Australian Government
Department of Health and Ageing

ANNUAL 05 REPORT 06

Department of Health and Ageing

Better Health | Better Care | Better Life

Our Vision

Better health and active ageing for all Australians.

Our Role

To achieve the Australian Government's priorities (outcomes) for health and ageing. The Department does this through its policy, program, research, and regulation activities, and by leading and working with other government agencies, consumers and stakeholders. Discussion on our achievements and challenges in 2005-06 may be found in Part 2 – Outcome Performance Reports.

Highlights of 2005-06

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

- administered a budget of $38.4 billion – nearly a fifth of the entire Federal Budget. This was a 6.1 per cent nominal increase over 2004-05 expenditure;
- developed the Australian Better Health Initiative, which focuses on promoting good health; reducing the burden of chronic disease; and improving care for people in the community. This initiative was announced by the Council of Australian Governments on 10 February 2006 (see Outcome 1);
- managed the development of the Fourth Community Pharmacy Agreement (see Outcome 2);
- developed enhanced prudential arrangements and a repayment guarantee scheme for aged care residents' accommodation bonds (see Outcome 3);
- commenced work on the National Health Call Centre Network, which will provide all Australians with access to health information and advice, 24 hours a day, seven days a week (see Outcome 4);
- established new Regional Health Services in remote areas of Western Australia (see Outcome 5);
- improved Aboriginal and Torres Strait Islander people's access to hearing services (see Outcome 6);
- implemented a new Medicare-funded annual health check for Aboriginal and Torres Strait Islander children, to encourage regular health checks, promote healthy behaviour and prevent illness (see Outcome 7);
- developed and commenced implementation of a range of reforms to private health insurance (see Outcome 8);
- established the National Youth Mental Health Foundation (see Outcome 9);
- strengthened the radiation oncology workforce in public and private facilities (see Outcome 10);
- implemented arrangements that enabled the National Health and Medical Research Council to become an independent statutory agency (see Outcome 11); and
- further strengthened Australia's preparedness for an influenza pandemic through the release of the revised Australian Health Management Plan for Pandemic Influenza (see Outcome 12).

PREFACE

About this Report

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

The report is a formal accountability document that details the Department's activities during 2005-06 against the performance information presented in the *2005-06 Health and Ageing Portfolio Budget Statements* (PBS) and the *2005-06 Health and Ageing Portfolio Additional Estimates Statements* (PAES).

Although the primary purpose of this report is to provide Members of Parliament and Senators with an accurate description of the Department's activities during 2005-06, we recognise that the report is also a valuable source of information for the community. In preparing this report, we have endeavoured to provide readers with a useful and informative picture of the Department's performance over the past twelve months.

Structure of the Report

The Department's *2005-06 Annual Report* is in five parts:

Part One – Overview

Part One, which includes the Secretary's Review, Chief Medical Officer's Report and Departmental Overview, explains the Department's activities, broad strategic directions and priorities, noting key issues and achievements during the year.

Part Two – Outcome Performance Reports

Part Two discusses the main activities of the Department's twelve outcomes in 2005-06, including major achievements and challenges.

Performance targets for administered items and departmental output groups are reported by outcome, and report on the Department's performance against specific targets detailed in the 2005-06 PBS and PAES.

Financial resource summary tables are also located within each outcome report, providing a useful summary of Budget estimates and actual expenses for 2005-06.

Part Three – Financial Statements

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

Part Four – Appendices

Part Four provides a range of statistical and other information relating to the Department and the Health and Ageing portfolio.

Part Five – References

Part Five includes the glossary and acronyms, and the index.

LETTER OF TRANSMITTAL

Australian Government

Department of Health and Ageing

SECRETARY

The Hon Tony Abbott MHR
Minister for Health and Ageing
Parliament House
CANBERRA ACT 2600

Dear Minister

As required under section 63(1) of the *Public Service Act 1999*, I provide you with the 2005-06 Annual Report of the Australian Government Department of Health and Ageing, for your presentation to the Parliament.

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

Yours sincerely

Jane Halton
Secretary

4 October 2006

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PART 01

OVERVIEW

SECRETARY'S REVIEW

Introduction

Once again the Department has had a very active year addressing a wide range of pressing issues facing our health and aged care sectors. Changes put into effect by the Department in 2005-06 will deliver benefits to the nation for many years to come.

Priority was given to the challenges of curbing the rising human and financial cost of chronic disease, including mental illness; ensuring equitable access to health and aged care services for all; and improving health outcomes for Indigenous Australians.

Major advances on some of these fronts reflected the delivery of the Australian Government's 2004 election commitments, which were the focus of the May 2005 Budget, and new policy directions formulated through the Council of Australian Governments process.

Through carrying on its regular activities in 2005-06, the Department continued to support the health of every Australian – from refinements to Medicare and listing of new drugs through the Pharmaceutical Benefits Scheme (PBS), to training and practice incentives for doctors and nurses, regulation of over-the-counter medications, and payments to community pharmacies.

The backdrop for all of our activities in the year was the need to provide for our ageing population – with rapidly increasing demand for health and aged-care services and pharmaceuticals – and to protect Australia against new health threats, especially a potential influenza pandemic.

The Department administered a record budget of $38.4 billion – nearly a fifth of the entire Federal Budget. This was a 6.1 per cent nominal increase over 2004-05 expenditure. Through this portfolio, the Australian Government continues to provide nearly half of total national spending on health.

Meeting all of these objectives was, at times, difficult, but was achieved through the dedication, hard work and leadership of the Department's staff.

