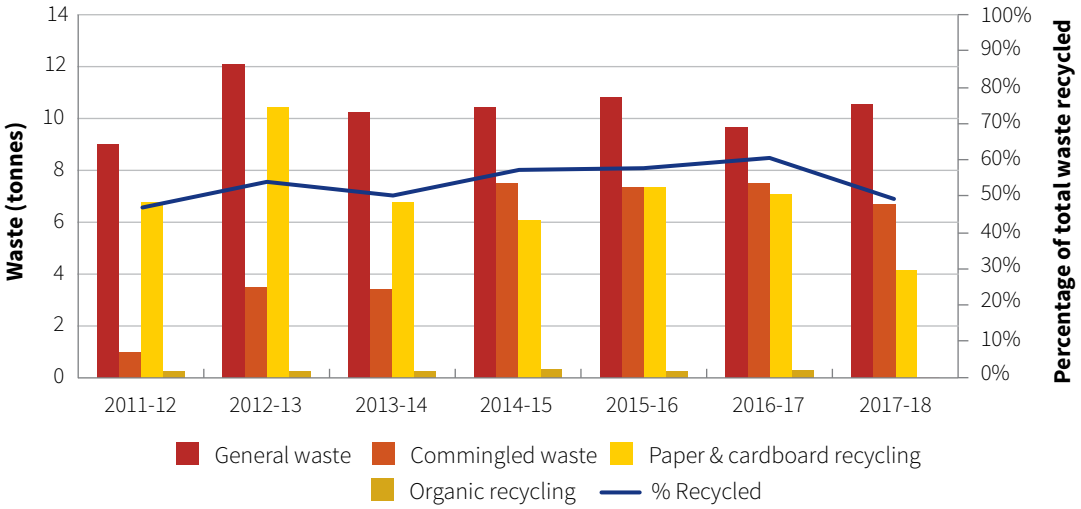
There is no target for energy consumption for non-office space, which includes sites used for laboratories, workshop and storage facilities. This includes the Symonston facility, housing the Therapeutic Goods Administration, which also accounts for the Department's use of natural gas.

While there is no energy target for non-office space, the Department monitors the energy consumption in these facilities as part of its commitment to reducing the impact on the environment from its activities.

The Department also participated in Earth Hour 2018 by switching off building lights, terminals, monitors and office equipment at all its properties around Australia.

Waste management

Figure 3.3.2: Average monthly waste produced by the Department[87]

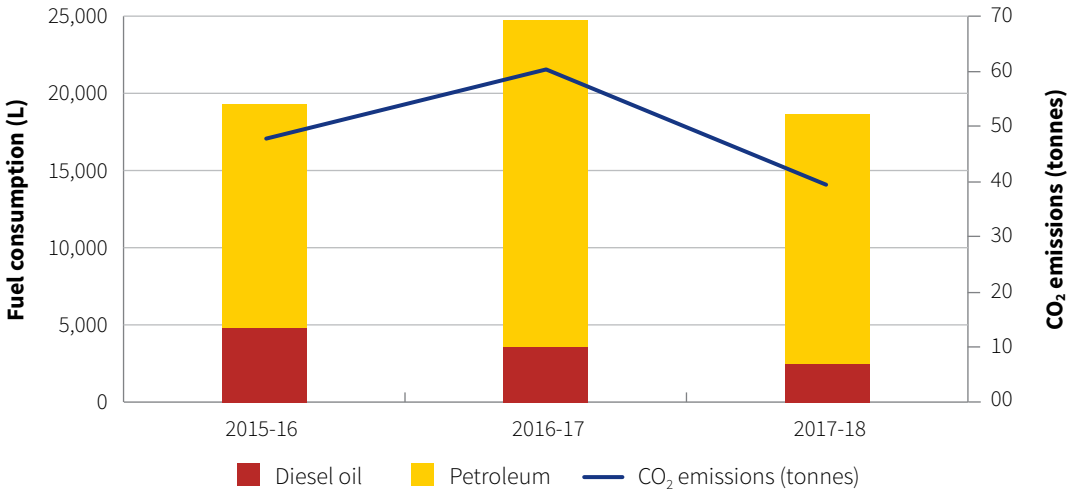


The Department is committed to protecting the environment through the implementation of efficient and effective waste management programs.

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. The Department aims to increase the amount of waste recycled as a proportion of total waste. Further recycling efforts include the recycling of printer and toner cartridges, batteries and mobile phones to ensure these items are diverted from landfill and used in sustainable programs.

Vehicle fleet management

Figure 3.3.3: Fleet fuel consumption and CO_2 emissions



In 2017-18, the Department operated 45 vehicles, which travelled a total of 209,704 km and expended 563,139MJ. This resulted in an energy consumption of approximately 2.69MJ/km.

[87] 2017-18 organic recycling data is not available.

Part 3.4: External Scrutiny and Compliance

External Scrutiny

Parliamentary scrutiny

The Department appears before parliamentary committees to answer questions about our administration of health, aged care and sport programs.

During 2017-18, the Department received a total of 28 Parliamentary Questions on Notice from the House of Representatives and the Senate, and 1,384 Senate Estimates Questions on Notice.

Joint Committee of Public Accounts and Audit reviews

During 2017-18, the Joint Committee of Public Accounts and Audit tabled no reviews that involved the Department.

Senate Estimates hearings

During 2017-18, the Department appeared before the Community Affairs Legislation Committee:

- Supplementary Budget Estimates – 26 October 2017;
- Additional Estimates – 28 February 2018;
- Budget Estimates – 29 & 30 May 2018; and
- Budget Estimates spillover day – 27 June 2018.

The Department also appeared before the Finance and Public Administration Legislation Committee for the Cross Portfolio Indigenous hearings:

- Supplementary Budget Estimates – 27 October 2017;
- Additional Estimates – 2 March 2018; and
- Budget Estimates – 25 May 2018.

Parliamentary Committee inquiries

The Department provided evidence and/or submissions to the following Parliamentary Committee inquiries.

Committee	Evidence/submission provided
Senate Rural and Regional Affairs and Transport References Committee	• Inquiry into the need for regulation of mobility scooters, also known as motorised wheelchairs
Senate Community Affairs References Committee	• Inquiry into the accessibility and quality of mental health services in rural and remote Australia • Inquiry into the value and affordability of private health insurance and out-of-pocket medical costs • Inquiry into the number of women in Australia who have had transvaginal mesh implants and related matters • Inquiry into the effectiveness of the Aged Care Quality Assessment and Accreditation Framework for protecting residents from abuse and poor practices and ensuring proper clinical and medical care standards are maintained and practiced • Inquiry into the availability and accessibility of diagnostic imaging equipment around Australia
House of Representatives Standing Committee on Health, Aged Care and Sport	• Inquiry into the Quality of care in residential aged care facilities in Australia
Senate Economics References Committee	• Inquiry into financial and tax practices of for-profit aged care providers
Joint Standing Committee on Foreign Affairs, Defence and Trade	• Inquiry into human organ trafficking and organ transplant tourism
Senate Red Tape Committee	• Inquiry into effect of red tape on health services • Inquiry into effect of red tape on pharmacy rules • Inquiry into effect of red tape on tobacco retail
Senate Select Committee	• Select Committee into funding for research into cancers with low survival rates
Senate Finance and Public Administration References Committee	• Inquiry into circumstances in which Australians' personal Medicare information has been compromised and made available for sale illegally on the 'dark web'
Senate Community Affairs Legislation Committee	• Inquiry into Therapeutic Goods Amendment (2017 Measures No.1) Bill 2017 and related bill • Inquiry into Vaporised Nicotine Products Bill 2017
Standing Committee on Health, Aged Care and Sport	• Inquiry into the use and marketing of electronic cigarettes and personal vaporisers in Australia
Standing Committee on Social Policy and Legal Affairs	• FASD: The hidden harm – Inquiry into the prevention, diagnosis and management of Fetal Alcohol Spectrum Disorders

Freedom of Information

In 2017-18, the Department received 376 Freedom of Information (FOI) requests.

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required, under Part II of the Act, to publish information as part of the Information Publication Scheme. Information including an Agency Plan showing what information is published, is available on the Department's website www.health.gov.au/internet/main/publishing.nsf/Content/foi-about

Australian National Audit Office audits

The Department works closely with the Australian National Audit Office (ANAO) to provide responses to proposed audit findings and recommendations prior to the Auditor-General presenting his reports to Parliament.

During 2017-18, the ANAO tabled five audits that involved the Department, detailed below. The Department agreed to all audit recommendations made with related implementation activities either underway or completed.

Audits specific to the Department

Audit	**Primary Healthcare services under the Indigenous Australians' Health Program** Audit Report No. 50 of 2017-2018, tabled 26 June 2018
Objective	The audit objective was to assess the effectiveness of the Department of Health's design, implementation and administration of primary healthcare grants under the IAHP.
Recommendations	The ANAO made three recommendations: • The Department of Health improve the quality of IAHP primary healthcare value for money assessments, including ensuring their consistency with the new funding allocation model. • The Department of Health assess the risks involved in IAHP-funded healthcare services using various clinical information software systems to support the direct online service reporting and national key performance indicator reporting process, and appropriately mitigate any significant identified risks. • The Department of Health ensure that new IAHP funding agreements for primary healthcare services include measurable performance targets that are aligned with program outcomes and that it monitors grant recipient performance against these targets.

Audit	**National Partnership Agreement payments to state and territory governments** Audit Report No. 42 of 2017-2018, tabled 24 June 2018
Objective	The objective of the audit was to examine the effectiveness of monitoring and payment arrangements under National Partnership Agreements.
Recommendations	Nil

Audit	Design, implementation and monitoring of health budget savings measures Audit Report No. 51 of 2017-2018, tabled 27 June 2018
Objective	The objective of the audit is to assess the Department of Health's design, implementation and monitoring of select 2014-15 and 2015-16 Budget measures aimed at achieving $1.2 billion in savings and other benefits.
Recommendations	ANAO made one recommendation: • That the Department of Health apply fit-for-purpose performance criteria to assist it to monitor the implementation of savings measures and assess their impact.

Audit	Efficiency through Contestability Programme Audit Report No. 41 of 2017-2018, tabled 1 May 2018
Objective	The objective of the audit was to assess the effectiveness of the Efficiency through Contestability Programme in supporting entities to improve the efficient delivery of government functions.
Recommendations	Nil

Audit	The Management of Risk by Public Sector Entities Audit Report No. 6 of 2017-2018, tabled 15 August 2017
Objective	The objective of the audit was to assess how effectively selected public sector entities manage risk.
Recommendations	Nil

Judicial decisions and decisions of administrative tribunals

During 2017-18, the Department was involved in:

- two matters in the Full Federal Court;
- 17 matters in the Federal Court;
- one matter in the District Court; and
- 28 matters in the Administrative Appeals Tribunal.

The Department was involved in no matters in the High Court in 2017-18. No decisions by the Australian Information Commissioner had a significant effect on the operations of the Department.

Reports by the Commonwealth Ombudsman

The Department continues to liaise with the Commonwealth Ombudsman on complaints relating to aspects of the Department's administrative activities.

During 2017-18, the Commonwealth Ombudsman investigated 31 complaints against the Department's administrative practices with 29 of these finalised. None of these investigations resulted in a finding of administrative deficiency.

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

Tobacco Plain Packaging

The Department, pursuant to section 108 of the *Tobacco Plain Packaging Act 2011* (the Act), reports that 239 potential contraventions of the Act were investigated in 2017-18. The majority of these matters were continuing investigations from the previous year. In 2017-18, 86 warning letters and five infringement notices were issued.

The Department has responsibility to investigate and enforce the legislation, on behalf of the Commonwealth, which requires that all tobacco products sold in Australia must be in plain packaging and be labelled with health warnings.

A copy of this report has been provided to the Minister for Health.

The *Human Services (Medicare) Act 1973*

The *Human Services (Medicare) Act 1973* provides for the Chief Executive Medicare to authorise the exercise of powers requiring a person to give information or to produce a document that is in the person's custody, or under the person's control, and the power to obtain a statutory report under section 42 of the Act. The table below outlines the number of times powers were exercised in 2017-18.

	Section 42(1) paragraphs (a) to (h)	Occurrences
(a)	the number of signed instruments made under section 8M	3
(b)	the number of notices in writing given under section 8P	68
(c)	the number of notices in writing given to individual patients under section 8P	6
(d)	the number of premises entered under section 8U	0
(e)	the number of occasions when powers were used under section 8V	0
(f)	the number of search warrants issued under section 8Y	9
(g)	the number of search warrants issued by telephone or other electronic means under section 8Z	0
(h)	the number of patients advised in writing under section 8ZN	100

Part 4: Financial Statements

Part 4.1: Financial Statements Performance and Process

Financial Performance

Administered

From 1 July 2017, the Australian Government established the Medicare Guarantee Fund (MGF) which guarantees ongoing funding of the Medical Benefits Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS) into the future.

Credits to the MGF, funded from the Medicare levy and a portion of personal income tax receipts sufficient to cover the estimated costs of essential health care provided under the MBS and PBS, are included in the Department's administered income and at $34.8 billion form the bulk of the special accounts revenue disclosed in the Administered Schedule of Comprehensive Income.

The Department also recovered on behalf of the Government amounts which relate to:

- cost sharing arrangements with pharmaceutical companies for PBS listed drugs;
- services provided under the National Disability Insurance Scheme and for young people in residential care; and
- the MBS, PBS and Health Rebate Scheme after settlement of personal injury claims.

Administered expenses for 2017-18 totalled $65.6 billion, an increase of $2.2 billion over the previous year.

- Personal benefits expenses, including amounts related to MBS and PBS and in 2017-18 funded from the MGF increased by $2.0 billion from 2016-17.
- Subsidy expenses, largely related to residential, aged and community care programs, decreased by $0.3 billion from 2016-17 to $11.8 billion.
- Grants expenses amounted to $7.7 billion, up $0.2 billion from 2016-17, were paid to a range of for-profit and not-for-profit entities in the private sector, as well as a number of Government entities.
- The Department transferred appropriations to corporate entities such as the Australian Sports Commission, the Australian Digital Health Agency, the Australian Institute of Health and Welfare, and Food Standards Australia New Zealand. The total appropriation transfer for 2017-18 was $0.5 billion, up from $0.4 billion in 2016-17.
- Supplier expenses were $1.0 billion, up from $0.8 billion in 2016-17.

Total administered assets were $3.2 billion, including $1.3 billion accrued revenue for PBS drug recoveries and $0.6 billion credits held in the MGF special account. Other assets included loans and receivables of $0.8 billion, consisting of loans to support aged care facilities, and the Government's investments of $0.5 billion in Health portfolio entities and the Biomedical Translation Fund.

Total administered liabilities were $3.0 billion which includes amounts payable under the administered programs, as well as $1.5 billion estimated for claims not yet submitted under MBS, PBS and medical indemnity schemes.

Departmental

The Department recorded a consolidated operating surplus for 2017-18 of $30.2 million, prior to unfunded depreciation. This represented a significant improvement from the operating deficit in 2016-17.

Additional revenues in the form of inspections, applications, conformity assessment and evaluations in the Therapeutic Goods Administration (TGA) and higher revenue from new chemicals assessments in the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) made a significant contribution to this surplus. Revenues from Government remained reasonably consistent with the prior year.

Significant expense controls were further enhanced in 2017-18. More stringent application of controls around engagement of contractors, services under contract or others and other expenses have all led to a reduction in supplier expenses. In addition, maintaining workforce levels to reflect available funding has been a key priority for the Department.

The surplus has assisted in improving the net asset position of the Department at 30 June 2018.

Financial Statements Process

The Department is required to prepare annual financial statements to comply with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The statements must comply with the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* and Australian Accounting Standards. Additional guidance is provided by the Department of Finance through Resource Management Guide No. 125.

In preparing the 2017-18 financial statements, the Department applied professional judgement to ensure that the financial statements fairly present the financial position, financial performance and cash flows.

The Department has continued its practice of additional disclosures where, in the opinion of the Chief Financial Officer, these disclosures add value for the reader. In 2017-18, this includes a note specific to the TGA special account and detailed descriptions supporting the note disclosures.

The Department's quality assurance framework applied to the financial statements includes independent advice from the Audit and Risk Committee to the Secretary on the preparation and review of the financial statements.

The financial statements are audited by the Australian National Audit Office.

Readers of the financial statements will be assisted by the colour coding incorporated in the statements, notes and narrative. Grey shaded items are items that the Department administers on behalf of the Government, unshaded items are departmental in nature and accounting policy has a blue background.

Part 4.2: 2017-18 Financial Statements

Table of contents

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

Opinion

In my opinion, the financial statements of the Department of Health for the year ended 30 June 2018:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements 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 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of Health, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Secretary and Chief Financial Officer;
- Overview;
- Departmental Statement of Comprehensive Income;
- Departmental Statement of Financial Position;
- Departmental Statement of Changes in Equity;
- Departmental Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department of Health in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Key audit matter	How the audit addressed the matter
Accuracy of personal benefits and subsidies *Refer to Note 18B 'Personal benefits' and Note 18C 'Subsidies – aged care''* I focused on personal benefits and subsidies expenses related to health and aged care programs including Medicare, Pharmaceutical Benefits Scheme and Private Health Insurance Rebate because these payments are: • calculated by multiple, complex information technology systems; • based on the information provided by the payment recipients and may be significantly impacted by delays in recipients providing correct or updated information and/or provision of misleading information in order to obtain financial gain; • reliant on health providers gaining and maintaining accreditation and registration, with the Department of Health and meeting standards set by the Department of Health; and • significant to the financial statements. During 2017–18 financial year, Health recognised personal benefits expenses of $44,599,704,000 and $11,762,424,000 of aged care subsidies expenses.	I applied the following audit procedures to address this key audit matter: • tested the key business processes, controls and information technology (IT) systems related to the calculation and processing of payments; • assessed the internal controls related to the accreditation and registration of medical providers, pharmacies and aged care providers; and • tested a sample of payments to assess eligibility of recipients and that the transaction was accurately recorded.

Key audit matter	How the audit addressed the matter
Valuation of personal benefits provisions and subsidies provisions *Refer to Note 18B 'Personal benefits provisions' and Note 18C 'Subsidies provisions* I considered this area a key audit matter due to the significant judgments involved in estimating the personal benefits and subsidies provisions. The judgements relate to the amount and timing of future cash flows, estimating the period over which these provisions are expected to be settled by the Department of Health and use of an appropriate discount rate. These judgements rely on the completeness and accuracy of the underlying data used in the estimation process. As at 30 June 2018, the personal benefits provisions were $1,074,260,000 and subsidies provisions were $441,000,000.	I applied the following audit procedures to address this key audit matter: • tested the Department of Health's review and approval process of actuarial assumptions used in the estimation of provisions; • assessed the appropriateness of significant assumptions and judgements made during the estimation process including the timing and amount of future cash flows and appropriateness of the discount rate used; and • assessed the data used in the estimation process for accuracy and completeness.

Key audit matter	How the audit addressed the matter
Completeness and accuracy of Pharmaceutical Benefits Scheme recoveries *Refer to Note 21B 'Recoveries – PBS drug recoveries' and 'Accrued recoveries revenue – Pharmaceutical benefits''* I considered this area a key audit matter due to the: • individual agreements with pharmaceutical companies containing different arrangements that determine the calculation of Pharmaceutical Benefits Scheme (PBS) recovery revenue for each pharmaceutical company; and • manual processes for calculating PBS recovery revenue. In 2017–18, $2,358,863,000 of PBS drug recoveries revenue, including $1,297,766,000 of accrued PBS recoveries revenue was recognised.	I applied the following audit procedures to address this key audit matter: • tested a sample of invoices to assess whether recoveries were accrued in accordance with the recovery arrangements with pharmaceutical companies; • assessed the data used in the calculation of recovery revenue for accuracy and completeness; • tested the mathematical accuracy of the PBS recoveries calculations. This involved recalculating the recoveries revenue, on a sample basis, in accordance with the agreements with pharmaceutical companies; and • on a sample basis, assessed whether invoices raised subsequent to year-end were recorded in the correct accounting period.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department of Health 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 – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department of Health's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Sean Benfield

Executive Director

Delegate of the Auditor-General

Canberra

31 August 2018

Department of Health

Statement by the Secretary and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2018 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.....

Glenys Beauchamp
Secretary
Department of Health

30 August 2018

Signed.....

Craig Boyd
Chief Financial Officer
Department of Health

30 August 2018

1. Objectives of the Department of Health

The Department of Health (the Department) is a not-for-profit Australian Government controlled entity. The objective of the Department is to lead and shape Australia's health system and sporting outcomes through evidence based policy, well targeted programs and best practice regulation. In 2018 the Department was structured to meet the following six outcomes:

Outcome 1:	Health System Policy, Design and Innovation
Outcome 2:	Health Access and Support Services
Outcome 3:	Sport and Recreation
Outcome 4:	Individual Health Benefits
Outcome 5:	Regulation, Safety and Protection
Outcome 6:	Ageing and Aged Care

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continued funding by Parliament for the Department's administration and programs.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Department is responsible for the following administered activities on behalf of the Government:

- payment of subsidies for residential, aged care and community programs;
- payment of personal benefits for Medicare and pharmaceutical services as well as for affordability and choice of health care initiatives; and
- payment of grants, with the majority of these made to non-profit organisations.

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:

- the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 for reporting periods ending on or after 1 July 2017; and
- Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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 held at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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.

Items of a similar nature together with disclosure of the relevant accounting policy are grouped together in the notes to the financial statements. The accounting policy disclosures have been shaded blue to distinguish them from other commentary.

The Department's financial statements include the financial statements of the Department of Health and three departmental special accounts, the Therapeutic Goods Administration (TGA), the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

All transactions between the Department and the three departmental special accounts have been eliminated from the departmental financial statements.

Comparative figures

Comparative figures have been adjusted, where required, to conform to changes in presentation of the financial statements.

3. New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

The Department adopted all new, revised and amending standards and interpretations that were issued by the AASB prior to the sign-off date and are applicable to the current reporting period. The adoption of these standards and interpretations did not have a material effect, and are not expected to have a future material effect on the Department's financial statements.

Future accounting standard requirements

The following new, revised and amending standards and interpretations were issued by the AASB prior to the signing of the statement by the Secretary and Chief Financial Officer, for which the Department is still assessing the potential impact on the financial statements:

- AASB 9 *Financial Instruments;*
- AASB 15 *Revenue from Contracts with Customers*;
- AASB 16 *Leases;* and
- AASB 1058 *Income of Not-for-Profit Entities*.

All other new, revised, and amending standards or interpretations that have been issued by the AASB prior to sign-off date that are applicable to the future reporting period(s) are not expected to have a future material financial impact on the Department's financial statements.

4. Significant Accounting Judgements and Estimates

Except where specifically identified and disclosed, 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.

5. 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.

During the reporting period Departmental staff transferred to the Department of Social Services (DSS) to participate in the Community Services Grants Hub. As the transfers were made under section 26 of the *Public Service Act 1999,* they are not considered to have moved under a restructure arrangement.

6. 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.

7. Events after the reporting period

TGA special account annual charges 2017-18

Sponsors of certain products on the Australian Register of Therapeutic Goods during the 2017-18 year have until 15 September 2018 to apply for exemption from the annual charges for the year. An estimate of the value of the exemptions has been incorporated in 2017-18 revenues.

Aged Care Quality and Safety Commission

From 1 January 2019, the Government will establish an independent Aged Care Quality and Safety Commission. The Commission will combine the functions of the Australian Aged Care Quality Agency, the Aged Care Complaints Commissioner, and from 1 January 2020, the aged care regulatory functions of the Department.

Grants hub transfer

In addition to the staff transfer within 2017-18 to support the Community Services Grants Hub in DSS, a further staff transfer will be undertaken during 2018-19.

My Aged Care systems asset transfer

The Department and DSS are in the process of confirming arrangements to transfer responsibility for the Aged Care Gateway IT systems application platform from DSS, scheduled to occur in the 2019 financial year.

Administered Inventory

$1.7m of administered inventory held in the National Medical Stockpile will pass its expiry date during the period July to October 2018 (2017: $0.8m). Another $3.3m worth of inventory passed its expiry date at the end of July 2017, but consideration of an extension of useful life for these items is ongoing.

Department of Health

Departmental Statement of Comprehensive Income
for the period ended 30 June 2018

		ACTUAL		BUDGET ESTIMATE	
				Original	Variance
	Notes	**2018**	2017	2018	2018
		$'000	$'000	$'000	$'000
NET COST OF SERVICES					
EXPENSES					
Employee benefits	4A	**511,041**	565,546	522,171	(11,130)
Suppliers	7A	**294,478**	316,434	287,923	6,555
Depreciation and amortisation	11	**30,474**	26,548	28,302	2,172
Other expenses	7B	**4,253**	2,978	4,000	253
Total expenses		**840,246**	911,507	842,396	(2,150)
OWN-SOURCE INCOME					
Revenue	8A	**185,436**	172,247	177,672	7,764
Gains	8B	**955**	1,975	870	85
Total own-source income		**186,391**	174,222	178,542	7,849
Net cost of services		**653,855**	737,284	663,854	(9,999)
Revenue from Government	9A	**658,441**	655,162	639,683	18,758
Surplus/(deficit) attributable to the Australian Government		**4,586**	(82,122)	(24,171)	28,757
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation surplus		**2,541**	4,770	-	2,541
Total other comprehensive income		**2,541**	4,770	-	2,541
Total comprehensive surplus/(loss) attributable to the Australian Government		**7,127**	(77,353)	(24,171)	31,298

The above statement should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Departmental Statement of Financial Position
as at 30 June 2018

		ACTUAL		BUDGET ESTIMATE	
				Original	Variance
	Notes	**2018**	2017	2018	2018
		$'000	$'000	$'000	$'000
ASSETS					
Financial assets					
Cash and cash equivalents	10A	**100,591**	95,722	64,997	35,594
Appropriations receivable	9B	**54,868**	31,286	44,066	10,802
Trade and other receivables	8C	**16,896**	12,977	26,185	(9,289)
Accrued revenue		**5,431**	7,392	10,565	(5,134)
Total financial assets		**177,786**	147,378	145,813	31,973
Non-financial assets					
Land and buildings	11	**55,067**	54,923	46,245	8,822
Property, plant and equipment	11	**6,210**	5,378	6,034	176
Intangibles	11	**117,899**	119,147	120,847	(2,948)
Prepayments		**15,474**	13,149	15,283	191
Lease incentives		**9,338**	13,823	-	9,338
Total non-financial assets		**203,988**	206,420	188,409	15,579
Total assets		**381,774**	353,798	334,222	47,552
LIABILITIES					
Payables					
Supplier payables		**73,498**	59,416	42,596	30,902
Employee payables	4B	**5,413**	4,593	19,937	(14,524)
Other payables	7D	**44,088**	51,503	14,694	29,394
Total payables		**122,999**	115,511	77,227	45,772
Provisions					
Employee provisions	4C	**148,101**	153,207	169,551	(21,450)
Other provisions	7E	**30,347**	30,398	28,446	1,901
Total provisions		**178,448**	183,605	197,997	(19,549)
Total liabilities		**301,447**	299,116	275,224	26,223
Net assets		**80,327**	54,682	58,998	21,329
EQUITY					
Contributed equity		**271,086**	252,569	262,821	8,265
Asset revaluation reserve		**37,747**	35,206	30,436	7,311
Accumulated deficit		**(228,506)**	(233,092)	(234,259)	5,753
Total equity		**80,327**	54,682	58,998	21,329

The above statement should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Departmental Statement of Changes in Equity
for the period ended 30 June 2018

	ACTUAL		BUDGET ESTIMATE	
			Original	Variance
	2018	2017	2018	2018
	$'000	$'000	$'000	$'000
ACCUMULATED DEFICIT				
Opening balance				
Balance carried forward from previous period	**(233,092)**	(150,970)	(210,088)	(23,004)
Comprehensive gain/(loss) for the period	**4,586**	(82,122)	(24,171)	28,757
Closing balance as at 30 June	**(228,506)**	(233,092)	(234,259)	5,753
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period	**35,206**	30,436	30,436	4,770
Other comprehensive income	**2,541**	4,770	-	2,541
Closing balance as at 30 June	**37,747**	35,206	30,436	7,311
CONTRIBUTED EQUITY				
Balance carried forward from previous period	**252,569**	246,925	252,649	(80)
Transactions with owners				
Equity injection - appropriations	**7,422**	6,571	2,366	5,056
Return of capital				
- reduction in equity appropriations[1]	**-**	(10,755)	-	-
Departmental Capital Budget	**11,095**	9,828	7,806	3,289
Total transactions with owners	**18,517**	5,644	10,172	8,345
Closing balance as at 30 June	**271,086**	252,569	262,821	8,265
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period	**54,682**	126,391	72,997	(18,315)
Comprehensive gain/(loss) for the period	**7,127**	(77,353)	(24,171)	31,298
Transactions with owners	**18,517**	5,644	10,172	8,345
Closing balance as at 30 June	**80,327**	54,682	58,998	21,329

[1] The detail for the reduction in equity appropriation can be found in the *2016-17 Portfolio Additional Estimates Statements*.

The above statement should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Departmental Cash Flow Statement
for the period ended 30 June 2018

	Notes	ACTUAL 2018 $'000	ACTUAL 2017 $'000	BUDGET ESTIMATE Original 2018 $'000	BUDGET ESTIMATE Variance 2018 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations		**746,701**	844,086	638,786	107,915
Sale of goods and rendering of services		**181,068**	181,537	218,016	(36,948)
Net GST received		**25,797**	28,858	24,010	1,787
Other		**-**	-	1,380	(1,380)
Total cash received		**953,566**	1,054,481	882,192	71,374
Cash used					
Employees		**(515,999)**	(553,374)	(431,848)	(84,151)
Suppliers		**(307,395)**	(360,130)	(374,237)	66,842
Net GST paid		**-**	-	(4,355)	4,355
Section 74 receipts transferred to the Official Public Account		**(107,463)**	(114,459)	(64,980)	(42,483)
Other		**(1,123)**	(526)	(1,905)	782
Total cash used		**(931,980)**	(1,028,489)	(877,325)	(54,655)
Net cash from operating activities	3	**21,586**	25,993	4,867	16,719
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment		**1**	81	-	1
Total cash received		**1**	81	-	1
Cash used					
Purchase of property, plant, equipment and intangibles		**(30,856)**	(36,488)	(28,672)	(2,184)
Total cash used		**(30,856)**	(36,488)	(28,672)	(2,184)
Net cash used by investing activities		**(30,855)**	(36,407)	(28,672)	(2,183)
FINANCING ACTIVITIES					
Cash received					
Appropriations - Equity injection		**3,146**	5,321	2,366	780
Appropriations - Departmental capital budget		**10,992**	10,143	7,806	3,186
Total cash received		**14,138**	15,465	10,172	3,966
Net cash received from financing activities		**14,138**	15,465	10,172	3,966
Net increase/(decrease) in cash held		**4,869**	5,050	(13,633)	18,502
Cash and cash equivalents at the					
- beginning of the reporting period		**95,722**	90,672	78,630	17,092
- end of the reporting period	10A	**100,591**	95,722	64,997	35,594

The above statement should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 1: Departmental operating result reconciliation

The Government funds the Department on a net cash appropriation basis, where appropriation revenue is not provided for depreciation and amortisation expenses. Depreciation and amortisation is included in the Department's cost recovered operations to the extent that it relates to those activities.

The Department's accountability for its operating result is at its result net of unfunded depreciation and amortisation.

	2018	2017
	$'000	$'000
Total comprehensive gain/(loss)	**7,127**	(77,353)
Unfunded depreciation and amortisation		
Total depreciation	**30,474**	26,548
Less cost recovered depreciation		
NICNAS	**(508)**	(433)
TGA	**(6,846)**	(4,286)
Net unfunded depreciation	**23,120**	21,829
Comprehensive surplus/(loss) net of unfunded depreciation and amortisation	**30,247**	(55,524)

The total comprehensive surplus includes the impact of:

- the application of prevailing bond rates to the Department's employee provisions which reduced 2017-18 expenses by $0.18m; and
- revaluation of Departmental assets, which resulted in a change of $2.54m to the asset revaluation surplus.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 2: Departmental explanation of budget variances

General Commentary
AASB 1055 *Budgetary Reporting* requires explanations of major variances between the original budget as presented in the *2017-18 Portfolio Budget Statements* (PBS) and the final 2018 outcome. The information presented below should be read in the context of the following:

- the original budget was prepared before the 2017 final outcome could be known. As a consequence, the opening balance of the statement of financial position was estimated and in some cases variances between the 2018 final outcome and budget estimates can in part be attributed to unanticipated movement in the prior year period figures;
- the 2017 final outcome was a Departmental operating loss so the Department's executive implemented a financial management plan to increase cash reserves and improve financial sustainability. A key element of the plan was to target a modest operating surplus in 2018;
- 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 this analysis;
- the Department considers that major variances are those greater than 10% of the estimate. Variances below this threshold are not included unless considered significant by their nature;
- variances relating to cash flows are a result of the factors detailed under expenses, own source income, assets or liabilities. Unless otherwise individually significant or unusual, no additional commentary has been included;
- the departmental budget was prepared under the Commonwealth budgeting framework where revenue is not appropriated for depreciation and amortisation expenses, except as funded through cost recovered activity; and
- the Budget is not audited.

Net cost of services
The Department's total expenses for 2017-18 were $2.15m less than budget, leading to achievement of the targeted surplus. A significant factor in this result was achieved through effective staffing controls leading to lower than originally budgeted employee benefits.

Own source revenue was $7.85m greater than budget.

The Government provided additional revenue through the Budget and Additional Estimates process largely for the Department to:

- modernise the health and aged care payment systems;
- continue the Medicare Benefits Schedule review;
- continue the Medical Services Advisory Committee;
- finalise the transition arrangements for the NDIS;
- improve compliance over Pathology Approved Collection Centres;
- support continued investment in medical research through the Medical Research Future Fund; and
- make private health insurance simpler and more affordable.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Financial assets
Total financial assets are $31.97m higher than the budgeted amount. The cash and cash equivalents is higher than the budget estimate as special account balances are reported as cash and the TGA special account balance is higher than anticipated after a higher than anticipated opening balance and returning an operating surplus of $6.97m against an approved loss of $3.60m.

The budgeted appropriation receivable position was overstated due to an assumption at the time of the budget for a significantly smaller 2017 operating loss.

Non-financial assets
The Department, as a lessee, entered into arrangements that included lease incentives after the preparation of the 2017-18 budget.

Liabilities
Total provisions and payables are $26.22m greater than budget with supplier payables and lease liabilities higher than budget and employee provisions less than budget. The greater than anticipated supplier payables relates to timing of end of year supplier payments. The lease arrangements giving rise to incentive liabilities were entered into after the 2017-18 Budget was finalised. Recruitment controls meant that fewer staff were employed by the Department at 30 June 2018 than was anticipated when the budget was prepared resulting in lower than expected employee provisions.

Departmental cash flows
The Department makes payments when due and obtains funds from the Official Public Account in a just-in-time manner to make these payments as they fall due. The timing of payments, particularly for suppliers, will be dependent on the receipt of the goods and services and their related invoices and so can vary between reporting periods.

The cash flows from investing activities essentially relate to outflows associated with the purchase of non-financial assets being property, plant and equipment and intangibles. These outflows are funded through capital appropriation and equity injections from Government and through funds received through the sale of regulatory services. Investment in capital projects may extend across multiple reporting periods.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 3: Departmental cash flow reconciliation

	2018 $'000	2017 $'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	**100,591**	95,722
Statement of Financial Position	**100,591**	95,722
Discrepancy	**-**	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	**(653,855)**	(737,284)
Add revenue from Government	**658,441**	655,162
Adjustment for non-cash items		
Gain on sale of assets	**(1)**	(1,975)
Depreciation/amortisation	**30,474**	26,548
Net write-down of non-financial assets	**2,443**	1,445
Movements in assets and liabilities		
Assets		
Decrease/(increase) in net receivables	**(17,890)**	77,857
Decrease/(increase) in other financial assets	**(3,271)**	6,489
Decrease/(increase) in other non-financial assets	**2,160**	(15,243)
Liabilities		
Increase/(decrease) in employee provisions/payables	**(4,286)**	4,321
Increase/(decrease) in supplier payables	**14,528**	(2,431)
Increase/(decrease) in other payables	**(7,188)**	9,267
Increase in other provisions	**31**	1,838
Net cash from operating activities	**21,586**	25,993

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 4: Employees

	2018 $'000	2017 $'000
Note 4A: Employee benefits		
Wages and salaries	**355,128**	384,038
Superannuation:		
Defined contribution plans	**33,940**	35,183
Defined benefit plans	**40,635**	45,106
Leave and other entitlements	**75,811**	78,491
Separation and redundancies	**5,527**	22,728
Total employee benefits	**511,041**	565,546
Note 4B: Employee payables		
Wages and salaries	**4,207**	3,977
Superannuation	**241**	302
Separations and redundancies	**965**	314
Total employee payables	**5,413**	4,593

All employee payables are expected to be settled within 12 months of the balance date.

Note 4C: Employee provisions		
Leave	**147,615**	149,382
Separations and redundancies	**486**	3,825
Total employee provisions	**148,101**	153,207

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting policy
Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within 12 months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as the net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

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 June 2016. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

The Department recognises a payable for separation and redundancy where an employee has accepted an offer of a redundancy benefit and agreed a termination date. A provision for separation and redundancy is recorded when the Department has a detailed formal plan for the payment of redundancy benefits. The provision is based on the discounted anticipated costs for identified employees engaged in the redundancy program.

Under the *Superannuation Legislation Amendment (Choice of Funds) Act 2004*, employees of the Department are able to become a member of any complying superannuation fund. A complying superannuation fund is one that meets the requirements under the *Income Tax Assessment Act (1997)* and the *Superannuation Industry (Supervision) Act 1993*.

The Department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other compliant superannuation funds with the rates of contribution being set by the Department of Finance on an annual basis.

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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 5: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The Department has determined the key management personnel to be the Secretary, the Chief Medical Officer (CMO) and all Deputy Secretaries. Key management personnel also include officers who have acted as the CMO or a Deputy Secretary and have exercised significant authority in planning, directing and controlling the activities of the Department.

Key management personnel remuneration is reported in the table below:

	2018	2017
	$'000	$'000
Key management personnel remuneration		
Short-term employee benefits	**3,520**	3,713
Post-employment benefits	**593**	551
Other long-term employee benefits	**312**	348
Total key management personnel remuneration expenses [1]	**4,425**	4,612

The total number of key management personnel that are included in the above table is 14 (2017: 14).

Remuneration information for executives and other highly paid officials, published in accordance with the Executive Remuneration Reporting Guidelines issued by the Department of Prime Minister and Cabinet, is available on the Department's website[2].

1 The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.
2 Available at: www.health.gov.au/internet/main/publishing.nsf/Content/executive-remuneration. Executive remuneration tables are not audited.

Note 6: Related party transactions

Related party relationships
The entity is an Australian Government controlled entity. Related parties to this entity are key management personnel including the Portfolio Minister and Executive Government, and other Australian Government entities.

Transactions with related parties
Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include receipt of a Medicare rebate, Medicare bulk billing provider payments, pharmaceutical benefits or a zero real interest loan for aged care providers. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 7: Departmental suppliers, other expenses and payables

	2018 $'000	2017 $'000
Note 7A: Suppliers		
Goods and services supplied or rendered		
Contractors and consultants	**53,776**	63,668
Information technology costs	**91,538**	87,335
Services delivered under contract or others	**38,852**	44,615
Property	**15,551**	16,963
Travel	**9,523**	11,077
Training and other staff related expenses	**5,327**	5,095
Legal	**3,011**	2,308
Committees	**4,208**	3,632
Other	**15,187**	23,674
Total goods and services supplied or rendered	**236,973**	258,367
Other suppliers		
Operating lease rentals	**52,235**	52,381
Workers compensation premiums	**5,270**	5,686
Total other suppliers	**57,505**	58,067
Total suppliers	**294,478**	316,434
Note 7B: Other expenses		
Write-down and impairment of assets		
Impairment of financial instruments	**689**	1,007
Impairment of land and buildings	**1**	69
Impairment of property, plant and equipment	**33**	87
Impairment on intangibles	**2,408**	1,289
Payments made on behalf of Portfolio entities[1]	**1,121**	525
Act of Grace payments	**1**	1
Total other expenses	**4,253**	2,978

[1] Payments made on behalf of Portfolio entities are recovered in full, refer Note 8A.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018 $'000	2017 $'000
Note 7C: Commitments		
Lease commitments		
Operating leases[1]	**345,704**	424,041
Total commitments	**345,704**	424,041
Minimum lease payments expected to be settled		
Within 1 year	**42,329**	56,366
Between 1-5 years	**216,381**	227,894
More than 5 years	**86,994**	139,781
Total leases	**345,704**	424,041

[1] The operating lease commitments mainly relate to property lease payments.

Note: Commitments are not reported in the Statement of Financial Position.

Accounting policy

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.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

	2018 $'000	2017 $'000
Note 7D: Other payables		
Lease incentive	**25,333**	29,900
Unearned income	**18,755**	21,375
Other	**-**	227
Total other payables	**44,088**	51,503
Note 7E: Other provisions		
Provision for surplus lease space	**526**	47
Provision for restoration	**1,840**	3,002
Provision for lease straightlining	**27,981**	27,349
Total other provisions	**30,347**	30,398

Accounting policy

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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 7F: Reconciliation of movement in other provisions

	Provision for surplus lease space	Provision for restoration[1]	Provision for lease straightlining[2]	Total
	$'000	$'000	$'000	$'000
As at 1 July 2017	**47**	**3,002**	**27,349**	**30,398**
Additional provisions made	**526**	**-**	**633**	**1,159**
Amounts used	**(47)**	**(156)**	**-**	**(204)**
Amounts reversed	**-**	**(1,006)**	**-**	**(1,006)**
Total as at 30 June 2018	**526**	**1,840**	**27,981**	**30,347**

1 The Department currently has six (2017: six) 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.

2 The Department holds a provision for lease straight lining on ten leases.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 8: Departmental income and receivables

	2018 $'000	2017 $'000
Note 8A: Revenue		
Sale of goods and rendering of services		
Sale of goods	**1,274**	591
Rendering of services	**181,487**	170,126
Recoveries received from Portfolio entities	**1,121**	525
Financial statement audit services	**860**	850
Other revenue	**694**	155
Total own-source revenue	**185,436**	172,247

Financial statement audit services were provided free of charge to the Department by the Australian National Audit Office (ANAO) and are recorded at the fair value of resources received. No other services were provided by the auditors of the financial statements.

Note 8B: Gains		
Gains from sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	**1**	10
Less: Carrying value of assets sold	**-**	(8)
Resources received free of charge	**-**	1,801
Other gains	**954**	172
Total gains	**955**	1,975

Accounting policy
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.

Receivables for goods and services, which have 30 day terms or other terms in accordance with the Therapeutic Goods Regulations 1990, are recognised at the nominal amounts due less any impairment allowance account. Collectability of the debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

On 1 July 2015 the TGA introduced the annual charges exemption scheme to provide relief from annual charges until a product on the Australian Register of Therapeutic Goods commences generating turnover. Under this scheme, which is detailed in the regulations covering therapeutic goods, some of the charges in respect of 2017-18 may not be known until the end of the declaration period on 15 September 2018. While there is some uncertainty in the revenue calculation for the financial year, the uncertainty is reducing as the scheme progresses and annual data is accumulated.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Gains
Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

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.

	2018	2017
	$'000	$'000
Note 8C: Receivables		
Trade and other receivables		
Goods and services receivable	**15,152**	10,923
GST receivable from the Australian Taxation Office	**2,744**	3,013
Total trade and other receivables (gross)	**17,896**	13,936
Less impairment allowance[1]	**(1,000)**	(958)
Total trade and other receivables (net)	**16,896**	12,977

[1] The impairment allowance relates to receivables for goods and services.

Credit terms for goods and services were within: the Department 30 days (2017: 30 days), TGA 28 days (2017: 28 days).

Reconciliation of the impairment allowance

	2018	2017
	$'000	$'000
Opening balance	**(958)**	(668)
Amounts written off	**343**	137
Amounts recovered and reversed	**275**	367
Increase recognised in net surplus/loss	**(660)**	(794)
Closing balance	**(1,000)**	(958)

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 9: Departmental appropriation income and receivable

	2018	2017
	$'000	$'000
Note 9A: Revenue from Government		
Appropriations		
Departmental appropriations	**658,441**	655,162
Total revenue from Government	**658,441**	655,162
Note 9B: Appropriations receivable		
Existing programs	**47,813**	28,611
Undrawn equity injection	**6,952**	2,675
Departmental Capital Budget	**103**	-
Total appropriations receivable	**54,868**	31,286

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.

Accounting policy

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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 10: Departmental cash and other financial instruments

	2018	2017
	$'000	$'000
Note 10A: Cash and cash equivalents		
Cash and cash equivalents		
Cash in special accounts	**99,136**	88,918
Cash on hand or on deposit	**1,455**	6,804
Total cash and cash equivalents	**100,591**	95,722
Note 10B: Financial instruments (assets)		
Goods and services receivable	**15,152**	10,923
Less: Impairment allowance	**(1,000)**	(958)
Total financial instruments (assets)	**14,152**	9,964
Net gains or losses on financial assets		
Loans and receivables		
Impairment	**689**	1,007
Net gains or losses on financial assets	**689**	1,007

Note 10C: Financial instruments (liabilities)

All trade creditors are measured at their amortised cost and represent the total financial instruments (liabilities).

Accounting policy

Cash and equivalents

Cash and cash equivalents are:

- cash in special accounts, which includes amounts that are banked in the Australian Government's Official Public Account or held in a bank account; and
- cash on hand or on deposit, which is the amounts held in the departmental bank accounts.

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'. Financial assets are initially measured at their fair value plus transaction costs where appropriate. 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.

Loans and receivables

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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Notes to and forming part of the financial statements

Note 11: Departmental property, plant and equipment and intangibles

Reconciliation of the opening and closing balances for 2018

	Land and buildings	Property, plant and equipment	Computer software - internally developed	Computer software - purchased	Total intangibles	Total Non-financial assets
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2017						
Gross book value	**54,923**	**9,221**	231,147	5,412	**236,559**	**300,703**
Accumulated depreciation/amortisation and impairment	**-**	**(3,843)**	(113,155)	(4,256)	**(117,411)**	**(121,254)**
Total as at 1 July 2017	**54,923**	**5,378**	117,991	1,156	**119,147**	**179,448**
Additions						
Purchase or internally developed	**7,176**	**1,868**	21,140	-	**21,140**	**30,184**
Revaluations recognised in other comprehensive income	**1,816**	**646**	-	-	**-**	**2,462**
Depreciation and amortisation	**(8,812)**	**(1,720)**	(19,604)	(339)	**(19,943)**	**(30,474)**
Reclassification	**(34)**	**71**	(173)	136	**(37)**	**-**
Impairment	**(2)**	**(33)**	(2,408)	-	**(2,408)**	**(2,443)**
Total as at 30 June 2018	**55,067**	**6,210**	116,947	953	**117,899**	**179,177**
Total as at 30 June 2018 represented by						
Work in progress	**3,200**	**-**	30,168	-	**30,168**	**33,368**
Gross book value	**52,968**	**6,426**	215,332	4,496	**219,828**	**279,221**
Accumulated depreciation/amortisation and impairment	**(1,100)**	**(216)**	(128,553)	(3,543)	**(132,096)**	**(133,413)**
Total as at 30 June 2018	**55,067**	**6,210**	116,947	953	**117,899**	**179,177**

Note: The Department expects to increase its Computer software – internally developed in 2019 as the My Aged Care asset balances are taken up.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Reconciliation of the opening and closing balances for 2017

	Land and buildings	Property, plant and equipment	Computer software - internally	Computer software - purchased	Total intangibles	Total Non-financial assets
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2016						
Gross book value	60,676	8,564	221,220	4,652	225,872	295,112
Accumulated depreciation/amortisation and impairment	(7,398)	(2,248)	(115,350)	(4,376)	(119,726)	(129,372)
Total as at 1 July 2016	53,278	6,316	105,870	276	106,146	165,740
Additions						
Purchase or internally developed	3,939	1,242	31,562	199	31,761	36,942
Revaluations recognised in other comprehensive income	4,770	-	-	-	-	4,770
Depreciation and amortisation	(7,107)	(1,971)	(17,114)	(357)	(17,471)	(26,548)
Reclassification	112	(112)	(1,066)	1,066	-	-
Disposals	(69)	(97)	-	-	-	(166)
Impairment	-	-	(1,261)	(28)	(1,289)	(1,289)
Total as at 30 June 2017	54,923	5,378	117,991	1,156	119,147	179,448
Total at 30 June 2017 represented by						
Work in progress	747	-	35,833	-	35,833	36,579
Gross book value	54,176	9,221	195,314	5,412	200,726	264,123
Accumulated depreciation/amortisation and impairment	-	(3,843)	(113,155)	(4,256)	(117,411)	(121,254)
Total as at 30 June 2017	54,923	5,378	117,991	1,156	119,147	179,448

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting policy

Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for information technology equipment purchases costing less than $500 (TGA $2,000), leasehold improvements costing less than $50,000 (TGA $10,000), and all other purchases costing less than $2,000, which are expensed in the year of acquisition (other than when they form part of a group of similar items which are 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 JLL as at 31 May 2018. 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.

Assets held for sale

Property plant and equipment owned by the Department to provide computing services to the TGA is at, or nearing, end-of-life. The Department will sell to its IT service provider, dispose or retain the items but given the uncertainty around the treatment for individual assets, in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets are recorded as being in use as at 30 June 2018.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Depreciation
Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease, including any applicable lease options available.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are made in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:
- buildings on freehold land: 20 to 25 years;
- leasehold improvements*:* The lower of the lease term or the estimated useful life; and
- plant and equipment: 3 to 20 years.

Impairment
All assets were assessed for impairment as at 30 June 2018. 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.

De-recognition
An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles
The Department's intangibles comprise internally developed software for internal use and purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. The Department recognises internally developed software costing more than $100,000 and purchased software costing more than $500 (TGA $100,000).

Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:
- internally developed software two to ten years; and
- purchased software two to seven years.

All software assets were assessed for indications of impairment as at 30 June 2018.

Note 12: Fair value measurement

Accounting policy

The Department's assets are held for operational purposes, not for the purposes of deriving a profit. As allowed for by AASB 13 *Fair Value Measurement*, quantitative information on significant unobservable inputs used in determining fair value is not disclosed.

Assets held at fair value include leasehold improvements and property, plant and equipment but exclude assets under construction. Assets not held at fair value include intangibles and assets under construction.

The Department reviews its valuation model each year via a desktop exercise with a formal revaluation undertaken every three years: the last revaluation was undertaken in 2018. If the valuation indicators of a particular asset class change materially, that class is subject to specific valuation in the reporting period. The valuation modelling was undertaken by JLL.

The categories of fair value measurement are:

Level 1: quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly.

Level 3: unobservable inputs.

Departmental assets are held at fair value and are measured at category levels 2 or 3 with no fair values measured at category level 1.

Leasehold improvements are predominately measured at category level 3 and the valuation methodology used is Depreciated Replacement Cost (DRC). Under DRC the estimated cost to replace the asset is calculated, with reference to new replacement price per square metre, and then adjusted to take into account its consumed economic benefit (accumulated depreciation). The consumed economic benefit has been determined based on the professional judgement of JLL with regard to physical, economic and external obsolescence factors. For all leasehold improvement assets, the consumed economic benefit is determined based on the term of the associated lease.

Property, plant and equipment is measured at either category level 2 or 3. The valuation methodology is either market approach or DRC, based on replacement cost for a new equivalent asset. The significant unobservable inputs used in the fair value measurement of PPE assets are the market demand and JLL professional judgement.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 13: Departmental contingent assets and liabilities

	Guarantees		Claims for damages or costs		Total	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Contingent assets						
Balance from previous period	**-**	-	**150**	19	**150**	19
New contingent assets recognised	**-**	-	**-**	142	**-**	142
Re-measurement	**-**	-	**-**	**-**	**-**	**-**
Rights expired	**-**	-	**(150)**	(11)	**(150)**	(11)
Total contingent assets	**-**	-	**-**	150	**-**	150
Contingent liabilities						
Balance from previous period	**5,000**	5,000	**645**	5,010	**5,645**	10,010
New	**-**	-	**-**	195	**-**	195
Re-measurement	**-**	-	**-**	(4,000)	**-**	(4,000)
Obligations expired	**-**	-	**(645)**	(560)	**(645)**	(560)
Total contingent liabilities	**5,000**	5,000	**-**	645	**5,000**	5,645
Net contingent liabilities	**(5,000)**	(5,000)	**-**	(495)	**(5,000)**	(5,495)

Accounting Policy
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.

The Department applies Accounting Standard AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in determining disclosure of contingent assets and liabilities.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Quantifiable contingencies

Quantifiable contingent assets

The Department had no quantifiable contingent assets as at 30 June 2018 (2017: $0.150m).

Quantifiable contingent liabilities

Claims for damages and costs
The schedule of contingencies reports no contingent liabilities in respect of claims for damages/costs as at 30 June 2018 (2017: $0.65m).

Guarantees
The schedule of contingencies shows a contingent liability in respect of claims for payments for Price Disclosure services of $5.000m (2017: $5.000m). This represents the maximum exposure to the Commonwealth in the event that the current contractor is unable to deliver.

Unquantifiable contingencies

Unquantifiable contingent assets and liabilities

At 30 June 2018 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 and the information is not disclosed on the grounds that it might seriously prejudice the outcomes of these cases.

The Department has provided indemnities 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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 14: Departmental appropriations

Table A: Annual and Unspent Appropriation ("Recoverable GST exclusive")

	2018 $'000	2017 $'000
DEPARTMENTAL		
Ordinary Annual Services		
Annual appropriation[1,2,3]	**659,018**	654,627
Capital budget[4]	**11,095**	9,828
Receipts retained under PGPA Act - Section 74	**107,463**	114,459
Total appropriation	**777,576**	778,914
Appropriation applied (current and prior years)	**(763,044)**	(849,284)
Variance[5]	**14,532**	(70,370)
Unspent appropriations		
Own unspent appropriation balance	**49,371**	34,838
Closing unspent appropriation balance	**49,371**	34,838
Balance comprises appropriations as follows:		
Supply Act (No. 1) 2016-2017	**-**	1
Appropriation Act (No. 1) 2016-2017 - Cash at bank[6]	**-**	6,804
Appropriation Act (No. 3) 2016-2017	**-**	28,033
Appropriation Act (No. 1) 2017-2018	**47,813**	-
Appropriation Act (No. 1) 2017-2018 - Cash at bank[6]	**1,455**	-
Appropriation Act (No. 3) 2017-2018 - Departmental Capital Budget (DCB)	**103**	-
Total unspent appropriation - ordinary annual services	**49,371**	34,838

1 There were no amounts temporarily quarantined from 2018 or 2017 departmental ordinary annual services appropriations.
2 There were no amounts withheld under section 51 of the PGPA Act from 2018 or 2017 departmental ordinary annual services appropriations.
3 An amount of $577,000 was recognised in appropriation revenue during 2017, as reflected in Note 9, but was legally appropriated during the 2018 Budget process and was included in the 2018 Appropriation Acts.
4 Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3) and Supply Acts (No. 1,3). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.
5 The variance of $14,532,000 for departmental ordinary annual services primarily represents the timing difference of payments to suppliers or employees.
6 Cash at bank mainly relates to deposits made on 30 June, subject to Section 74 of the PGPA Act (annotated Appropriation Act No. 1).

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018	2017
	$'000	$'000
Other Services - Equity		
Annual appropriation[1,2]	**7,422**	18,349
Total appropriation	**7,422**	18,349
Appropriation applied (current and prior years)	**(3,146)**	(5,321)
Variance[3]	**4,276**	13,028
Unspent appropriations		
Own unspent appropriation balance	**6,952**	2,675
Closing unspent appropriation balance[4]	**6,952**	2,675
Balance comprises appropriations as follows:		
Appropriation Act (No. 4) 2015-2016[2]	**-**	1,425
Appropriation Act (No. 2) 2016-2017[2]	**600**	1,250
Appropriation Act (No. 2) 2017-2018	**1,296**	-
Appropriation Act (No. 4) 2017-2018	**4,560**	-
Appropriation Act (No. 6) 2017-2018	**496**	-
Total unspent appropriation - other services - equity	**6,952**	2,675

1 There were no amounts temporarily quarantined from 2018 or 2017 departmental other services - equity appropriations.

2 In 2017 departmental other services – equity appropriations $6,871,000 of the *Appropriation Act (No. 2) 2016-2017* and $4,907,000 of the *Supply Act (No. 2) 2016-2017* were permanently quarantined under section 51 of the PGPA Act. In 2016 departmental other services – equity appropriations $556,000 of the *Appropriation Act (No. 2) 2015-2016* and $10,199,000 of the *Appropriation Act (No. 4) 2015-2016* were permanently quarantined under section 51 of the PGPA Act. This represents a loss of control of the appropriations and therefore these amounts were not reported as available above.

3 The variance of $4,276,000 for departmental equity primarily relates to delayed commencement of projects funded in 2017-18 Additional Estimates.

4 This balance is net of $22,533,000 which is permanently quarantined under section 51 of the PGPA Act. These amounts are detailed in footnotes to the respective Act. The total unspent appropriations gross of quarantined amounts under section 51 of the PGPA Act is $29,485,000.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 15: Therapeutic Goods Administration

Note 15A: Therapeutic Goods Administration overview

The Therapeutic Goods Administration (TGA) contributes to Outcome 5: Regulation, Safety and Protection. The TGA recovers the cost of all activities undertaken within the scope of the *Therapeutic Goods Act 1989* from industry through fees and charges.

Included below is financial information for the TGA special account. The balance of the special account represents a standing appropriation from which payments are made for the purposes of the special account. The TGA special account is reported in Note 27: Special accounts.

Therapeutic goods are regulated to ensure that medicinal products and medical devices in Australia meet standards of safety, quality and efficacy at least equal to that of comparable countries. These products and devices should be made available in a timely manner and the regulatory impact on business kept to a minimum. This is achieved through a risk management approach to pre-market evaluation and approval of therapeutic products intended for supply in Australia, licensing of manufacturers and post market surveillance.

TGA receives payment for evaluation services in advance of service delivery, which can extend across financial years. TGA estimates the stage of service completion and recognises the matching revenue. Revenue reported for 2017-18 includes an estimate for annual charges.

	2018	2017
	$'000	$'000
Note 15B: TGA Comprehensive income		
Expenses		
Employee benefits	**75,802**	78,781
Consultants and contractors	**18,474**	17,670
Corporate Services	**36,142**	36,488
Other	**8,221**	7,528
Depreciation and amortisation	**6,846**	4,286
Write-down and impairment of assets	**2,895**	1,961
Total expenses	**148,380**	146,715
Revenues		
Sale of goods and rendering of services	**152,905**	139,037
Other revenue and gains	**1**	12
Total own-source revenue	**152,906**	139,049
Revenue from Government	**2,439**	2,574
Surplus/(loss) on continuing operations	**6,965**	(5,092)

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018 $'000	2017 $'000
Note 15C: TGA Financial Position		
Assets		
Financial assets[1]	**82,082**	71,725
Non-financial assets	**34,607**	34,850
Total assets	**116,690**	106,575
Liabilities		
Payables	**33,368**	32,522
Provisions	**21,601**	20,468
Total liabilities	**54,970**	52,990
Equity		
Contributed equity	**2,029**	2,029
Asset revaluation reserve	**9,138**	7,968
Retained surplus	**50,554**	43,589
Total Equity	**61,720**	53,585

[1] Includes cash balance of $73.326m which is disclosed in Note 27: Special accounts.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Administered Schedule of Comprehensive Income
for the period ended 30 June 2018

		ACTUAL		BUDGET ESTIMATE	
				Original	Variance
	Notes	**2018**	2017	2018	2018
		$'000	$'000	$'000	$'000
NET COST OF SERVICES					
Expenses					
Grants	18A	**7,721,904**	7,468,532	8,201,849	(479,945)
Personal benefits	18B	**44,599,704**	42,555,967	43,975,150	624,554
Subsidies	18C	**11,762,424**	12,102,130	12,023,300	(260,876)
Suppliers	19A	**999,016**	807,335	607,110	391,906
Payments to corporate Commonwealth entities	20A	**510,005**	405,074	560,425	(50,420)
Depreciation and amortisation	23A	**-**	1,355	-	-
Other expenses	19B	**39,156**	60,222	29,926	9,230
Total expenses		**65,632,209**	63,400,615	65,397,760	234,449
Income					
Special accounts revenue	21A	**34,779,233**	64,870	121,565	34,657,668
Recoveries	21B	**2,943,418**	3,725,543	2,577,235	366,183
Other revenue	21C	**214,966**	190,333	24,565	190,401
Total income		**37,937,617**	3,980,746	2,723,365	35,214,252
Net cost of services		**27,694,592**	59,419,869	62,674,395	(34,979,803)
Deficit		**(27,694,592)**	(59,419,869)	(62,674,395)	34,979,803
OTHER COMPREHENSIVE INCOME					
Items not subject to subsequent reclassification to net cost of services					
Changes in asset revaluation reserves		**-**	(13,958)	-	-
Changes in administered investment reserves		**(42,272)**	57,697	-	(42,272)
Total other comprehensive income/(loss)		**(42,272)**	43,739	-	(42,272)
Total comprehensive loss		**(27,736,864)**	(59,376,130)	(62,674,395)	34,937,531

The above schedule should be read in conjunction with the accompanying notes.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Administered Schedule of Assets and Liabilities
as at 30 June 2018

		ACTUAL		BUDGET ESTIMATE	
				Original	Variance
	Notes	2018	2017	2018	2018
		$'000	$'000	$'000	$'000
ASSETS					
Financial assets					
Cash and cash equivalents	22A	**559,100**	146,809	171,578	387,522
Accrued recoveries revenue	21B	**1,368,959**	928,986	748,121	620,838
Loans and other receivables	21C	**755,494**	671,594	727,319	28,175
Investments	20B	**482,642**	454,972	714,050	(231,408)
Total financial assets		**3,166,195**	2,202,361	2,361,068	805,127
Non-financial assets					
Inventories held for distribution	23B	**115,765**	115,262	110,361	5,404
Total non-financial assets		**115,765**	115,262	110,361	5,404
Total assets administered on behalf of Government		**3,281,960**	2,317,623	2,471,429	810,531
LIABILITIES					
Payables					
Suppliers	19A	**(35,635)**	(22,841)	(9,685)	(25,950)
Subsidies	18C	**(105,740)**	(51,296)	(13,726)	(92,014)
Personal benefits	18B	**(1,027,893)**	(975,974)	(1,358,912)	331,019
Grants	18A	**(312,088)**	(317,461)	(346,689)	34,601
Total payables		**(1,481,356)**	(1,367,572)	(1,729,012)	247,656
Provisions					
Subsidies	18C	**(441,000)**	(450,000)	(464,268)	23,268
Personal benefits	18B	**(1,074,260)**	(1,057,773)	(1,280,045)	205,785
Total provisions		**(1,515,260)**	(1,507,773)	(1,744,313)	229,053
Total liabilities administered on behalf of Government		**(2,996,616)**	(2,875,345)	(3,473,325)	476,709
Net assets/(liabilities)		**285,344**	(557,722)	(1,001,896)	1,287,240

The above schedule should be read in conjunction with the accompanying notes.

For budgetary reporting information refer to Note 16. The original budget is the budget published in the *2017-18 Portfolio Budget Statements*. The budget statement information has been reclassified and presented on a consistent basis with the corresponding financial statement.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Administered Reconciliation Schedule

	2018 $'000	2017 $'000
Opening assets less liabilities as at 1 July	**(557,722)**	(1,005,668)
Adjusted opening assets less liabilities	**(557,722)**	(1,005,668)
Net cost of services		
Income	**37,937,617**	3,980,746
Expenses		
Payments to entities other than corporate Commonwealth entities	**(65,122,204)**	(62,995,541)
Payments to corporate Commonwealth entities	**(510,005)**	(405,074)
Other comprehensive income		
Revaluations transferred to/(from) reserves	**(42,272)**	43,739
Transfers (to)/from Australian Government		
Appropriation transfers from the Official Public Account (OPA)		
Administered assets and liabilities appropriations		
Payments to entities other than corporate Commonwealth entities	**44,893**	35,244
Payments to corporate Commonwealth entities	**54,533**	10,589
Appropriations for ordinary annual services		
Payments to entities other than corporate Commonwealth entities	**8,549,464**	8,253,833
Payments to corporate Commonwealth entities	**510,429**	405,074
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	**22,093,488**	55,037,751
Special appropriations (limited)		
Refund of receipts (section 77 of the PGPA Act)	**583**	576
Net GST appropriations	**(6,220)**	(12,748)
Appropriation transfers to OPA		
Transfers to OPA	**(2,667,240)**	(3,857,420)
Restructuring	**-**	(48,823)
Closing assets less liabilities as at 30 June	**285,344**	(557,722)

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Administered Cash Flow Statement
for the period ended 30 June 2018

	Notes	2018 $'000	2017 $'000
OPERATING ACTIVITIES			
Cash received			
Recoveries		**2,538,031**	3,766,815
Net GST received		**577,889**	562,908
Special accounts receipts		**34,779,233**	64,870
Other		**109,595**	62,503
Total cash received		**38,004,748**	4,457,096
Cash used			
Grants		**(8,285,896)**	(8,045,959)
Subsidies		**(11,712,886)**	(12,234,931)
Personal benefits		**(44,585,662)**	(42,820,809)
Suppliers		**(1,011,194)**	(819,757)
Payments to corporate Commonwealth entities		**(510,005)**	(405,074)
Total cash used		**(66,105,643)**	(64,326,530)
Net cash used by operating activities	17	**(28,100,895)**	(59,869,434)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans		**32,649**	28,102
Total cash received		**32,649**	28,102
Cash used			
Advances and loans made		**(29,451)**	(39,180)
Equity injections to corporate Commonwealth entities		**(54,533)**	(10,589)
Purchase of investments		**(15,409)**	(6,568)
Total cash used		**(99,393)**	(56,337)
Net cash used by investing activities		**(66,744)**	(28,235)
Net decrease in cash held		**(28,167,639)**	(59,897,669)
Cash and cash equivalents at the beginning of the reporting period		**146,809**	171,579
Cash from Official Public Account			
Appropriations		**31,153,964**	63,697,234
Special Accounts		**12,524**	8,613
Capital appropriations		**99,426**	45,833
Administered GST appropriations		**567,504**	544,762
Total cash from Official Public Account		**31,833,418**	64,296,442
Cash to Official Public Account			
Special Accounts		**(12,524)**	(8,613)
Return of GST appropriations to the Official Public Account		**(573,724)**	(557,510)
Other		**(2,667,240)**	(3,857,420)
Total cash to Official Public Account		**(3,253,488)**	(4,423,543)
Cash and cash equivalents at the end of the reporting period	22A	**559,100**	146,809

The above schedule should be read in conjunction with the accompanying notes.

Accounting policy

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and are reported as such in the Administered Cash Flow Statement and in the Administered Reconciliation Schedule.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 16: Administered explanation of budget variances

Administered expenses

Total administered expenses for 2017-18 were approximately $234m (0.4%) higher than the original budget. This variance was largely driven by significant overspends in personal benefits ($625m) and suppliers ($392m). This was partially offset by underspends against grants ($480m) and subsidies ($261m).

Personal benefits expenses relate to a range of program groups, most of which are funded through appropriations relating to demand. The major factor in the overspend was higher than anticipated demand for a range of PBS-listed pharmaceuticals, including but not limited to hepatitis C drugs, with increases to the estimates recorded during the year.

The overspend in suppliers was largely attributable to the aged care programs ($206m) and the Health Innovation and Technology Program ($43m), which were originally budgeted as grants. Therefore, the full value of 2017-18 expenditure was reported as a variance against both suppliers (overspend) and grants (underspend).

The variance against subsidies was largely due to the residential and flexible care program ($228m) which underspent against original budget because of the demand-driven nature and inherent volatility of the program.

Most grants programs finished 2017-18 underspent against budget. The factors that led to this result included savings delivered, new measures implemented and grant programs reduced or terminated post budget.

Administered revenues

The key driver of the variance in administered revenue was the Medicare Guarantee Fund (MGF) special account, announced during 2017-18 Budget as a new arrangement for funding medical benefits and pharmaceutical benefits payments. The MGF special account became operational in July 2017, replacing the previous special appropriations, and the entire value of 2017-18 funding allocations has been recognised as special account revenue in 2017-18. As this development was not reflected in the original budget, the entire value of MGF special account receipts was reported as a variance. There was no matching expense variance as the programs were previously funded by Special Appropriations, refer note 25 table B.

The PBS drug recoveries arising from cost sharing agreements between the Commonwealth and pharmaceutical companies were higher than originally anticipated. These recoveries fluctuate without a predictable pattern depending on individual agreements and population demand for pharmaceuticals.

Administered assets

The total value of assets administered on behalf of the Commonwealth at 30 June 2018 was $810m (32.8%) higher than the original budget. The highest contributor to this variance was accrued recoveries revenue ($621m above budget), relating to the PBS drug recoveries. Due to the nature of these recoveries, the value of accrued revenue can fluctuate with no predictable pattern from one year to another. Higher accrued revenue was also contributed to by slower invoicing in the later part of the year due to delayed data availability, and was therefore mitigated by lower invoiced revenue.

Cash and cash equivalents as at 30 June 2018 were also significantly higher than the original budget ($388m variance), attributable largely to the unspent portion of the 2017-18 funding allocation remaining in the MGF special account.

These variances were partially offset by the lower value of investments at 30 June 2018 ($232m below the budget). The original budget included $250m worth of investments in the Biomedical Translation Fund (BTF), which represents the full funding allocation for this program of $250m over 2 years. The variance to the budget is driven by the timing of the investments.

Administered liabilities

Total liabilities administered on behalf of the Commonwealth at 30 June 2018 were $477m (14%) lower than the original budget estimate. This was largely attributable to the lower personal benefits liabilities ($537m below the budget), across payables and provisions, with medical benefits and pharmaceutical benefits being key contributors. These high-value liabilities fluctuate with demand and payment cycles, resulting in their estimation involving a high degree of uncertainty and an element of professional judgement.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 17: Administered cash flow reconciliation

	2018 $'000	2017 $'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	**559,100**	146,809
Administered Schedule of Assets and Liabilities	**559,100**	146,809
Discrepancy	**-**	**-**
Reconciliation of net cost of services to net cash used by operating activities		
Net cost of services	**(27,694,592)**	(59,419,869)
Adjustment for non-cash items		
Depreciation and amortisation	**-**	1,355
Net write-down of assets	**26,564**	33,572
Net loss on sale of assets	**-**	17,884
Inventory adjustments	**13**	16
Concessional loans discount and unwinding	**(6,942)**	16,112
Movements in assets and liabilities		
Assets		
Decrease/(increase) in net receivables	**(522,292)**	(113,401)
Decrease/(increase) in inventories	**(24,917)**	(25,487)
Liabilities		
Increase/(decrease) in suppliers payable	**12,794**	12,958
Increase/(decrease) in subsidies payable	**54,444**	(212,242)
Increase/(decrease) in personal benefits payable	**51,919**	77,549
Increase/(decrease) in grants payable	**(5,373)**	(60,609)
Increase/(decrease) in subsidies provision	**(9,000)**	25,000
Increase/(decrease) in personal benefits provision	**16,487**	(222,272)
Net cash used by operating activities	**(28,100,895)**	(59,869,434)

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 18: Administered transfer payments

	2018 $'000	2017 $'000
Note 18A: Grants		
Grants paid		
Public sector		
Australian Government entities (related entities)	**749,636**	684,991
Private sector		
Profit and non-profit organisations	**6,957,205**	6,771,706
Overseas	**15,063**	11,835
Total grants paid	**7,721,904**	7,468,532
Grants payable		
Public sector		
Australian Government entities (related entities)	**17,781**	8,609
Private sector		
Profit and non-profit organisations	**294,307**	308,852
Total grants payable	**312,088**	317,461

Accounting policy
The Department administers a number of grant schemes 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. Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility. All grants liabilities are expected to be settled within 12 months of the balance date.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018 $'000	2017 $'000
Note 18B: Personal Benefits		
Personal benefits paid		
Direct personal benefits paid		
Private health insurance	**6,010,185**	5,994,087
Total direct personal benefits paid	**6,010,185**	5,994,087
Indirect personal benefits paid		
Medical services	**23,609,384**	22,481,669
Pharmaceuticals and pharmaceutical services	**11,794,308**	12,162,451
Primary care practice incentives	**342,852**	341,699
Hearing services	**514,330**	497,825
Targeted assistance	**146,043**	143,886
Home support and care	**2,122,271**	886,627
Other	**60,331**	47,723
Total indirect personal benefits paid	**38,589,519**	36,561,880
Total personal benefits paid	**44,599,704**	42,555,967
Personal benefits payable		
Direct personal benefits payable		
Private health insurance	**470,693**	478,309
Total direct personal benefits payable	**470,693**	478,309
Indirect personal benefits payable		
Medical services	**409,441**	323,773
Pharmaceuticals and pharmaceutical services	**3,094**	22,430
Home support and care	**77,272**	85,189
Other	**67,393**	66,273
Total indirect personal benefits payable	**557,200**	497,665
Total personal benefits payable	**1,027,893**	975,974
Personal benefits provisions		
Outstanding claims		
Medical services	**738,455**	740,223
Pharmaceuticals and pharmaceutical services	**335,805**	317,550
Total personal benefits provisions	**1,074,260**	1,057,773

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting policy
Personal benefits are the current transfers for the benefit of individuals or households, directly or indirectly, that do not require any economic benefit to flow back to Government. The Department administers a number of personal benefits programs on behalf of 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);
- 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 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);
- hearing services (reduce the incidence and consequences of avoidable hearing loss in the community by providing access to high quality hearing services and devices); and
- home support and care (providing coordinated home support and care packages tailored to meet individuals' specific care needs).

Personal benefits are assessed, determined and paid by the Department of Human Services (DHS) in accordance with provisions of the relevant legislation under delegation from the Department. All personal benefits liabilities are expected to be settled within 12 months of the balance date. In the majority of cases the above payments are initially based on the information provided by customers and providers. Both the Department and DHS have established review mechanisms to identify overpayments made under various schemes. The recognition of receivables and recovery actions take place once the overpayments are identified.

Significant accounting judgements and estimates
Medicare payments processed by DHS on behalf of the Department are either reimbursements to patients, made after medical services have been received from a doctor, or payments made directly to doctors through the bulk billing system. At any point in time, there are thousands of cases where a medical service has been rendered, but the Medicare payment has not yet been made. 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 model weights recent payment experience more heavily and is therefore self-adjusting for emerging trends.

	2018 $'000	2017 $'000
Note 18C: Subsidies		
Subsidies paid		
Subsidies in connection with		
Aged care	**11,673,223**	12,002,391
Medical indemnity	**79,306**	91,301
Other	**9,895**	8,438
Total subsidies paid	**11,762,424**	12,102,130
Subsidies payable		
Subsidies in connection with		
Aged care	**99,722**	51,296
Medical indemnity	**6,018**	-
Total subsidies payable	**105,740**	51,296

Accounting policy
The Department administers a number of subsidy schemes on behalf of the Government. Subsidies liabilities are recognised to the extent that (i) the services required to be performed by the recipient have been performed or (ii) the eligibility criteria have been satisfied, but payments due have not been made. All subsidies liabilities are expected to be settled within 12 months of the balance date.

At 30 June 2018 aged care subsidies payable included an amount in relation to the means testing adjustment. This amount was based on the number of required adjustments and the average payment amount derived from a sample of cases. Due to inherent variability in the actual payments, the resulting estimate involves a relatively high level of estimation uncertainty.

Note 18C: Subsidies (Continued)

Subsidies provisions

	Balance as at 30 June 2017 $'000	Claims paid $'000	Administered Schedule of Comprehensive Income Impact $'000	Balance as at 30 June 2018 $'000
Medical Indemnity Liabilities				
Incurred But Not Reported Scheme	**26,000**	**(719)**	**719**	**26,000**
High Cost Claims Scheme	**334,000**	**(58,589)**	**47,589**	**323,000**
Run-Off Cover Scheme	**90,000**	**(6,908)**	**8,908**	**92,000**
Total	**450,000**	**(66,216)**	**57,216**	**441,000**

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Accounting policy

Medical Indemnity schemes are 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).

The payments for medical indemnity are managed by the 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 indemnity 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, 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 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.

The methods used by the AGA to estimate the liability under the different schemes are as follows:

IBNRS

The IBNRS provides for payments to Avant Mutual Group for claims made in relation to its IBNR liability at 30 June 2002. Some claims that will be payable under the IBNRS may also be eligible for payment under the HCCS.

The AGA has carried out chain ladder modelling using the payments data. The results of this analysis have been compared to the projections prepared by the industry actuaries. The results closely match and, as a result, the AGA has largely relied on industry projections to estimate the liability.

ROCS

ROCS provides free run-off cover for specific groups of medical practitioners including those retired and over 65, on maternity leave, retired for more than three years, retired due to permanent disability or the estates of those that have died. This scheme is funded through the collection of support payments imposed as a tax on MIIs.

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 2018, 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. Given that the majority of the claims anticipated under this scheme have not yet been made, the AGA noted a relatively high level of uncertainty in the estimate.

HCCS
Under HCCS, the Government pays 50% of the cost of claims made to all 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.

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.

Significant accounting judgements and estimates
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 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 2.3% 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 five years for the medical indemnity payments. This discount rate is deemed to be more appropriate than the ten year bond yield at 30 June 2018, which was 2.6%. A discount rate of 2.2% was used last year, which was derived using the same method.

A sensitivity analysis was undertaken by moving the discount rate either up or down to the nearest full percentage point. Increasing the discount rate to 3% would result in a discounted liability estimate which is about 4.8% ($21m) 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 0.7% ($3m) higher than base estimate.

	2017-18			2016-17
	discounted	discounted	discounted	discounted
	2%	2.3%[1]	3%	2.2%
	$m	$m	$m	$m
Incurred But Not Reported	27	26	26	26
High Cost Claims Scheme	317	323	306	334
Run-Off Cover Scheme	94	92	88	90
Total	**438**	**441**	**420**	**450**

[1] 2.2% was used as the basis of estimation in 2016-17.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 19: Administered suppliers and other expenses and payables

	2018 $'000	2017 $'000
Note 19A: Suppliers		
Services rendered		
Consultants	**26,493**	20,415
Contract for services	**897,373**	725,253
Travel	**1,417**	772
Communications and publications	**36,610**	25,945
Committee related expenses	**3,988**	3,890
Other	**33,135**	31,060
Total services rendered	**999,016**	807,335
Suppliers payable		
Trade creditors and accruals	**35,635**	22,841
Total suppliers payable	**35,635**	22,841
Note 19B: Other Expenses		
Other expenses		
Write-down and impairment of assets		
Impairment on financial instruments	**2,163**	12,098
Write-off of inventories	**24,401**	21,474
Net loss on sale of land and buildings	**-**	17,884
Payments to Special Accounts	**12,524**	8,613
Other	**68**	153
Total other expenses	**39,156**	60,222

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 20: Administered Corporate Commonwealth Entities

		2018 $'000	2017 $'000
Note 20A: Appropriations			
Appropriations transferred to corporate entities			
Australian Institute of Health and Welfare		**28,078**	26,918
Food Standards Australia New Zealand		**16,961**	17,184
Australian Sports Commission		**267,904**	250,669
Australian Digital Health Agency		**197,062**	110,303
Total appropriations transferred to corporate entities		**510,005**	405,074
Note 20B: Investments			
Investments in portfolio entities			
Equity interest - Australian Institute of Health and Welfare	(i)	**30,323**	30,930
Equity interest - Food Standards Australia New Zealand	(ii)	**7,900**	7,808
Equity interest - Australian Commission on Safety and Quality in Health Care	(iii)	**2,838**	2,715
Equity interest - Australian Sports Commission	(iv)	**289,345**	302,209
Equity interest - Australian Sports Foundation Ltd	(v)	**4,625**	3,847
Equity interest - Independent Hospital Pricing Authority	(vi)	**12,737**	8,577
Equity interest - Australian Digital Health Agency	(vii)	**112,577**	92,318
Total investments in portfolio entities		**460,345**	448,404
Other investments			
Biomedical Translation Fund - Brandon Capital Partners		**8,420**	-
Biomedical Translation Fund - OneVentures Management		**4,491**	-
Biomedical Translation Fund - BioScience Managers		**9,386**	6,568
Total other investments		**22,297**	6,568
Total investments		**482,642**	454,972

Accounting policy
Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans to the relevant portfolio entity. The appropriation to the Department is disclosed in Table A of Note 25.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

(i) The Australian Institute of Health and Welfare informs community discussion and decision making through national leadership and collaboration in developing and providing health and welfare statistics and information.

(ii) The 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.

(iii) The Australian Commission on Safety and Quality in Health Care works to lead and coordinate national improvements in safety and quality in health care across Australia.

(iv) 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.

(v) The Australian Sports Foundation Ltd assists sporting, community, educational and other government organisations to raise funds for the development of sports infrastructure.

(vi) The Independent Hospital Pricing Authority determines a national efficient price for public hospital services where the services are funded on an activity basis. It also determines the efficient cost for health care services provided by public hospitals where the services are block funded.

(vii) The Australian Digital Health Agency has responsibility for the strategic management and governance for the national digital health strategy and the design, delivery and operations of the national digital healthcare system.

Other investments

The Biomedical Translation Fund (BTF) is an equity co-investment venture capital program announced in the National Innovation and Science Agenda to support the development of biomedical ventures in Australia. The BTF Program will help translate biomedical discoveries into high growth potential companies that are improving long term health benefits and national economic outcomes. It is delivered by the Department of Industry, Innovation and Science (AusIndustry) on behalf of the Department through licensed private sector venture capital fund managers.

Accounting policy

Administered investments represent corporate Commonwealth entities within the Health portfolio. Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is only relevant at the whole-of-Government level.

Administered investments other than those held for sale are classified as available-for-sale and are measured at their fair value as at 30 June 2018. Fair value has been taken to be the Australian Government's proportional interest in the value of net assets of each licensed investment fund, based on the latest available audited trust accounts and increased by the value of new investments acquired during the reporting period.

None of the investments are expected to be recovered within 12 months.

Note 21: Administered income, debtors and loans

	2018 $'000	2017 $'000
Note 21A: Special Accounts		
Special accounts revenue		
Medicare Guarantee Fund (Health) special account	**34,774,894**	-
Medical Research Future Fund special account	**-**	60,876
Other special accounts	**4,339**	3,994
Total special accounts revenue	**34,779,233**	64,870
Note 21B: Recoveries		
Recoveries received		
Medical and pharmaceutical benefits and health rebate schemes	**99,694**	61,278
PBS drug recoveries	**2,358,863**	3,267,515
Aged care recoveries, cross-billings and budget neutrality adjustments	**484,209**	396,182
Other recoveries	**652**	568
Total recoveries received	**2,943,418**	3,725,543
Accrued recoveries revenue		
Personal benefits		
Pharmaceutical benefits	**1,297,766**	856,998
Home support and care	**14,971**	9,746
Medicare benefits	**25,241**	28,142
Other personal benefits	**418**	474
Subsidies		
Medical indemnity	**2**	6,494
Aged care	**30,512**	27,083
Other	**49**	49
Total accrued recoveries revenue	**1,368,959**	928,986

Accounting policy

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. Special accounts revenue is recognised when the Department gains control of the relevant amounts. 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;
- recoveries for services provided under the National Disability Insurance Scheme and for young people in residential care;
- rebates associated with PBS drug recoveries; and
- recoveries from the DHS Recovery of Compensation for Health Care and Other Services Special Account.

All accrued recoveries revenue is expected to be recovered within 12 months.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018 $'000	2017 $'000
Note 21C: Other Revenue, Receivables and Loans		
Other revenue		
Levies and taxes	**20,202**	18,932
Interest from loans	**13,035**	12,343
Other	**181,729**	159,058
Total other revenue received	**214,966**	190,333
Other receivables		
Trade and other miscellaneous receivables	**465,286**	373,903
GST receivable from the Australian Taxation Office	**33,469**	43,854
Total other receivables	**498,755**	417,757
Advances and loans		
Aged care facilities		
Nominal value	**314,577**	317,774
Less: Unexpired discount	**(44,515)**	(51,456)
Total advances and loans	**270,062**	266,318

Accounting policy
Loans were made to approved providers under the *Aged Care Act 1997* for an estimated period of 12 years. No security is generally required. Interest rates are linked to the Consumer Price Index. Interest payments are due on the 21st day of each calendar month.

Total loans and other receivables (gross)	**768,817**	684,075
Aged as follows		
Not overdue	**678,375**	588,431
Overdue by:		
0 to 30 days	**35,698**	4,148
31 to 60 days	**1,848**	6,624
61 to 90 days	**1,097**	8,794
More than 90 days	**51,799**	76,078
Total overdue	**90,442**	95,644
Total loans and other receivables (gross)	**768,817**	684,075
Less impairment allowance	**(13,323)**	(12,481)
Total loans and other receivables (net)	**755,494**	671,594
Loans and other receivables - past due but not impaired	**77,119**	83,163

Accounting Policy
Credit terms for goods and services were 30 days (2017: 30 days).

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Reconciliation of the Impairment Allowance		
	2018	2017
	$'000	$'000
Opening balance	**(12,481)**	(7,637)
Amounts written off	**222**	4,348
Amounts recovered and reversed	**1,110**	2,127
Increase recognised in net cost of services	**(2,174)**	(11,319)
Closing balance	**(13,323)**	(12,481)

Accounting Policy

The entire impairment allowance relates to debts aged more than 90 days.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 22: Administered cash and other financial instruments

	2018 $'000	2017 $'000
Note 22A: Financial Assets		
Cash and cash equivalents		
Cash on hand or on deposit	**5,212**	91,310
Cash in special accounts	**553,888**	55,499
Total cash and cash equivalents	**559,100**	146,809
Loans and receivables		
Accrued recoveries revenue	**1,296,326**	855,485
Other receivables	**451,963**	361,422
Advances and loans	**270,062**	266,318
Total loans and receivables	**2,018,351**	1,483,225
Available-for-sale financial assets		
Investments in portfolio agencies	**460,345**	448,404
Other investments	**22,297**	6,568
Total available-for-sale financial assets	**482,642**	454,972
Total financial assets	**3,060,093**	2,085,006
Net gains or losses on financial assets		
Loans and receivables		
Interest revenue	**13,035**	12,343
Impairment	**(2,163)**	(12,098)
Net gains or losses on loans and receivables	**10,872**	245
Net gains or losses on financial assets	**10,872**	245
Note 22B: Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	**35,635**	22,841
Grants payable	**312,088**	317,461
Total financial liabilities measured at amortised cost	**347,723**	340,302
Total financial liabilities	**347,723**	340,302

The Department's administered accounts incurred no gains or losses on the exchange of financial liabilities.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 23: Administered non-financial assets

Note 23A: Property, Plant and Equipment and Intangibles

Accounting policy and relevant background details
Land and buildings were transferred to the Tasmanian Government for a total consideration of $1, effective 1 July 2017. The expected loss on sale was recognised as at 30 June 2017, and land and buildings were designated as assets held for sale. The total value of assets held for sale was $1 as at 30 June 2017, therefore no additional disclosures associated with assets held for sale could be made.

	2018 $'000	2017 $'000
Note 23B: Inventory		
National Medical Stockpile		
Opening balance	**115,262**	111,265
Add purchases	**24,925**	25,536
Less deployment	**(13)**	(16)
Less impairment	**(24,401)**	(21,474)
Add stocktake adjustments	**(8)**	(49)
Closing balance	**115,765**	115,262

Accounting policy
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.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 24: Administered contingent assets and liabilities

	Indemnities		Claims for costs		Aged Care Accommodation Bond Guarantee Scheme		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Contingent assets								
Balance from previous period	**-**	-	**20,000**	-	**-**	-	**20,000**	-
New contingent assets recognised	**-**	-	**6,200**	20,000	**-**	-	**6,200**	20,000
Assets recognised	**-**	-	**(10,000)**	-	**-**	-	**(10,000)**	-
Total contingent assets	**-**	-	**16,200**	20,000	**-**	-	**16,200**	20,000
Contingent liabilities								
Balance from previous period	**73,000**	60,000	**20,245**	90	**-**	208	**93,245**	60,298
New contingent liabilities recognised	**-**	-	**6,218**	20,245	**-**	-	**6,218**	20,245
Re-measurement	**(28,000)**	13,000	**-**	-	**-**	-	**(28,000)**	13,000
Liabilities recognised	**-**	-	**(2)**	(8)	**-**	(136)	**(2)**	(144)
Obligations expired	**-**	-	**(10,017)**	(82)	**-**	(72)	**(10,017)**	(154)
Total contingent liabilities	**45,000**	73,000	**16,444**	20,245	**-**	-	**61,444**	93,245
Net contingent liabilities	**(45,000)**	(73,000)	**(244)**	(245)	**-**	-	**(45,244)**	(73,245)

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Quantifiable Contingent Assets

Claims for costs

The Schedule of contingencies reports contingent assets in respect of claims for costs of $16.2m (2017: $20m).

Quantifiable Contingent Liabilities

Indemnities

The table on the previous page reports a contingent liability in respect of medical indemnity payments under the High Cost Claims Scheme of up to $45m (2017: $73m).

Claims for Costs

The table also reports a contingent liability in respect of claims for costs of up to $16.444m (2017: $20.245m).

Aged Care Accommodation Bond Guarantee Scheme

The Department is not currently aware of the potential for the accommodation bond scheme to be activated (2017: Nil).

Unquantifiable Contingent Assets

Compensation from Sanofi

The Department has initiated legal action against Sanofi to recover significant lost savings it claims were denied to it because interim injunctions granted to Sanofi in unsuccessful patent litigation delayed a generic version of clopidogrel being listed on the Pharmaceutical Benefits Scheme and thereby delayed statutory price reductions for brands of clopidogrel.

Compensation from Wyeth

The Department has initiated legal action against Wyeth to recover significant lost savings it claims were denied to it because interim injunctions granted to Wyeth in unsuccessful patent litigation delayed a generic version of venlafaxine being listed on the Pharmaceutical Benefits Scheme and thereby delayed statutory price reductions for brands of venlafaxine.

Compensation from Otuska

The Department has initiated legal action against Otuska to recover significant lost savings it claims were denied to it because interim injunctions granted to Otuska in unsuccessful patent litigation delayed a generic version of aripiprazole being listed on the Pharmaceutical Benefits Scheme and thereby delayed statutory price reductions for brands of aripiprazole.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Unquantifiable Contingent Liabilities

Aged Care Accommodation Bond Guarantee Scheme

A Guarantee Scheme has been established through the *Aged Care (Accommodation Payment Security) Act 2006* and *Aged Care (Accommodation Payment Security) Levy Act 2006*. Under the Guarantee Scheme, if a provider becomes insolvent or bankrupt and is unable to repay outstanding bond balances to aged care residents, the Australian Government will step in and repay the bond balances owing to each resident. In return, the residents' rights to pursue the defaulting provider to recover the accommodation bond money transfer to the Government. In the event the Government cannot recover the full amount from the defaulting provider, it may levy all providers holding accommodation bonds to recoup the shortfall. It is not possible to quantify the Australian Government's contingent liability in the event that the Guarantee Scheme is activated. The Department has implemented risk mitigation strategies which should reduce the risk of default and thereby activation of the Guarantee Scheme.

From the latest available information, the maximum contingent liability, in the unlikely event that all providers defaulted, is $25 billion. Since the scheme was introduced it has been activated eleven times requiring payment of $43.57m. It is difficult to predict if the past patterns of payments are indicative of future payments. The scheme was not activated during the period ended 30 June 2018, but interest of $0.083m was paid as the interest component of refund payment owed from the previous year.

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 2018 no claims have been made (2017: Nil).

Medical Indemnity

DHS 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 2018, 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 2018 no claims have been made or notified (2017: 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 2018 no claims have been made (2017: 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 2018 no claims have been made (2017: Nil).

Australian Red Cross Blood Service

Under certain conditions the Australian Government, States and Territories jointly provide indemnity for the Australian Red Cross Blood Service through a cost sharing arrangement for claims, both current and potential, regarding personal injury and loss of life. 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.

The existing Deed of Agreement between the Commonwealth and the Australian Red Cross Society (ARCS), in relation to the operations of the Australian Red Cross Blood Service (ARCBS), includes certain indemnities and limited liability in favour of ARCS. For the period ended 30 June 2018 no claims have been made (2017: Nil).

Vaccines

Under certain conditions the Australian Government has provided an indemnity for the supply of certain vaccines to the suppliers of the vaccines. The contracts under which contingent liability is recognised will expire in October 2020 and June 2025 respectively. 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 2018 no claims have been made (2017: 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 gonadotropin manufactured before 31 December 1985. For the period ended 30 June 2018 no claims have been made (2017: 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 1988*. 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 2018 no claims have been made (2017: Nil).

Significant Remote Contingencies

The Department did not have any significant remote contingencies this year or prior year.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 25: Administered appropriations

Table A: Annual and Unspent Appropriations ('Recoverable GST exclusive')

	2018 $'000	2017 $'000
ADMINISTERED		
Ordinary Annual Services - Administered items		
Annual appropriation[1,2]	**8,977,100**	8,576,410
Receipts retained under PGPA Act - Section 74	**16,935**	43,413
Total appropriation	**8,994,035**	8,619,823
Appropriation applied (current and prior years)[4]	**(8,566,399)**	(8,298,244)
Variance[3]	**427,636**	321,579
Unspent appropriations		
Own unspent appropriation balance	**826,361**	493,857
Prior year section 75 transfers	**-**	215,882
Closing unspent appropriation balance[5]	**826,361**	709,739
Balance comprises appropriations as follows:		
Appropriation Act (No. 1) 2012-2013[6]	**-**	3,323
Appropriation Act (No. 1) 2013-2014[6]	**-**	26,391
Appropriation Act (No. 1) 2014-2015[7]	**-**	213,993
Appropriation Act (No. 5) 2014-2015[7]	**-**	46,689
Appropriation Act (No. 1) 2015-2016[8]	**67,448**	67,448
Supply Act (No. 1) 2016-2017	**-**	39,359
Appropriation Act (No. 1) 2016-2017	**67,527**	235,776
Appropriation Act (No. 3) 2016-2017	**24,910**	76,760
Appropriation Act (No. 1) 2017-2018	**562,978**	-
Appropriation Act (No. 3) 2017-2018	**84,019**	-
Appropriation Act (No. 5) 2017-2018	**19,479**	-
Total unspent appropriation - ordinary annual services - administered items	**826,361**	709,739

1 There were no amounts temporarily quarantined from 2018 or 2017 administered ordinary annual services appropriations.

2 In 2018 administered ordinary annual services appropriations $21,617,000 of the *Appropriation Act (No. 1) 2017-2018* was permanently quarantined under section 51 of the PGPA Act. In 2017 administered ordinary annual services appropriations $135,447,039 of the *Appropriation Act (No. 1) 2016-2017* and $25,561,444 of the *Supply Act (No. 1) 2016-2017* were permanently quarantined under section 51 of the PGPA Act. This represents a loss of control of the appropriations and therefore these amounts were not reported as available above.

3 The administered ordinary annual services items variance of $427,636,000 relates to the utilisation of retained funding from 2017 during 2018 (the former section 11 of the Appropriation Acts).

4 DHS spent money from the CRF on behalf of the Department under a payment authority. The money spent has been included in the table above.

5 This balance is net of $727,572,139 which is permanently quarantined under section 51 of the PGPA Act, of which $21,617,000 relates to 2018 appropriations, $161,008,483 to 2017 appropriations and $544,946,656 to 2016 appropriations. The total unspent appropriations gross of quarantined amounts under section 51 of the PGPA Act is $1,553,933,139.

6 These balances were repealed by the *Appropriation Act (No. 4) 2017-2018* on 29 March 2018.

7 These balances lapsed on 1 July 2017 in accordance with the repeal date of the underlying Appropriation Acts.

8 This balance includes a temporarily quarantined amount of $25,253,000. This does not represent a loss of control of the appropriation and therefore this amount was reported as available in the table above. The entire balance will lapse on 1 July 2018 when the underlying Appropriation Act is repealed.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	2018	2017
	$'000	$'000
Ordinary Annual Services - Payments to corporate Commonwealth entities		
Annual appropriation	**510,429**	405,074
Total appropriation	**510,429**	405,074
Appropriation applied (current and prior years)	**(510,429)**	(405,074)
Variance	**-**	-
Other services - Administered assets and liabilities		
Annual appropriation	**25,000**	150,537
Total appropriation	**25,000**	150,537
Appropriation applied (current and prior years)	**(44,893)**	(35,244)
Variance[1]	**(19,893)**	115,293
Unspent appropriations		
Own unspent appropriation balance	**222,421**	257,381
Closing unspent appropriation balance	**222,421**	257,381
Balance comprises appropriations as follows:		
Appropriation Act (No. 2) 2013-2014[2]	**-**	14,226
Appropriation Act (No. 2) 2014-2015[3]	**-**	840
Appropriation Act (No. 4) 2015-2016[4]	**95,133**	115,263
Supply Act (No. 2) 2016-2017	**52,083**	53,907
Appropriation Act (No. 2) 2016-2017	**72,917**	73,145
Appropriation Act (No. 2) 2017-2018	**2,288**	-
Total unspent appropriation - other services - administered assets and liabilities	**222,421**	257,381

1 The administered other services assets and liabilities variance of $19,893,000 relates largely to the utilisation of prior year funding for the investment in the Biomedical Translation Fund.
2 This balance was repealed by the *Appropriation Act (No. 4) 2017-2018* on 29 March 2018.
3 This balance lapsed on 1 July 2017 in accordance with the repeal date of the underlying Appropriation Acts.
4 This balance will lapse on 1 July 2018 when the underlying Appropriation Act is repealed.

Other Services - Payments to corporate Commonwealth entities		
Annual appropriation	**54,533**	10,589
Total appropriation	**54,533**	10,589
Appropriation applied (current and prior years)	**(54,533)**	(10,589)
Variance	**-**	-

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Table B: Special Appropriations Applied ('Recoverable GST exclusive')

	Appropriation applied	
	2018	2017
Authority	**$'000**	$'000
Aged Care (Accommodation Payment Security) Act 2006	**83**	720
Aged Care Act 1997	**13,678,701**	12,948,343
Health Insurance Act 1973	**309,229**	22,039,801
National Health Act 1953	**1,760,120**	13,754,186
Medical Indemnity Act 2002	**75,838**	61,952
Private Health Insurance Act 2007	**6,017,801**	5,992,179
Dental Benefits Act 2008	**333,993**	319,304
Health and Other Services (Compensation) Act 1995	**-**	**-**
Medical Indemnity Agreement (Financial Assistance - Binding Commonwealth Obligations) Act 2002	**-**	**-**
Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010	**-**	**-**
Public Governance, Performance and Accountability Act 2013 s.77	**583**	576
Total special appropriations applied	**22,176,348**	55,117,061

DHS drew money from the CRF on behalf of the Department against the following special appropriations:
Aged Care Act 1997;
Health Insurance Act 1973;
National Health Act 1953;
Medical Indemnity Act 2002;
Dental Benefits Act 2008; and
Private Health Insurance Act 2007.

Table C: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	2018	2017
	$'000	$'000
Department of Social Services		
Total receipts	**36,839**	31,507
Total payments	**(36,839)**	(31,507)

The Department made wage supplementation payments from the Social and Community Services Pay Equity Special Account administered by the Department of Social Services to eligible social and community services workers during 2018 and 2017.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 26: Compliance with statutory requirement 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. Payments totalling about $56 billion in 2017-18 were authorised against Special Appropriations, including special accounts, by the Department in accordance with a range of frequently complex legislation. Most of the payments are administered by 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. If an overpayment occurs a breach of section 83 could result despite future payments being adjusted to recover the overpayment. In addition, simple administrative errors can lead to breaches of section 83.

Due to the number of payments made, the reliance that must be placed on external control frameworks and the complexities of 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. During 2017-18, the Department:

- included consideration of processes to minimise the risk of section 83 breaches as part of any review of legislation or administrative processes;
- 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 Appropriations
The Department administers 11 pieces of legislation, as disclosed in Note 25 Table B, with Special Appropriations for statutory payments. Some payments under the following legislation have been identified as having either actual or potential breaches of section 83:

Health Insurance Act 1973
DHS have advised that during 2017-18, 171 instances have been identified with a total value of $29,289 where the payment made was not authorised by section 125(1) of the Act for the Medicare Easyclaim Program.

DHS have also advised that during 2017-18 there have been two payment errors under the Stoma Appliance: Paraplegic and Quadriplegic Program which constitute an error rate of less than 0.03% of payments. DHS have put in place remedial actions with reviews of the program's conformance assessment and risk plans.

Special Accounts
Currently the Department has nine Special Accounts, detailed in Note 27. Seven are assessed as low risk one is assessed as medium risk and one is assessed as medium to high risk for non-compliance with section 83.

Continued Focus
The Department will continue to review legislation, new policy proposals, business rules and payment processes to assess the risk of breaches of section 83. In addition, it will continue ongoing reviews of special accounts by the Department's Integrity Branch as part of its rolling compliance program.

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Note 27: Special accounts

	Services for Other Entities and Trust Moneys Account[1]		Australian Immunisation Register Account[2]		Human Pituitary Hormones Account[3]	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**19,135**	18,773	**4,616**	3,876	**2,371**	2,570
Timing adjustments related to prior years	**(119)**	(270)	**-**	-	**-**	-
Increases						
Appropriation credited to special account	**12,447**	10,226	**3,222**	6,971	**-**	-
Other increases	**7,674**	8,470	**4,014**	3,724	**-**	-
Total increases	**20,121**	18,696	**7,236**	10,695	**-**	**-**
Available for payments	**39,137**	37,199	**11,852**	14,571	**2,371**	2,570
Decreases						
Administered	**-**	-	**9,895**	9,955	**115**	199
Total administered decreases	**-**	-	**9,895**	9,955	**115**	199
Relevant Money	**21,761**	18,064	**-**	-	**-**	-
Total relevant money decreases	**21,761**	18,064	**-**	**-**	**-**	**-**
Total decreases	**21,761**	18,064	**9,895**	9,955	**115**	199
Total balance carried to the next period	**17,376**	19,135	**1,957**	4,616	**2,256**	2,371

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Notes to and forming part of the financial statements

[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; 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. The Australian Childhood Immunisation Register Special Account ceased on 1 October 2016 under Part 6 (sunsetting) of *the Legislative Instruments Act 2003*. A new special account was established to replace it. The new special account is the Australian Immunisation Register 2016.

[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;
- medical and other care to people treated with pituitary-derived hormones should they contract Creutzfeldt-Jakob disease as a result of the treatment;
- 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 balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

	Sport and Recreation Account[4]		Therapeutic Goods Administration Account[5]		Gene Technology Account[6]	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**596**	624	**62,604**	66,039	**8,259**	7,872
Timing adjustments related to prior years	**-**	-	**-**	-	**-**	60
Increases						
Appropriation credited to special account		-	**2,439**	2,574	**7,544**	7,641
Other increases	**325**	270	**150,563**	143,647	**143**	139
Total increases	**325**	270	**153,002**	146,221	**7,687**	7,780
Available for payments	**921**	894	**215,606**	212,260	**15,946**	15,712
Decreases						
Departmental	**-**	-	**142,280**	149,656	**7,534**	7,453
Total departmental decreases	**-**	-	**142,280**	149,656	**7,534**	7,453
Administered	**404**	298	**-**	-	**-**	-
Total administered decreases	**404**	298	**-**	-	**-**	-
Total decreases	**404**	298	**142,280**	149,656	**7,534**	7,453
Total balance carried to the next period	**517**	596	**73,326**	62,604	**8,412**	8,259

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Notes to and forming part of the financial statements

[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.
The Sport and Recreation Special Account ceased on 1 October 2016 under Part 6 (sunsetting) of the Legislative Instruments Act 2003. A new special account was established to replace it.

[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.

	Industrial Chemicals Account[7]		Medical Research Future Fund Account[8]		Medicare Guarantee Fund[9]	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**18,055**	14,806	**47,916**	-	**-**	-
Timing adjustments related to prior years	**-**	(85)	**-**	-	**-**	-
Increases						
Appropriation credited to special account	**322**	3,762	**-**	60,876	**34,774,894**	-
Other increases	**16,928**	17,764	**-**	-	**-**	-
Total increases	**17,250**	21,526	**-**	60,876	**34,774,894**	-
Available for payments	**35,305**	36,247	**47,916**	60,876	**34,774,894**	-
Decreases						
Departmental	**17,907**	18,192	**-**	-	**-**	-
Total departmental decreases	**17,907**	18,192	**-**	-	**-**	-
Administered	**-**	-	**31,322**	12,960	**34,242,330**	-
Total administered decreases	**-**	-	**31,322**	12,960	**34,242,330**	-
Total decreases	**17,907**	18,192	**31,322**	12,960	**34,242,330**	-
Total balance carried to the next period	**17,398**	18,055	**16,594**	47,916	**532,564**	-

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Department of Health

Notes to and forming part of the financial statements

[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: *Medical Research and Future Fund Act 2015*
Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80
Purpose: to provide grants of financial assistance to support medical research and medical innovation.
The Medical Research Future Fund Health Special Account was established on 26 August 2015.

[9] Medicare Guarantee Fund (Health) Special Account
Establishing Instrument: *Medicare Guarantee Act 2017*
Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80
Purpose: to secure the ongoing funding of the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme.
The Medicare Guarantee Fund (Health) Special Account was established on 26 June 2017. No financial activity occurred in the 2017 financial year.

Note 28: Regulatory charging summary

	2018 $'000	2017 $'000
Amounts applied		
Departmental		
Annual appropriations	**28,262**	31,471
Own source revenue	**158,861**	164,973
Administered		
Annual appropriations	**2,562**	3,860
Total amounts applied	**189,685**	200,304
Expenses		
Departmental	**195,024**	195,788
Administered	**776**	3,889
Total expenses	**195,800**	199,677
Revenue		
Departmental	**176,704**	162,032
Administered	**16,659**	14,157
Total external revenue	**193,363**	176,189
Amounts written off		
Departmental	**79**	200
Administered	**-**	-
Total amounts written-off	**79**	200

Regulatory charging activities:

The **Therapeutic Goods Administration** funds are used to undertake activities to evaluate the safety, quality and efficacy of medicines, medical devices and biologicals available for supply in, or export from Australia.

National Industrial Chemicals Notification and Assessment Scheme charges are levied for registration or assessment of chemicals across Australia.

The **Prostheses Listing** arrangements refer to the activities involved in listing prostheses and their benefits for the purposes of private health insurance reimbursement.

The **National Joint Replacement Registry** facilitates the collection of data that provides a prospective case series on all joint replacement surgery undertaken in Australia.

Administered revenue only is recorded for the **Private Health Insurance Ombudsman Levy.**

Listing of medicines on the **Pharmaceutical Benefits Scheme** and designated vaccines on the **National Immunisation Program** are subject to regulatory charges.

Medicinal cannabis: Licence and permit applications for the cultivation and manufacture of Australian produced medicinal cannabis products.

Documentation for the above activities is available at:
www.tga.gov.au/cost-recovery-implementation-statement
www.nicnas.gov.au/about-us/how-we-work/cost-recovery-implementation-statement-201718
www.health.gov.au/internet/main/publishing.nsf/Content/health-privatehealth-prostheseslist.htm
www.health.gov.au/internet/main/publishing.nsf/Content/phib-njrr
www.pbs.gov.au/info/news/2017/09/cris-2017-2018
www.odc.gov.au/publications/cost-recovery-implementation-statement-regulation-medicinal-cannabis

The balances and movements detailed are rounded which may result in discrepancies between totals and the sum of components.

Appendices

Appendix 1: Workforce Statistics

The following tables show workforce statistics for the Department of Health for 2017-18. This included Indigenous staff numbers, staff numbers by classification, distribution of staff by state and territory, as well as a range of other information relating to workplace arrangements, remuneration and salary structures.

For information on the Department's workforce composition and human resource policies, refer *Part 3.2: People*.

Contents

Table 1: Comparison of Indigenous staff by employment status between 30 June 2017 and 30 June 2018

	Indigenous staff	
Employment status	**30 June 2018**	**30 June 2017**
Ongoing	119	121
Non-ongoing	5	1
Total Indigenous staff	**124**	**122**
Percentage of Indigenous staff in the Department	**2.8%**	**2.6%**

Table 2: Staff numbers by classification at 30 June 2018

	Female		Male		Non-binary			
Classification	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	2017-18 Total	2016-17 Total
Secretary	1	-	-	-	-	-	1	1
Holder of Public Office	3	-	4	-	-	-	7	5
Senior Executive Band 3	4	-	2	-	-	-	6	8
Senior Executive Band 2	15	-	14	-	-	-	29	29
Senior Executive Band 1	49	2	42	-	-	-	93	113
Executive Level 2	249	52	190	10	-	-	501	548
Executive Level 1	559	285	407	34	-	-	1,285	1,290
APS 6	650	281	310	26	1	-	1,268	1,352
APS 5	348	127	137	14	-	-	626	649
APS 4	200	71	76	7	1	-	355	391
APS 3	24	15	14	4	-	-	57	71
APS 2	7	20	5	7	-	-	39	37
APS 1	-	2	3	4	-	-	9	11
Health Entry-Level Broadband	29	-	21	-	-	-	50	70
Legal 2	12	3	8	3	-	-	26	24
Legal 1	18	5	5	-	-	-	28	23
Chief Medical Officer	-	-	1	-	-	-	1	1
Medical Officer 6	1	-	2	1	-	-	4	7
Medical Officer 5	7	3	8	1	-	-	19	18
Medical Officer 4	7	4	16	1	-	-	28	23
Medical Officer 3	7	10	6	4	-	-	27	25
Medical Officer 2	6	5	4	-	-	-	15	14
Public Affairs 3	7	1	1	-	-	-	9	7
Public Affairs 2	1	-	-	-	-	-	1	2
Senior Principal Research Scientist	-	-	1	-	-	-	1	1
Principal Research Scientist	-	-	1	-	-	-	1	-
Department total	**2,204**	**886**	**1,278**	**116**	**2**	**-**	**4,486***	**4,720**

This table includes:

- headcount figures of departmental staff as at 30 June 2018;
- staff on leave and secondment; and
- staff acting at a higher level, for any period as at 30 June 2018 (that is, these staff are listed against their higher classification).

* The 2017-18 decrease in staffing numbers from 2016-17 can largely be attributed to tighter recruitment controls.

Table 3: Ongoing and non-ongoing (including casual) staff numbers by classification at 30 June 2018

	Female		Male		Non-binary			
Classification	Ongoing	Non-ongoing	Ongoing	Non-ongoing	Ongoing	Non-ongoing	2017-18 Total	2016-17 Total
Secretary	1	-	-	-	-	-	1	1
Holder of Public Office	1	2	2	2	-	-	7	5
Senior Executive Band 3	4	-	2	-	-	-	6	8
Senior Executive Band 2	15	-	14	-	-	-	29	29
Senior Executive Band 1	51	-	42	-	-	-	93	113
Executive Level 2	299	2	195	5	-	-	501	548
Executive Level 1	835	9	433	8	-	-	1,285	1,290
APS 6	903	28	328	8	1	-	1,268	1,352
APS 5	444	31	141	10	-	-	626	649
APS 4	236	35	75	8	1	-	355	391
APS 3	32	7	9	9	-	-	57	71
APS 2	6	21	5	7	-	-	39	37
APS 1	2	-	7	-	-	-	9	11
Health Entry-Level Broadband	29	-	21	-	-	-	50	70
Legal 2	15	-	11	-	-	-	26	24
Legal 1	23	-	5	-	-	-	28	23
Chief Medical Officer	-	-	-	1	-	-	1	1
Medical Officer 6	1	-	2	1	-	-	4	7
Medical Officer 5	10	-	6	3	-	-	19	18
Medical Officer 4	10	1	16	1	-	-	28	23
Medical Officer 3	17	-	8	2	-	-	27	25
Medical Officer 2	6	5	3	1	-	-	15	14
Public Affairs 3	7	1	1	-	-	-	9	7
Public Affairs 2	1	-	-	-	-	-	1	2
Senior Principal Research Scientist	-	-	1	-	-	-	1	1
Principal Research Scientist	-	-	1	-	-	-	1	-
Department total	**2,948**	**142**	**1,328**	**66**	**2**	**-**	**4,486***	**4,720**

This table includes:

- headcount figures of departmental staff as at 30 June 2018;
- staff on leave and secondment; and
- staff acting at a higher level, for any period as at 30 June 2018 (that is, these staff are listed against their higher classification).

* The 2017-18 decrease in staffing numbers from 2016-17 can largely be attributed to tighter recruitment controls.

Table 4: Distribution of staff by state and territory at 30 June 2018

State	Ongoing	Non-ongoing	Total
Australian Capital Territory	3,356	159	3,515
New South Wales	325	13	338
Victoria	227	5	232
Queensland	148	5	153
South Australia	80	10	90
Western Australia	65	6	71
Tasmania	52	10	62
Northern Territory	25	-	25
Department Total	**4,278**	**208**	**4,486**

This table includes ongoing and non-ongoing (including casual) staff by state and territory as at 30 June 2018, including staff on leave, secondment and outposted staff.

Table 5: Non-Senior Executive Service staff covered by Individual Flexibility Arrangements and the Enterprise Agreement at 30 June 2018

Number of staff covered by the:		Total
EA	EA and an approved Individual Flexibility Arrangement	
4,045	306	4,351

Table 6: Average annual reportable remuneration paid to substantive executives during the reporting period

Total remuneration $	Executives no.	Average reportable salary[1] $	Average contributed superannuation $	Average allowances $	Average bonus paid $	Average total remuneration[2] $
200,000 and less	41	95,466	14,439	-	-	109,905
200,001 to 250,000	55	201,189	30,896	5	-	232,090
250,001 to 300,000	46	237,146	37,505	23	-	274,674
300,001 to 350,000	18	281,118	42,589	15	-	323,723
350,001 to 400,000	4	336,269	38,788	-	-	375,057
400,001 to 450,000	4	377,112	61,808	-	-	438,920
450,001 to 500,000	2	405,568	67,814	-	-	473,382
500,001 to 550,000	1	435,922	78,656	-	-	514,577
600,001 to 650,000	1	556,983	77,759	-	-	634,741
Total number of executives[3]	**172**	**-**	**-**	**-**	**-**	**-**

[1] Excludes payments made on termination, including employee entitlements and separations.

[2] The table includes the part year impact of senior executives who either commenced or separated during the year.

[3] Any employee who held a substantive SES or equivalent position during 2017-18 is represented as one (1).

Table 7: Remuneration paid to highly paid staff during the reporting period

Total remuneration $	Highly paid staff no.	Average reportable salary[1] $	Average contributed superannuation $	Average allowances $	Average bonus paid $	Average total remuneration $
200,001 to 250,000	22	181,558	30,865	45	-	212,468
250,001 to 300,000	1	208,402	50,797	-	-	259,199
300,001 to 350,000	1	260,093	40,040	-	-	300,133
Total number of highly paid staff[2]	**24**	**-**	**-**	**-**	**-**	**-**

[1] Excludes payments made on termination, including employee entitlements and separations.

[2] Highly paid staff are defined as employees, other than executives (refer *Table 6: Average annual reportable remuneration paid to substantive executives during the reporting period*), where the sum of their reportable remuneration was $200,001 or more for the financial reporting period and who were not deployed outside Australia during the reporting period. Also includes employees who have been provided with higher duties in 2017-18.

Table 8: SES staff and equivalent staff with Individual Agreements at 30 June 2018

Nominal Classification	Number of staff with Individual Agreements		Total
	Female	Male	
Senior Executive Band 3	2	1	3
Senior Executive Band 2	13	14	27
Senior Executive Band 1	41	33	74
Chief Medical Officer	-	1	1
Medical Officer 6	1	3	4
Medical Officer 5	10	9	19
Total	**67**	**61**	**128**

Table 9: Non-salary benefits

Non-SES staff
Access to engage in private medical practice for Medical Officers
Access to Individual Flexibility Arrangements
Access to negotiated discount registration/membership fees to join a fitness or health club
Access to paid leave at half pay
Access to remote locality conditions
Access to the Employee Assistance Program
Additional cultural and ceremonial Aboriginal and Torres Strait Islander employee's leave
Australian Defence Force Reserve, full-time service or cadet leave
Annual close down and early stand down at Easter and Christmas Eve
Annual leave
Annual free onsite influenza vaccinations for staff
Bereavement and compassionate leave
Breastfeeding facilities and family care rooms
Community service leave
Financial assistance to access financial advice for staff 54 years and older
Flexible working locations and home-based work including, where appropriate, access to laptop computers, dial-in facilities, and mobile phones
Flextime (not all non-SES employees) and time in lieu
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
Miscellaneous leave with or without pay
Parental leave – includes maternity, adoption and partner leave
Personal/carers leave
Provision of eyesight testing and reimbursement of prescribed eyewear costs specifically for use with screen-based equipment
Public Transport Loan Scheme
Purchased and extended purchased leave
Recognition of travel time
Study assistance
Support for professional and personal development
SES staff
All the above benefits except flextime and access to Individual Flexibility Arrangements
Airport lounge membership
Car parking
Cash-out of annual leave
Executive Vehicle Allowance
Individual determinations made under section 24(1) of the *Public Service Act 1999*
IT Reimbursement Scheme

Salary ranges

Table 10: EL and APS levels salary structure

Classification	Salary ranges at 30 June 2018 $
Executive Level 2	141,965
	135,150
	130,783
	119,908
Executive Level 1	114,624
	110,088
	104,876
	100,502
APS 6	92,265
	90,244
	85,751
	81,784
APS 5	79,008
	75,044
	73,057
APS 4	72,019
	70,035
	68,160
APS 3	66,683
	63,659
	61,864
	60,161
APS 2	56,810
	55,231
	53,621
	52,059
APS 1	50,025
	47,698
	46,118
	44,543
Staff at 20 years of age	40,535
Staff at 19 years of age	36,081
Staff at 18 years of age	31,180
Staff under 18 years of age	26,727

Table 11: Health Entry-Level Broadband

Local title	APS classification	Salary ranges at 30 June 2018 $
Health Entry-Level (T, I, A, or G)	APS 4	72,019
		70,035
		68,160
	APS 3	66,683
		63,659
		61,864
		60,161
	APS 2	56,810
		55,231
		53,621
		52,059
	APS 1	50,025
		47,698
		46,118
		44,543
	Staff at 20 years of age	40,535
	Staff at 19 years of age	36,081
	Staff at 18 years of age	31,180
	Staff under 18 years of age	26,727

Notes

(T) = Trainees

(I) = Indigenous Australian Government Development Program participants

(A) = Indigenous Apprenticeship Programme

(G) = Graduates

Table 12: Professional 1 salary structure

Local title	APS classification	Salary ranges at 30 June 2018 $
Professional 1	APS 5	79,008
	APS 5	75,044
	APS 4	70,036
	APS 4*	68,161
	APS 3**	63,659
	APS 3	61,864

Notes

* Salary on commencement for a professional with a four year degree (or higher).

** Salary on commencement for a professional with a three year degree.

Table 13: Medical Officer salary structure

Local title	Salary ranges at 30 June 2018 $
Medical Officer Class 4	170,527
	160,960
	154,925
Medical Officer Class 3	148,744
	142,065
Medical Officer Class 2	133,871
	127,055
Medical Officer Class 1	116,107
	105,181
	97,730
	90,215

Table 14: Legal salary structure

Local title	APS classification	Salary ranges at 30 June 2018 $
Legal 2	Executive Level 2	146,935
		140,557
		136,014
Legal 1	Executive Level 1	124,368
		114,492
		104,876
	APS 6	90,244
		85,751
		81,784
	APS 5	75,697
	APS 4	70,965

Table 15: Public Affairs salary structure

Local title	APS classification	Salary ranges at 30 June 2018 $
Senior Public Affairs 2	Executive Level 2	147,645
		141,906
Senior Public Affairs 1	Executive Level 2	135,150
Public Affairs 3	Executive Level 1	123,221
		117,244
		110,118
Public Affairs 2	APS 6	92,360
		85,751
		81,784
	APS 5	79,008
		75,044
	APS 4	72,019
	APS 4*	68,161

Note

* This level is generally reserved for staff with less than two years' experience.

Table 16: Research Scientist salary structure

Local title	APS classification	Salary ranges at 30 June 2018 $
Senior Principal Research Scientist	Executive Level 2	180,296
		162,183
Principal Research Scientist	Executive Level 2	159,001
		154,073
		147,785
		143,888
		138,552
Senior Research Scientist	Executive Level 2	144,379
		135,150
		130,783
		119,908
Research Scientist	Executive Level 1	107,997
		100,502
	APS 6	85,909
		81,423
		79,209

Appendix 2: Processes Leading to PBAC Consideration – Annual Report for 2017-18

Introduction

This is the ninth 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 2017-18 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 in each year, prepare and give to the Minister a report on processes leading up to the Pharmaceutical Benefits Advisory Committee consideration, including:*
>
> *a) the extent and timeliness with which responsible persons are provided copies of documents relevant to their submission to the Pharmaceutical Benefits Advisory Committee;*
>
> *b) the extent to which responsible persons exercise their right to comment on these documents, including appearing at hearings before the Pharmaceutical Benefits Advisory Committee;*
>
> *c) the number of responsible persons seeking a review of the Pharmaceutical Benefits Advisory Committee recommendation.*

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, as well as industry and consumer nominees. Its primary role is to consider medicines for listing on the PBS and vaccines for inclusion on the National Immunisation Program (NIP). No new medicine can be listed unless the PBAC makes a positive recommendation to the Minister for Health (the Minister). The PBAC holds three scheduled meetings each year, usually in March, July and November.

When considering 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 three 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;
- **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; and
- **Nutritional Products Working Party (NPWP)**, which advises the PBAC on matters relating to the effectiveness and use of therapeutic foods and nutritional products.

Roles of the PBAC

- Recommends medicines and medicinal preparations to the Minister 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.
- 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

The PBAC provides responsible persons[88] 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 (positive recommendations) and five weeks (all other recommendations) 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

During 2017-18, the PBAC held three ordinary meetings (as is usual practice) and also considered submissions at a special meeting in December 2017. A total of 89 major submissions were considered. For the:

- **July 2017 PBAC meeting**, 26 responsible persons lodged major submissions and 26 sponsors responded to their commentaries;
- **November 2017 PBAC meeting**, 34 responsible persons lodged major submissions and 34 sponsors responded to their commentaries;
- **December 2017 PBAC meeting**, five responsible persons lodged major submissions and five sponsors responded to their commentaries and one sponsor withdrew its submission before responding to its commentary; and
- **March 2018 PBAC meeting**, 24 responsible persons lodged major submissions, 24 sponsors responded to their commentaries and one sponsor withdrew its submission before responding to its commentary.

Consequently, of the 89 major submissions considered by PBAC in 2017-18, 89 responsible persons exercised their right to respond to their commentaries.

c) Number of responsible persons seeking a review of PBAC recommendations

During the 2017-18 financial year, there were no requests to the PBAC for an Independent Review.

[88] Responsible person is the person or corporation with a registered ABN that is the supplier of a particular brand of medicine on the PBS. Further information available at: www.pbs.gov.au

Number and category of applications for each PBAC meeting in 2017-18[89,90]

July 2017 PBAC Meeting

Category	Number
Major	26
Minor	32
Other	10

November 2017 PBAC Meeting

Category	Number
Major	34
Minor	28
Other	11

December 2017 PBAC Meeting

Category	Number
Major	5
Minor	1

March 2018 PBAC Meeting

Category	Number
Major	24
Minor	31
Other	13

Number and category of withdrawn applications for each PBAC meeting in 2017-18

July 2017 PBAC Meeting

Category	Number	Reasons for withdrawal
Major	2	Decision by applicants – no reason provided
Minor	4	Decision by applicants – no reason provided

November 2017 PBAC Meeting

Category	Number	Reasons for withdrawal
Major	2	Decision by applicants – no reason provided
Minor	1	Decision by applicants – no reason provided

[89] Figures do not take into account extended meetings where two or more drugs are discussed within one meeting date.

[90] Information on the categories of submissions is available at: www.pbs.gov.au/info/industry/listing/elements/fees-and-charges

December 2017 PBAC Special Meeting

Category	Number	Reasons for withdrawal
Major	1	Decision by applicants – no reason provided
Minor	0	Decision by applicants – no reason provided

March 2018 PBAC Meeting

Category	Number	Reasons for withdrawal
Major	1	Decision by applicants – no reason provided
Minor	0	Decision by applicants – no reason provided

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 2017-18 responded to their commentary.

July 2017 PBAC Meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
26	26	11

November 2017 PBAC Meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
34	34	12

December 2017 PBAC Special Meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
5	5	1

March 2018 PBAC Meeting

Number of major submissions	Number of responsible persons that responded to their commentaries	Number of responsible persons that appeared before PBAC
24	24	5

Number of pre-submission meetings held in 2017-18[91]

Pre-submission meetings per month	Meetings held
2017	
July	0
August	10
September	4
October	4
November	0
December	6
2018	
January	5
February	3
March	0
April	5
May	8
June	2
Total	**47**

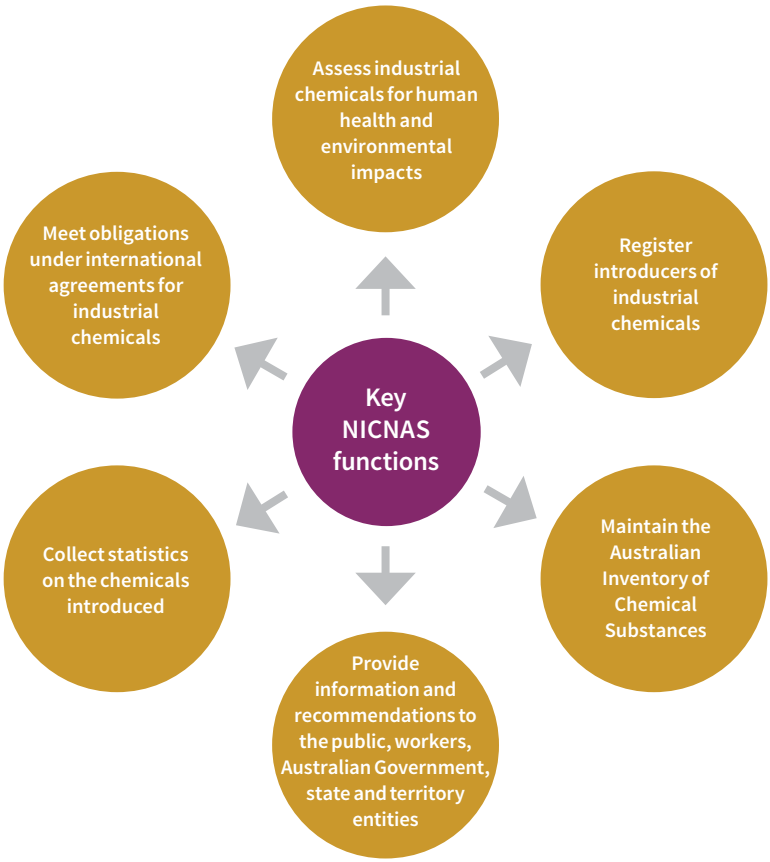
[91] Figures do not take into account extended meetings where two or more drugs are discussed within one meeting date.

Appendix 3: Report from the Director of the National Industrial Chemicals Notification and Assessment Scheme (NICNAS) on the operation of the *Industrial Chemicals (Notification and Assessment) Act 1989*

About NICNAS

NICNAS is a statutory scheme administered by the Department of Health, established under the *Industrial Chemicals (Notification and Assessment) Act 1989* (ICNA Act). The scheme protects the Australian people and the environment by assessing risks arising from the introduction (import or manufacture) of industrial chemicals and providing information to promote the safe use of these chemicals. Information from NICNAS assessments is available to the public, as well as state, territory and other Australian Government authorities to assist them in regulating the transport, storage, use and disposal of industrial chemicals.

Figure 1. Functions under the ICNA Act



Highlights

NICNAS contributes to the Health Portfolio Outcome 5. In 2017-18:

- NICNAS met all performance criteria for Outcome 5 (p.105-106);
- 7,249 introducers were registered, the highest number of registrants in the history of the scheme;
- 99 per cent of new chemical assessments were conducted within statutory timeframes – which reduced burden on businesses;
- 6,222 chemical assessments were conducted under the Inventory Multi-tiered Assessment and Prioritisation (IMAP) framework, the post-market review of risks from industrial chemicals already in use;
- 12 international assessments from comparable international agencies were incorporated into new chemical assessments;
- 311 permits and certificates were issued following pre-market assessments;
- 188 additional chemicals were listed on the Australian Inventory of Chemical Substances (the Inventory); and
- 222 recommendations were considered and accepted by risk management agencies.

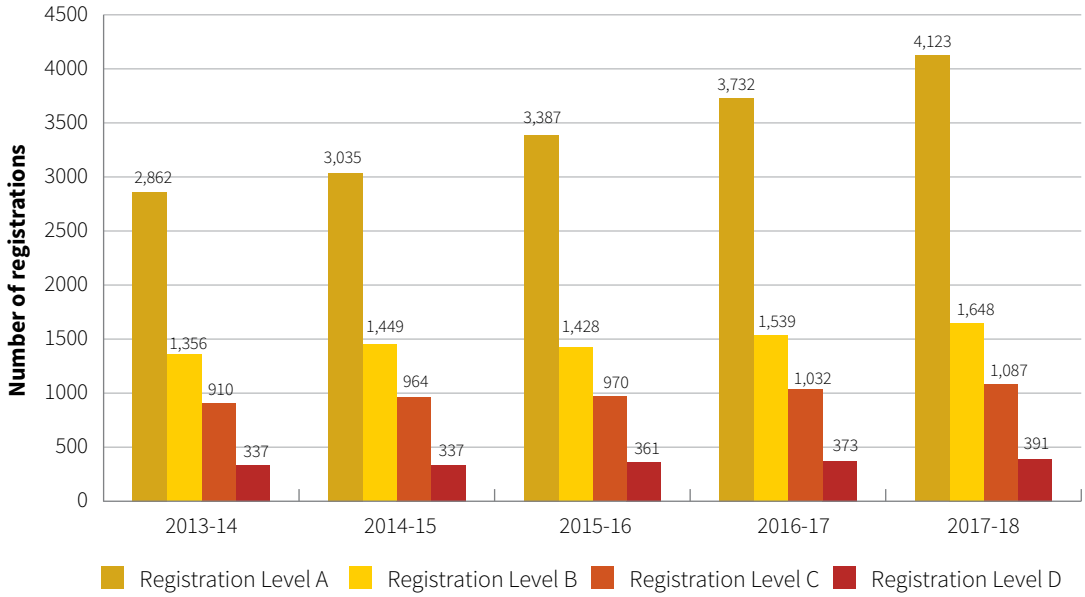
Registration, outreach and reporting

Introducers (manufacturers and/or importers) of industrial chemicals in Australia must be registered on the public Register of Industrial Chemical Introducers.[92]

Registration of introducers helps NICNAS inform, guide and educate introducers about their legal obligations, provide information to promote the safer introduction of industrial chemicals and maintain public confidence in Australia's chemical industry. The revenue from registrations enables NICNAS to assess the risks of chemicals on the Australian Inventory of Chemical Substances as well as maintain the Register of Industrial Chemical Introducers and undertake compliance, communication, education and scheme support activities.

In 2017-18, 7,249 businesses were registered with NICNAS, representing the highest number of registrants in the history of the scheme. Businesses register at different levels depending on the value of relevant industrial chemicals (RIC) introduced in the registration year. Level A registrants (introducing up to $100,000 RIC) paid only a fee of $138 while those introducing greater values (Levels B, C and D) paid an additional charge of up to $22,322.

Figure 2. Five-year trend data for NICNAS registrations



Source: NICNAS Annual Reports and internal data

[92] Available at: www.nicnas.gov.au/register-your-business/register-of-industrial-chemical-introducers

Compliance monitoring

NICNAS's compliance monitoring and enforcement actions are proportionate to risk and regularly reassessed, using a staged process for risk-based compliance monitoring of registered introducers. Activities focus on education and awareness-raising to assist introducers in understanding their obligations under the ICNA Act.

Key compliance statistics during 2017-18

Over 340 representatives of registered introducers attended information sessions around Australia.
As a direct result of compliance monitoring activities:

- Over 381 new introducers were registered with NICNAS.
- The registration level of over 550 introducers was adjusted.
- Five introducers (from an audit group of 53) were found to be non-compliant with record keeping obligations.
- 18 new industrial chemicals were notified for assessment or reported to NICNAS.

The Australian Inventory of Chemical Substances

The Australian Inventory of Chemical Substances (the Inventory) provides chemical identity information and specifies regulatory obligations associated with industrial chemicals. The Inventory consists of non-confidential (public) and confidential sections.

Chemicals listed on the Inventory (existing chemicals) can be introduced into Australia without notification to NICNAS, provided introducers meet regulatory obligations associated with the chemical listing. Chemicals not listed on the Inventory (new chemicals) or those proposed to be introduced outside any conditions listed on the Inventory, require assessment for risks to the environment and human health before they can be introduced, unless they are exempt under the ICNA Act.

Chemicals are listed on the Inventory five years after an assessment certificate has been issued, unless the certificate holder applies for early listing. Listing on the public Inventory is the default process, unless the introducer seeks and is granted listing on the confidential section of the Inventory.

Confidential listing protects the commercial interests of the introducer and requires a statutory test to be applied. This test weighs the public interest in the availability of information about the chemical against the commercial loss to the introducer resulting from disclosure of this information. Successful applications for confidential listing are reviewed after five years, by reapplication of the statutory test.

In March 2017, NICNAS requested information on the chemical identity (Chemical Abstracts Index name, Chemical Abstracts Service Registry number, molecular formula) of all ingredients in products listed in the Trade Name Annex (TNA) of the Inventory. The TNA was created as part of the Inventory formation in 1992 and contained a list of 2,526 product trade names that were temporarily allowed to be listed on the Inventory. Provisions under the ICNA Act allowed for the removal of all products from the TNA and the addition of their constituents to the Inventory without assessment. This occurred in March 2018, after a one year consultation period.

Key statistics for the Inventory during 2017-18

There are 40,459 chemicals on the public Inventory and 112 chemicals on the confidential Inventory. In total, 188 chemicals were added to the Inventory:

- 99 chemicals – five years after issuance of the assessment certificate;
- 77 chemicals – early listing; and
- 12 chemicals – following review of the TNA.

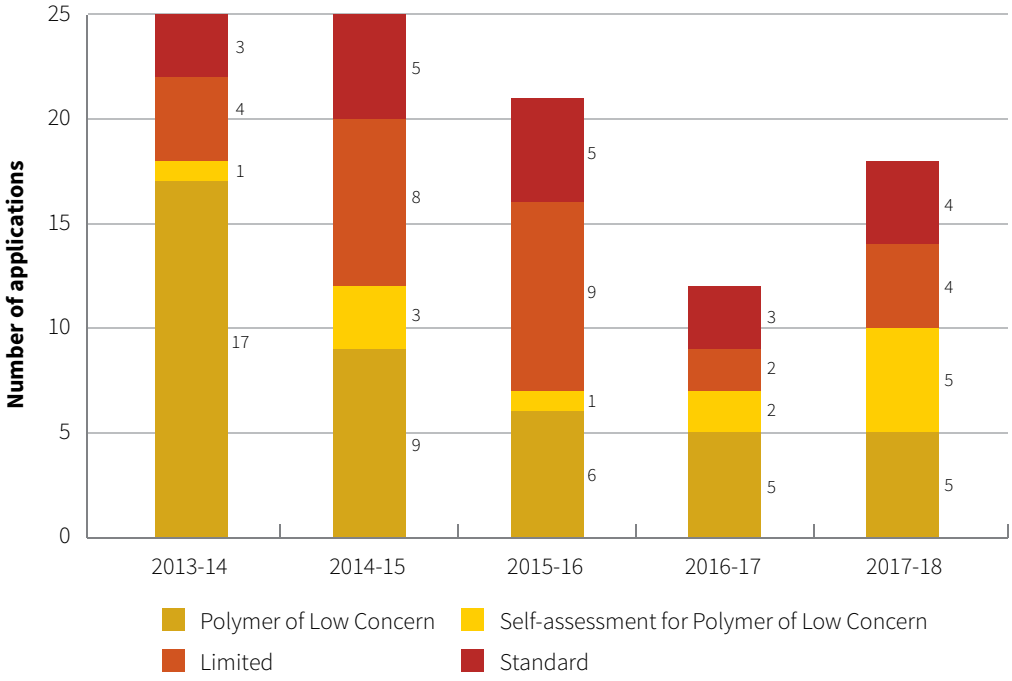
The number of applications for listing on the confidential Inventory increased since last year and was close to the long term average (refer Figure 3). Of the 18 applications received for confidential listing, ten applications were for Polymers of Low Concern (PLCs) with five for self-assessed PLCs and five for PLCs that had been assessed by NICNAS.

There were 316 requests received from bona fide introducers to search the confidential Inventory.

There were 139 inquiries received over the 12 month period following a call for information on products in the TNA. Information on 88 products (containing 275 chemicals) was submitted and 12 chemicals were added to the public Inventory based on the information provided.

Figure 3 demonstrates the trend over five years for the assessment categories of chemicals for which confidential listing applications were received.

Figure 3. Assessment categories for confidential listing applications from 2013-14 to 2017-18



Source: NICNAS Annual Reports and internal data

New imported and/or manufactured industrial chemicals

The outcomes of assessments of new industrial chemicals are broadly categorised as permits and assessment certificates. Permits and certificates are issued after risks to human health and the environment are assessed. Chemicals assessed under a certificate become eligible for listing on the Inventory.

Figure 4 demonstrates the total number of certificates and permits issued since 2002. The number of new chemical assessments has remained relatively stable since the announcement of the reforms in May 2015. The uses for industrial chemicals assessed under certificate categories are detailed in Figure 5. Figure 6 shows the number of certificates issued for each assessment category from 2013-14 to 2017-18.

New chemicals that qualify for exemption from assessment must comply with annual reporting and record-keeping requirements.

Assessments conducted overseas by comparable regulatory agencies are used in NICNAS assessments, where appropriate, to reduce regulatory burden and the duplication of effort.

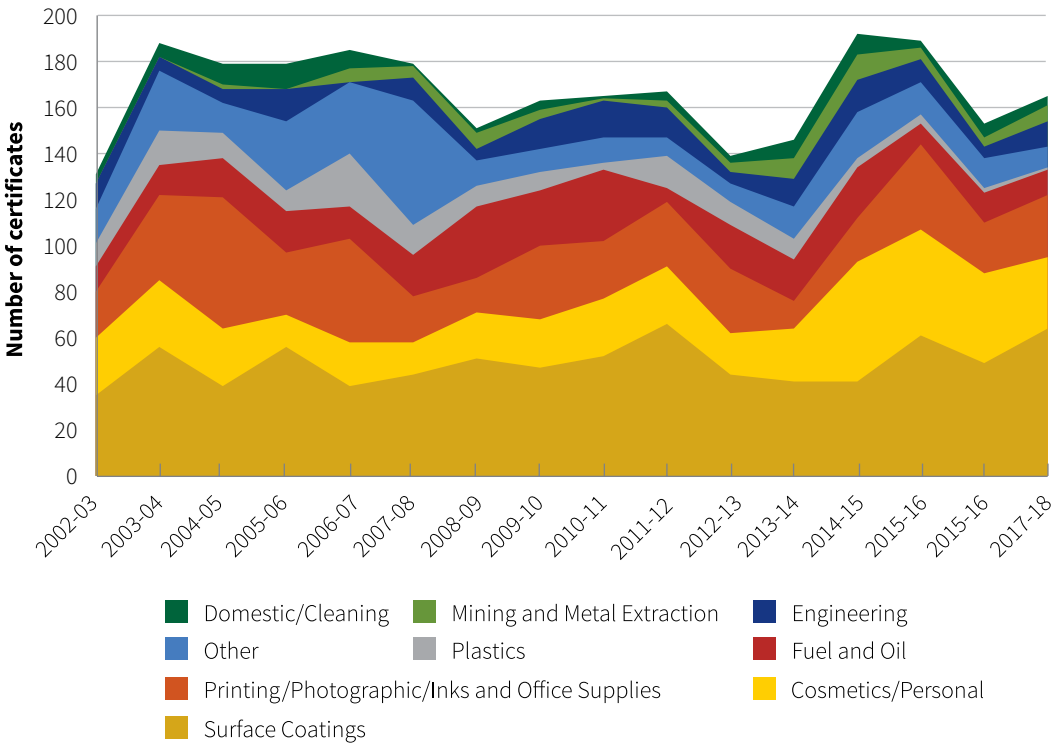
Key statistics for new industrial chemicals during 2017-18

- 311 certificates and permits were issued during the year.
- 10,525 industrial chemical introductions were reported under exemption categories by 243 introducers.
- Three comparable agency assessments (Health Canada, Environment and Climate Change Canada and the United States Environmental Protection Agency) and nine foreign scheme assessments were received and used in new chemical assessments.

Figure 4. Total number of certificates and permits issued from 2002-03 to 2017-18

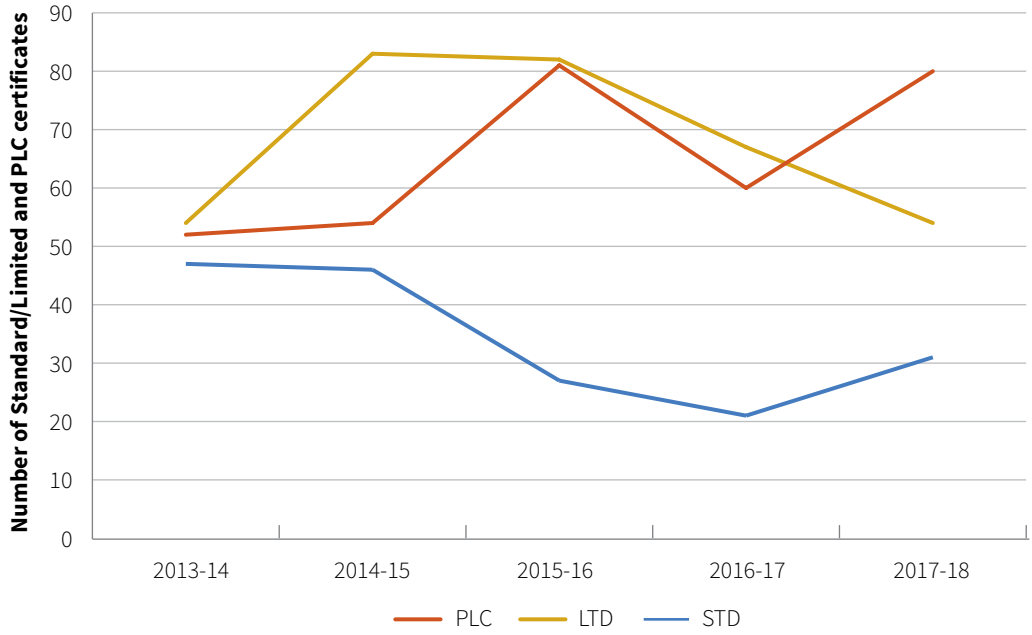
Source: NICNAS Annual Reports and internal data

Figure 5. Standard, Limited and Polymer of Low Concern certificates issued by use category from 2002-03 to 2017-18



Note: The areas display trends over time and are stacked so that each series adjoins but does not overlap the preceding series.
Source: NICNAS Annual Reports and internal data

Figure 6. Standard, Limited and Polymer of Low Concern (PLC) certificates issued from 2013-14 to 2017-18



Source: NICNAS Annual Reports and internal data

Assessment of existing industrial chemicals

Inventory Multi-Tiered Assessment and Prioritisation (IMAP) framework

The IMAP framework is a science and risk-based framework for the rapid identification and assessment of existing chemicals. Chemicals are assessed using a tiered approach:

- Tier I – chemicals that pose no unreasonable risk to human health and the environment;
- Tier II – chemicals that require human health or environmental risk management measures for safe use; and
- Tier III – chemicals that require more in-depth assessment to fully determine their impact on human health and/or the environment.

The first stage of the IMAP framework (2012–16) was followed by Stage Two which commenced 1 July 2016. IMAP assessments are completed in tranches, covering all three tiers. During Stage Two, NICNAS focused on identifying chemicals of low regulatory concern which can be deprioritised from requiring further assessment (Tier I assessment outcomes) while continuing assessment of higher priority chemicals of concern (assessed at Tier II and Tier III). Refer Table 1.

The application of new technologies in combination with approaches developed during Stage One enabled NICNAS to gain efficiencies in the screening and categorising of chemicals of low regulatory concern. These approaches include:

- use of existing hazard data;
- exposure data-profiling;
- related data source collation and verification;
- reviewing physico-chemical properties;
- read-across strategies; and
- computer-based modelling (in silico) studies.

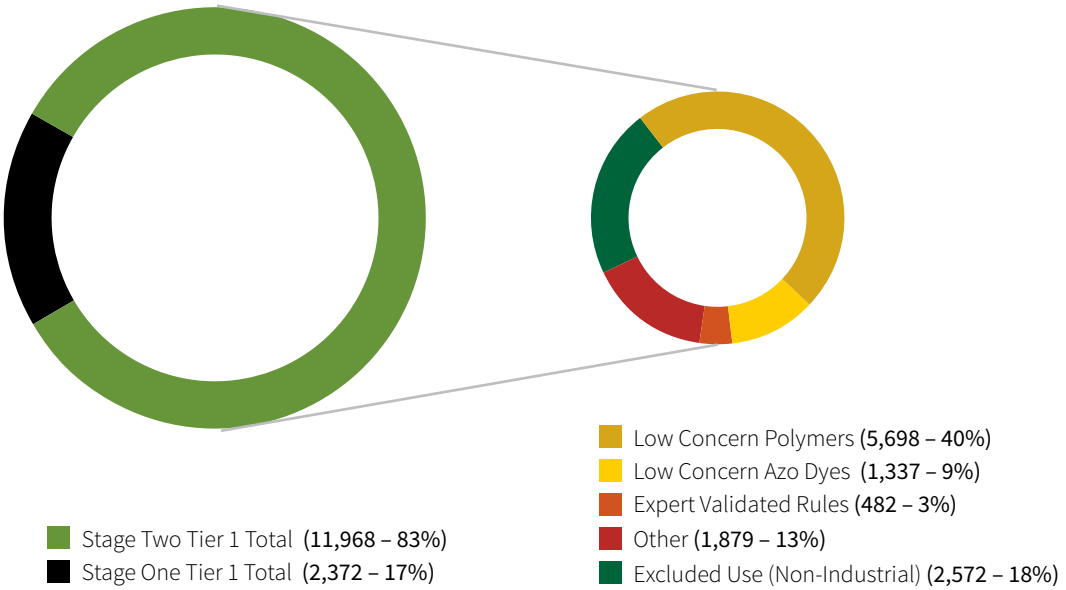
Table 1. Cumulative assessments in Stage One and Stage Two of IMAP

	Stage One (2012–2016) (Tranches 1–18)	Stage Two (2016–18) (Tranches 19–24)
Tier I	2,372	11,968
Tier II	2,731	1,163
Tier III	11	6
Total assessments	**5,114**	**13,137**

Source: NICNAS Annual Reports and internal data

There was a higher output of Tier I assessments during Stage Two compared to Stage One as a result of targeting several specific categories of chemicals.

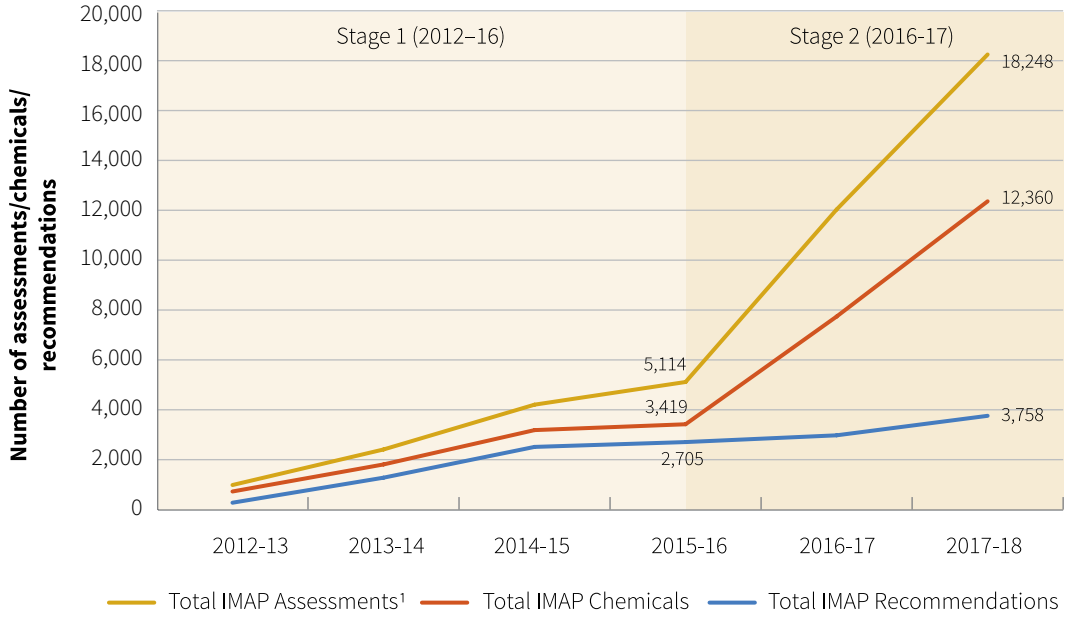
Figure 7. Deprioritisation of Tier 1 Chemical Assessments (comparing Stage One to Stage Two)



Note: 'Other' includes substances derived from natural products and plant extracts used in low volumes. Chemicals with excluded uses are chemicals used exclusively for therapeutic, agricultural and veterinary or food purposes, with no known industrial use.

Since July 2012, NICNAS has provided chemical safety information to the public and to risk management agencies on more than 12,000 previously unassessed chemicals on the Inventory (refer Figure 8).

Figure 8. The number of assessments, unique chemicals assessed and risk management recommendations arising from IMAP assessments[93]

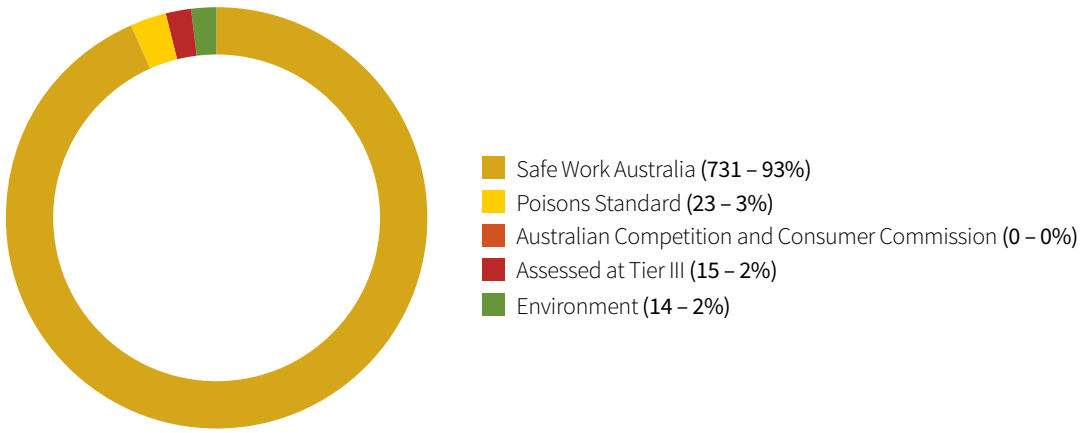


[1] The total number of assessments has been corrected based on public comment and/or reassessment during 2017-18.

Source: NICNAS Annual Reports and internal data

The IMAP framework continued to support risk management of chemicals in Australia with a significant number of NICNAS risk management recommendations being implemented or considered by national risk management bodies (refer Figure 9). As at 30 June 2018, 3,758 risk management recommendations have been made for 3,056 unique chemicals through IMAP.

Figure 9. Recommendations from IMAP Stage Two during 2017-18



Source: NICNAS Annual Reports and internal data

[93] The total number of assessments has been corrected based on public comment and/or reassessment during 2017-18.

Key existing chemical assessment statistics during 2017-18

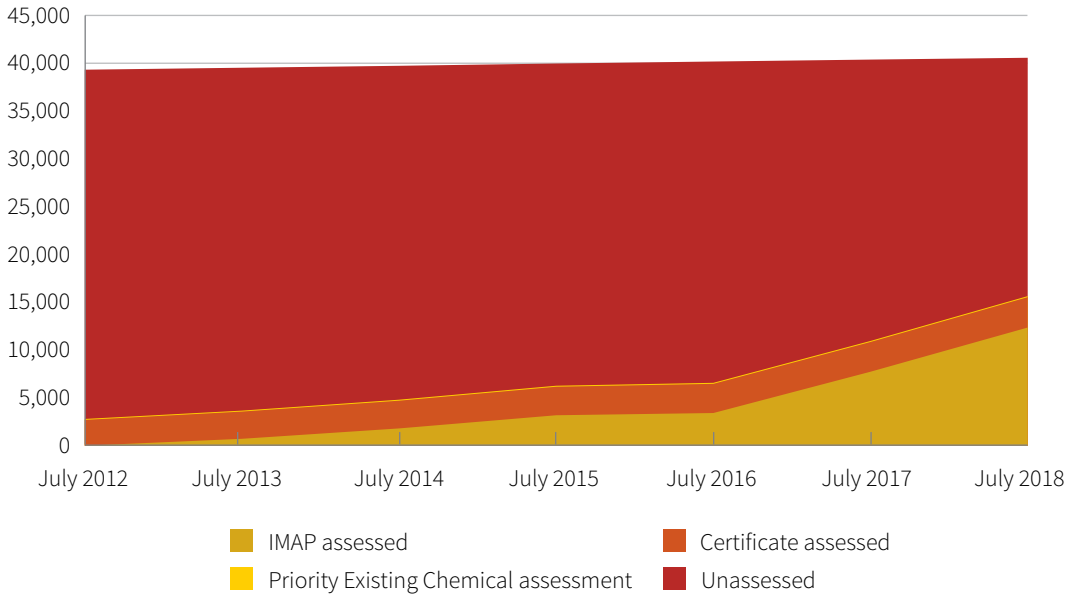
- 6,222 human health and environment assessments were undertaken for 4,833 unique chemicals.
- In Stage Two (2016–18), a total of 11,968 Tier I assessments (83 per cent of Total Tier I Assessments) were deprioritised from any further assessment and considered to be chemicals of low regulatory concern (refer Figure 7).
- 783 recommendations were made to manage newly identified risks associated with the industrial use of 759 unique chemicals.

The Inventory comprises:

- chemicals subject to pre-market assessment (under certificate categories) and subsequently added to the Inventory;
- those assessed as existing chemicals through the Priority Existing Chemicals process or the IMAP framework; and
- unassessed chemicals.

At the end of 2017-18, the number of unassessed chemicals on the Inventory had decreased significantly. The increasing number of assessed chemicals on the inventory is shown in Figure 10, clearly demonstrating the significant increase in assessed chemicals over the last six years.

Figure 10. Number of assessed and unassessed chemicals on the Inventory 2012–2018



Source: NICNAS Annual Reports and internal data

Secondary notification assessments

A chemical may require re-assessment when new information becomes available or changed circumstances arise, such as a significant change to the way a chemical is used. This category of assessment is called secondary notification assessment.

Introducers of a chemical must provide information on changed circumstances, NICNAS then determines whether or not a secondary notification assessment is required.

Key secondary notification assessment statistics during 2017-18

- Three secondary notification assessment reports were published, one for a new chemical and two for existing chemicals.
- Three secondary notifications were declared.

NICNAS reforms

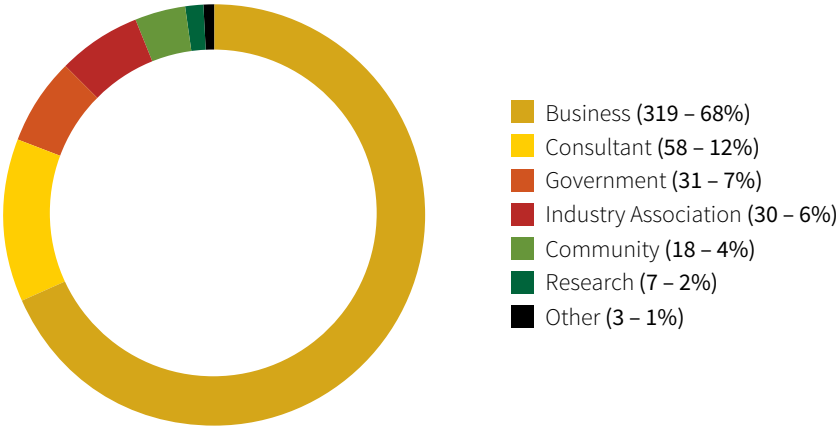
The reforms to the scheme announced in 2015 are now expected to commence from 1 July 2019, pending the passage of new legislation.

The technical and operational details of the new scheme continued to be developed in 2017-18, culminating in the release of draft delegated legislation (Ministerial Rules) and associated guidelines for stakeholder feedback.

Key NICNAS reform statistics during 2017-18

- A total of 24 targeted stakeholder briefings were conducted on the draft delegated legislation and associated guidelines.
- 29 written submissions on the draft delegated legislation were received and analysed.

Figure 11. Stakeholders registered to receive information on the NICNAS reforms



Source: NICNAS internal data

Stakeholder consultation

NICNAS continued to work with a range of stakeholders, including other Government entities, chemical industry bodies and community groups. The NICNAS Stakeholder Update was upgraded to an interactive e-newsletter.

The NICNAS Strategic Consultative Committee (SCC), with representatives from peak industry and community groups, met on three occasions to provide strategic advice to the Director on efficiently achieving the objects of the ICNA Act and development of the NICNAS reforms.

As the external validation body under the Regulator Performance Framework, the SCC validated NICNAS's self-assessment report. A summary of outcomes of SCC meetings is published on the NICNAS website[94].

The SCC also discussed:

- NICNAS regulatory and financial performance;
- the progress of the NICNAS reforms and transitional arrangements;
- the draft report on cosmetic tattooing ingredients used in Australia;
- the role of NICNAS in regulating chemicals used in e-cigarettes in Australia;
- the outcomes of NICNAS's contribution to the report *National Assessment of Chemicals Associated with Coal Seam Gas Extraction in Australia*; and
- issues to be considered when assessing chemicals in skin whitening products.

[94] Available at: www.nicnas.gov.au/about-us/advisory-groups/strategic-consultative-committee.

Digital services

During 2017-18, the new IT system continued to provide an efficient mechanism for industry registration and management of business details by building annual declaration submissions via the NICNAS Business Services platform, improved tracking of registrations and collection of fees.

NICNAS is developing Australian regulatory specific customisation of the International Uniform Chemical Information Database (IUCLID) software to store and exchange data on chemicals that is internationally harmonised. Australia is collaborating with the European Chemicals Agency (ECHA), who manages the software, in association with the Organisation for Economic Co-operation and Development (OECD). These customisations are planned for release in 2018-19.

Research was conducted to understand users' experience of the current NICNAS website and online NICNAS Business Services. The user research included an online survey and one-on-one interviews with users to understand how NICNAS's current services are used, what tasks people undertake and challenges they face. The findings will be used to improve NICNAS online services during 2018-19.

International engagement

NICNAS continued to collaborate with international counterparts on matters of international interest via regular teleconferences and participation in international working groups and conferences.

The OECD Chemicals Committee and its key subsidiary committees are the principal mechanisms through which NICNAS staff engage multilaterally. Formal bilateral cooperative arrangements/memoranda of understanding are in place with counterparts in Europe, USA, Canada and New Zealand. NICNAS maintains regular dialogue with each of these agencies on emerging topics of interest such as a ban on animal testing for cosmetic ingredients and new risk assessment methodologies. NICNAS continued to actively contribute to the work of the APEC Chemical Dialogue.

This international collaboration facilitates access to scientific expertise, assessment tools and methodologies, benefiting NICNAS and promoting international harmonisation of regulatory requirements. International engagement over the last year has been particularly valuable in developing the implementation detail of the NICNAS reforms.

Staff development

During 2017-18, the Office of Chemical Safety (OCS) Learning Centre (cloud-based online toxicology course designed for in-service training of staff in the OCS) initiated the development of a new 'Chemistry for Toxicology' unit, planned for release in 2018-19. Course content is currently being developed by internal staff. NICNAS has recently invited other national regulatory agencies to access the Learning Centre, which provides an opportunity for increasing scientific capacity across regulatory agencies.

Financial performance

Compared with 2016-17, total revenue decreased by $0.4 million and expenses increased by $0.9 million. Revenue recovered from the regulated industry was $17.0 million, which was $0.4 million less than the previous year due to a reduction in funding for reform-related activities. Net revenue from other sources was $0.3 million, which was marginally higher than the previous year.

Total expenses were $16.4 million, which was $0.9 million higher than the previous year. This result is due to operational costs associated with new IT systems and the re-phasing of activities due to the delay in passage of the package of Industrial Chemicals Bills through Parliament.

The NICNAS final net result for 2017-18 was a surplus of $0.9 million which will be maintained in the NICNAS Special Account. Funds in the Special Account will provide for business continuity requirements and future capital projects.

Table 2. Five year comparison of NICNAS revenue and expenses

	2013-14 $'000	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000
Industry cost recovered revenue	12,819	13,045	16,324	17,383	17,026
Other revenue	2,094	1,023	493	321	332
Total revenue	14,913	14,068	16,817	17,704	17,358
Total expenses	13,906	13,764	14,602	15,502	16,406
Operating surplus/(deficit)	1,007	304	2,215	2,202	952

Acknowledgements

I would like to acknowledge the hard work and dedication of the staff in the Office of Chemical Safety of the Department of Health, who assist me in managing the scheme and who undertake the human health aspects of NICNAS risk assessments. I would also like to thank the staff of the Department of the Environment and Energy, who undertake the environmental components of NICNAS risk assessments, and the staff in the Office of Health Protection in the Department of Health with whom we work closely on policy-related matters. Staff from all of these areas work closely together in developing the reforms to the scheme.

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Director of NICNAS

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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.

The secretary of the Department of Health, pursuant to subsection 17A(3) of the Public Governance, Performance and Accountability Rule 2014, is responsible for producing the financial statements for ANPHA, as would have been required by the accountable authority under the *Public Governance, Performance and Accountability Act 2013*.

Contents

INDEPENDENT AUDITOR'S REPORT

To the Minister for Health

Opinion

In my opinion, the financial statements of the Australian National Preventitive Health Agency for the year ended 30 June 2018:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Australian National Preventitive Health Agency as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian National Preventitive Health Agency, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- 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 Assets and Liabilities;
- Administered Reconciliation Schedule;
- Overview comprising significant accounting policies; and
- Notes to and forming part of the financial statements and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian National Preventitive Health Agency in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian National Preventitive Health Agency 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 – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Australian National Preventitive Health Agency's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Sean Benfield

Executive Director

Delegate of the Auditor-General

Canberra

31 August 2018

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* (PGPA Act) 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 2018.

In our opinion the attached financial statements for the period 1 July 2017 to 30 June 2018:
a) comply with subsection 42(2) of the PGPA Act ;
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.....

Glenys Beauchamp
Secretary
Department of Health

30 August 2018

Signed.....

Craig Boyd
Chief Financial Officer
Department of Health

30 August 2018

Australian National Preventive Health Agency

Statement of Comprehensive Income
for the period ended 30 June 2018

	2018	2017
	$	$
NET COST OF SERVICES		
EXPENSES		
Resources incurred free of charge	**12,205**	15,652
Total expenses	**12,205**	15,652
Other revenue		
Resources received free of charge	**12,205**	14,954
Total other revenue	**12,205**	14,954
Total own-source income	**12,205**	14,954
Net (cost of) services	**-**	(698)
Surplus/(Deficit)	**-**	(698)
Surplus/(Deficit) attributable to the Australian Government	**-**	(698)

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 2018

	2018	2017
	$	$
ASSETS		
Financial assets		
Trade and other receivables	-	1,364,169
Total financial assets	-	1,364,169
Total assets	-	1,364,169
LIABILITIES		
Total liabilities	-	-
Net assets	-	1,364,169
EQUITY		
Accumulated surplus	-	1,364,169
Total equity	-	1,364,169

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 2018

	Retained earnings		Total equity	
	2018	2017	**2018**	2017
	$	$	**$**	$
Opening balance				
Balance carried forward from previous period	**1,364,169**	1,364,867	**1,364,169**	1,364,867
Opening balance	**1,364,169**	1,364,867	**1,364,169**	1,364,867
Comprehensive income				
Deficit for the period	**-**	(698)	**-**	(698)
Total comprehensive income	**-**	(698)	**-**	(698)
Contibuted Equity				
Reduction of annual appropriation [1]	**(1,364,169)**	-	**(1,364,169)**	-
Total transactions with owners	**(1,364,169)**	-	**(1,364,169)**	-
Closing balance as at 30 June	**-**	1,364,169	**-**	1,364,169

[1] *Appropriation Act (No. 1) 2013-14* - Repealed 28 March 2018

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 2018

	2018	2017
	$	$
OPERATING ACTIVITIES		
Cash used		
Suppliers	-	(698)
Total cash used	-	(698)
Net cash from operating activities	-	(698)
FINANCING ACTIVITIES		
Cash used		
Cash returned to the Official Public Account	-	(16,928)
Total cash used	-	(16,928)
Net cash from financing activities	-	(16,928)
Net (decrease) in cash held	-	(17,626)
Cash and cash equivalents at the beginning of the reporting period	-	17,626
Cash and cash equivalents at the end of the reporting period	-	-

The above statement should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Administered Schedule of Assets and Liabilities
as at 30 June 2018

	2018	2017
	$	$
ASSETS		
Financial assets		
Cash in special accounts	**12,382,827**	12,382,827
Total financial assets	**12,382,827**	12,382,827
Total assets administered on behalf of Government	**12,382,827**	12,382,827
Net assets	**12,382,827**	12,382,827

The above schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Administered Reconciliation Schedule

as at 30 June 2018

	2018	2017
	$	$
Opening administered assets less administered liabilities as at 1 July	**12,382,827**	12,382,827
Surplus/(deficit) items:		
Closing administered assets less administered liabilities as at 30 June	**12,382,827**	12,382,827

The above schedule should be read in conjunction with the accompanying notes.

Australian National Preventive Health Agency

Overview

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 15 May 2014 by the Australian Government. The bill was referred to the Senate Community Affairs Committee on 15 May and on 14 July 2014, the Committee recommended that the Bill be passed. The House of Representatives passed the bill on 3 June 2014 and the bill was introduced to the Senate on 16 June 2014 and was negatived by the Senate on the second reading on 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 has not been provided any annual appropriations since 2013-14 Appropriation Acts. The 2013-14 Appropriation Act was repealed on 28 March 2018. Therefore ANPHA has no Departmental Appropriation receivable. At 30 June 2018 ANPHA has no debts. ANPHA has no employees. The Chief Executive Officer 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* 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.

Objectives of the Australian National Preventive Health Agency

ANPHA is listed as a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), 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 programs. Funding has not been provided by Parliament for ANPHA's administration and programs.

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.

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 2017; and
b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements 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 dollar 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.

ANPHA had no departmental or administered commitments or contingencies as at 30 June 2017 or 30 June 2018.

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.

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.

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

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.

Revenue

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. ANPHA currently has no Appropriation receivables.

Employee Benefits

There were no person's engaged or reportable to ANPHA as at 30 June 2018.

Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

a) cash on hand; and
b) cash in special accounts.

ANPHA no longer holds any cash independently. ANPHA closed all bank accounts prior to 30 June 2017, and balances in these accounts were formally returned to the Official Public Account.

Financial Assets

Loans and Receivables

Impairment of Financial Assets

ANPHA has no Financial Assets as at 30 June 2018.

Property, Plant and Equipment

ANPHA has no Property, Plant or Equipment.

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.

Related Party Relationships:
ANPHA is an Australian Government controlled entity. Related parties to ANPHA are the Portfolio Minister and Executive Government, and other Australian Government entities.

There were no Related Party transactions to report during 2017-18 or in the comparative year in relation to ANPHA.

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.

Reporting of Administered Activities
There were no Administered activities to report during 2017-18 or in the comparative year in relation to ANPHA.

Note 1.1: Appropriations

Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018	2017
Authority	**$**	**$**
DEPARTMENTAL		
Appropriation Act (No.1) 2013-2014 - Repealed 28 March 2018	-	1,364,169
Total departmental	-	1,364,169

Note 1.2: Special Accounts

Special Accounts (Recoverable GST exclusive)

	The Australian National Preventive Health Agency Special Account (Administered)[1,2,3]	
	2018	2017
	$	$
Balance brought forward from previous period	**12,382,827**	12,382,827
Available for payments	**12,382,827**	12,382,827
Total balance carried to the next period	**12,382,827**	12,382,827

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.

Navigation Aids

List of Requirements

The list below outlines compliance with key annual performance reporting information, as required in section 17AJ(d) of the Public Governance, Performance and Accountability Rule 2014.

PGPA Rule Reference	Part of Report	Description	Requirement	Location
17AD(g)	**Letter of Transmittal**			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	Page 1
17AD(h)	**Aids to Access**			
17AJ(a)		Table of contents.	Mandatory	Page 2
17AJ(b)		Alphabetical index.	Mandatory	Page 299
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	Page 293
17AJ(d)		List of requirements.	Mandatory	Page 288
17AJ(e)		Details of contact officer.	Mandatory	Page II
17AJ(f)		Entity's website address.	Mandatory	Page II
17AJ(g)		Electronic address of report.	Mandatory	Page II
17AD(a)	**Review by Accountable Authority**			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	Page 4
17AD(b)	**Overview of the Entity**			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	Page 16
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	Page 18
17AE(1)(a)(iii)		A description of the outcomes and programs administered by the entity.	Mandatory	Page 17
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	Page 16
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory	Page 13
17AE(2)		Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio estimates statements that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	Not applicable

PGPA Rule Reference	Part of Report	Description	Requirement	Location
17AD(c)	**Report on the Performance of the Entity**			
	Annual Performance Statements			
17AD(c)(i); 16F		Annual Performance Statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	Page 22
17AD(c)(ii)	**Report on Financial Performance**			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	Page 166
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	Page 131
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	Not applicable
17AD(d)	**Management and Accountability**			
	Corporate Governance			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	Page 140
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	Page 140
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	Page 140
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	Page 140
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	Page 136
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	Not applicable
	External Scrutiny			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	Page 159
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	Page 161

PGPA Rule Reference	Part of Report	Description	Requirement	Location
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	Part 3.4
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Not applicable
	Management of Human Resources			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	Part 3.2
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: • Statistics on staffing classification level; • Statistics on full-time employees; • Statistics on part-time employees; • Statistics on gender; • Statistics on staff location; and • Statistics on employees who identify as Indigenous.	Mandatory	Page 143 and Appendix 1
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory	Page 144
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AD(4)(c).	Mandatory	Page 248
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	Page 251
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	Page 250
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	Not applicable
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	Not applicable
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	Not applicable
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, Mandatory	Not applicable
	Assets Management			
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	Page 150
	Purchasing			
17AG(6)		An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	Page 150

PGPA Rule Reference	Part of Report	Description	Requirement	Location
	Consultants			
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	Page 151
17AG(7)(b)		A statement that "*During 2017-18, 548 new consultancy contracts were entered into involving total actual expenditure of $44.0 million. In addition, 27 ongoing consultancy contracts were active during 2017-18 involving total actual expenditure of $22.4 million*".	Mandatory	Page 151
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	Page 151
17AG(7)(d)		A statement that "*Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.*"	Mandatory	Page 151
	Australian National Audit Office Access Clauses			
17AG(8)		If an entity entered into a contract with a value of more than $100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	Page 152
	Exempt Contracts			
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than $10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	Page 152
	Small Business			
17AG(10)(a)		A statement that "the Department of Health supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	Page 151

PGPA Rule Reference	Part of Report	Description	Requirement	Location
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	Page 151
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that '*the Department of Health 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*'	If applicable, Mandatory	Page 151
	Financial Statements			
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	Page 168
17AD(f)	**Other Mandatory Information**			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that '*During 2017-18, the Department of Health conducted the following advertising campaigns:* • Childhood Immunisation Education campaign • Childhood Immunisation Education campaign – Phase Two • National Drugs campaign • National Tobacco campaign • *Girls Make Your Move* campaign • Healthy Ageing 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 on the Department of Finance's website* www.finance.gov.au/advertising/'	If applicable, Mandatory	Page 153
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	Not applicable
17AH(1)(b)		A statement that '*Information on grants awarded by the Department of Health during the period 1 July 2017 to 30 June 2018 is available at* www.grants.gov.au'	If applicable, Mandatory	Page 152
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	Page 149
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	Page 161
17AH(1)(e)		Correction of material errors in previous annual report	If applicable, Mandatory	Not applicable
17AH(2)		Information required by other legislation	Mandatory	Part 3.4, Appendices

Acronyms and Abbreviations

AASB	Australian Accounting Standards Board
AHMAC	Australian Health Ministers' Advisory Council
AIHW	Australian Institute of Health and Welfare
AMR	Antimicrobial resistance
ANAO	Australian National Audit Office
APEC	Asia-Pacific Economic Cooperation
APS	Australian Public Service
ASC	Australian Sports Commission
BBV	Blood Borne Virus(es)
BTF	Biomedical Translation Fund
CHSP	Commonwealth Home Support Programme
CMO	Chief Medical Officer
COAG	Council of Australian Governments
COPD	Chronic Obstructive Pulmonary Disease
CoS	Continuity of Support
DACS	Dementia and Aged Care Services
DBMAS	Dementia Behaviour Management Advisory Service
DSS	Department of Social Services
EA	Enterprise Agreement
ESD	Ecologically Sustainable Development
FASD	Foetal Alcohol Spectrum Disorder
GMO(s)	Genetically Modified Organism(s)
GP(s)	General Practitioner(s)
HCH	Health Care Homes
HIV	Human Immunodeficiency Virus
HPC	Haemopoietic Progenitor Cell
ICT	Information, Communication and Technology
LGBTI	Lesbian, gay, bisexual, transgender and intersex
MBS	Medicare Benefits Schedule
MDAF	Ministerial Drug and Alcohol Forum
MPS	Multi-Purpose Services
MRFF	Medical Research Future Fund

NATSIFACP	National Aboriginal and Torres Strait Islander Flexible Aged Care Program
NBA	National Blood Authority
NCSP	National Cervical Screening Program
NDC	National Drugs Campaign
NDIS	National Disability Insurance Scheme
NDSS	National Diabetes Services Scheme
NIAS	National Ice Action Strategy
NICNAS	National Industrial Chemicals Notification and Assessment Scheme
NIP	National Immunisation Program
NIR	National Incident Room
NPS	National Prescribing Service
NSFCC	National Strategic Framework for Chronic Conditions
ODC	Office of Drug Control
OECD	Organisation for Economic Co-operation and Development
OGTR	Office of Gene Technology Regulator
PBAC	Pharmaceutical Benefits Advisory Committee
PBS	Pharmaceutical Benefits Scheme
PGPA	Public Governance, Performance and Accountability
PHN(s)	Primary Health Network(s)
PIP	Practice Incentives Program
RHMT	Rural Health Multidisciplinary Training
RHOF	Rural Health Outreach Fund
SES	Senior Executive Service
STI	Sexually Transmissible Infection(s)
STP	Specialist Training Program
STRC	Short-Term Restorative Care
TGA	Therapeutic Goods Administration
WHO	World Health Organization
WHS	Work Health and Safety

Glossary

Aedes albopictus	Exotic mosquitoes that are carriers (vectors) of dengue, yellow fever, Zika and chikungunya.
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 (BBV)	Viruses that are transmitted through contact between infected blood and uninfected blood (For example hepatitis B and hepatitis C).
Cervical cancer	A cancer of the cervix, often caused by human papillomavirus, which is a sexually transmissible infection.
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	Council of Australian Governments' Closing the Gap initiatives designed to close the gap in health equality 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.
Council of Australian Governments (COAG)	COAG is the peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, state and territory First Ministers and the President of the Australian Local Government Association.
Dengue	A mosquito-borne viral infection.
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 Health	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.
Epidermolysis Bullosa	A rare inherited skin disorder that causes blistering and requires clinically appropriate dressings.

Financial year	The 12 month period from 1 July to 30 June.
General Practitioner (GP)	A medical practitioner who provides primary care to patients and their families within the community.
Genetically modified organisms	Organisms modified by gene technology.
Gene technology	Gene technology is a technique for the modification of genes or other genetic material.
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.
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)	A virus that causes genital warts and which is linked in some cases to the development of more serious cervical cell abnormalities.
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 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; and • 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**.
Incidence	The number of new cases (of an illness or event, and so on) occurring during a given period. Compare with **prevalence**.
Jurisdictions	In the Commonwealth of Australia, these include the six states, the Commonwealth Government and the two territories.
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.

Medical Services Advisory Committee (MSAC)	MSAC is an independent non-statutory committee established by the Australian Government. MSAC appraises new medical services proposed for public funding, and provides advice to Government on whether a new medical service should be publicly funded (and if so, its circumstances) on an assessment of its comparative safety, clinical effectiveness, cost-effectiveness, and total cost, using the best available evidence.
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 MBS (Medicare).
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 *meningococcal bacteria* that 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).
Oncology	The study, knowledge and treatment of cancer and tumours.
Organisation for Economic Co-operation and Development (OECD)	An organisation of 35 countries (mostly developed and some emerging, such as Mexico, Chile and Turkey), including Australia. 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 17.
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.
Pathology	The study and diagnosis of disease through the examination of organs, tissues, cells and bodily fluids.
Pharmaceutical Benefits Advisory Committee (PBAC)	PBAC is an independent expert body appointed by the Australian Government. Members include doctors, health professionals, health economists and consumer representatives. Its primary role is to recommend new medicines for listing on the PBS. No new medicine can be listed unless the committee makes a positive recommendation.
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 PBS lists all the medicinal products available under the PBS and explains the uses for which they can be subsidised.
Portfolio Budget Statements	Statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and programs.

Prevalence	The number or proportion (of cases, instances, and so forth) in a population at a given time. In relation to cancer, prevalence 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.
Program/Programme	A specific strategy, initiative or grouping of activities directed toward the achievement of Government policy or a common strategic objective.
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.
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 anti-smoking education campaigns and screening for diseases such as cancer of the breast or cervix.
Quality Use of Medicines (QUM)	QUM means: • selecting management options wisely; • choosing suitable medicines if a medicine is considered necessary; and • 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 specialty training program 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.
Vaccination	The process of administering a vaccine to a person to produce immunity against infection. See **immunisation**.
World Health Organization (WHO)	The WHO is a specialised agency of the United Nations (UN). Its primary role is to direct and coordinate international health within the UN system. The WHO has 194 Member States, including Australia.

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   Life expectancy at birth was 82.5 years in 2015, the fifth highest in the Organisation for Economic Co-operation and Development (OECD) (OECD average was 80.6)
2. Department of Health 2017-18 Annual Report, Refer *Outcome 5,* p.113.
3. Department of Health 2017-18 Annual Report, refer *Outcome 4,* p.77 (the average day value is the year total divided by 365).
4. OECD (2017), Health at a Glance 2017: OECD Indicators, OECD Publishing, Paris, www.oecd.org/australia/Health-at-a-Glance-2017-Key-Findings-AUSTRALIA.pdf
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9. Department of Health 2017-18 Annual Report, Refer *Outcome 3,* p.67.
10. Department of Health 2017-18 Annual Report, Refer *Outcome 2,* p.49.
11. Australian Institute of Health and Welfare 2018. Australia's health 2018. Australia's health series no. 16. AUS 221. Canberra: www.aihw.gov.au/reports-statistics/health-welfare-overview/australias-health/overview
12. Across 2017-18, over 1.3 million people – around 32 per cent of the four million older people in the aged care target population – received some form of aged care support and services. The actual estimated number of people in the aged care target population (which is comprised of all Australians aged 65 years and over, plus Aboriginal and Torres Strait Islander peoples aged 50-64 years) for 30 June 2018 was 4,022,641. This data is sourced from the Department of Health's aged care data warehouse and will be published in the Report on the Operation of the Aged Care Act (ROACA) in November 2018.
13. Department of Health 2017-18 Annual Report, Refer *Outcome 2,* p.46.
14. OECD (2017), Health at a Glance 2017: OECD Indicators, OECD Publishing, Paris, www.oecd.org/australia/Health-at-a-Glance-2017-Key-Findings-AUSTRALIA.pdf, p.2.

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