Key achievements of 2005-06 were:

- *the Council of Australian Governments package of major health initiatives* – including measures to improve mental health services, reduce avoidable chronic disease, and increase the health workforce (see Outcomes 1, 3 and 9);
- *the Fourth Community Pharmacy Agreement* – which supports access to PBS medicines dispensed through community pharmacies, signed with the Pharmacy Guild of Australia on 16 November 2005 (see Outcome 2);

- *Influenza pandemic preparations* – the revised Australian Health Management Plan for Pandemic Influenza, a plain English national health action plan to guide Australia's response to pandemic influenza, released in May 2006 (see Outcome 12);
- *Indigenous health* – a new Medicare-funded annual health check for Aboriginal and Torres Strait Islander children, and expansion of non-sniffable *Opal* fuel as a replacement for regular unleaded petrol in an additional 21 Aboriginal communities (see Outcome 7); and
- *The National Health and Medical Research Council* – the Department successfully implemented transitional arrangements that enabled the Council to become an independent statutory agency within the Health and Ageing portfolio from 1 July 2006. The new arrangements are expected to strengthen the capacity of the Council to deliver better health and medical research outcomes (see Outcome 11).

Highlights of 2005-06

A Council of Australian Governments (COAG) Package of Major Health Initiatives

The Department played a strong role in developing, negotiating and implementing a significant package of national health initiatives agreed by the heads of all Australian governments on 10 February 2006.

At its 10 February 2006 meeting, COAG endorsed the National Health Workforce Strategic Framework and agreed a number of actions designed to improve Australia's health workforce and health education structures. The Department undertook additional work on the Strategic Framework for COAG's consideration at its July 2006 meeting. This additional work included: investigation on the number and distribution of training places; the organisation of clinical training; education; accreditation; and registration of health professionals. The Department is also progressing COAG's agreement to a national assessment process for overseas qualified doctors.

The Department also developed several mental health initiatives that were announced by the Prime Minister on 8 April 2006 for inclusion in a COAG National Mental Health Action Plan. Initiatives included: increasing the role of psychologists and other health professionals in primary care; a renewed focus on promotion, prevention and early detection and intervention of mental health issues; and increasing the health workforce available to address mental health issues.

In addition, the Department developed a detailed program for the Australian Government's $250 million contribution to the Australian Better Health Initiative, which was funded in the May 2006 Budget. These measures will address risk factors which contribute to chronic disease, such as poor diet, physical inactivity, smoking, alcohol misuse and excess weight.

The Department is also working on implementing a number of aged care initiatives agreed through COAG to improve the care of older patients in public hospitals, including those in smaller rural hospitals, and to help them to avoid unnecessary admissions to hospital.

Other Measures to Prevent Disease and Promote Good Health

The Department provided strategic leadership to combat the harm caused to individuals, communities and society by licit and illicit drugs. The Department took carriage of developing the National Alcohol Strategy 2006-2009 and the National Cannabis Strategy 2006-2009, which were endorsed by all Australian health and law ministers. Initiatives under the National Tobacco Strategy 2005-09 included the introduction of new graphic health warnings on all tobacco products.

In 2005-06, the Department also continued to implement a range of measures to improve consumer knowledge of health risks and promote healthier lifestyles. They included the popular social marketing campaign – 'Get Moving' – launched in February 2006 to encourage people, especially

5 to 12 year-old children, to increase their physical activity levels. The Department also continued to support the Go for 2 & 5® fruit and vegetable campaign, with a second phase of advertising running between May and June.

Commitment to Caring for Older Australians

Working with aged care providers of all kinds to meet the diverse needs of older Australians, as the population ages, is another important function of the Department. This year the Department implemented a number of initiatives to continue to raise standards in aged care and to recognise the desire of many older people to receive care in the community rather than in residential facilities.

A milestone was achieved in the continuing expansion and strengthening of the aged care sector. In 2001, the Department was given the target of achieving almost 200,000 operational aged care places. This target was passed with 204,869 operational aged care places at 30 June 2006.

In consultation with industry stakeholders, the Department implemented government reforms to give people using aged care services greater financial security. These include new prudential arrangements for aged care providers and a scheme to guarantee the repayment of aged care residents' accommodation bonds in the event that a provider becomes bankrupt or insolvent.

The Department also developed measures to increase the physical security of people living in residential care facilities after several cases of sexual or physical assault were reported. Further consideration is being given to ways to encourage incidents to be reported, and to improve the Department's capacity to respond to issues raised with the Complaints Resolution Scheme, including alleged abuse.

Protecting Australia Against Health Threats

The Department established the Office of Health Protection (OHP) in December 2005 to expand its emergency response capability. The new division is dedicated to emergency planning and response, communicable disease surveillance and planning for emerging diseases.

While much of the activity of the new office is geared towards ensuring that Australia is prepared for a possible influenza pandemic, the OHP is able to respond to other immediate concerns, such as any harm from hurricanes or earthquakes in the region, and managing health threats that might emerge from the misuse of hazardous materials.

In May 2006, the Department strengthened Australia's preparedness for an influenza pandemic through the release of the revised Australian Management Plan for Pandemic Influenza 2005. The Department also substantially increased the range and number of items in the National Medical Stockpile for use in an emergency and developed the National Medicines Stockpile Deployment Plan.

In 2005-06, the OHP also provided the focus within the Department and the Australian Government on matters relating to health security, and had an important role in whole-of-government counter-terrorism activities. This included liaising regularly with Australian Government security and intelligence agencies, and working with the health sector to develop protective security measures in such critical areas as public health laboratories, the blood supply and hospitals.

Strengthening Our High-Quality Health Care System

The Department rolled out a number of new initiatives to support Australians' access to high-quality, well-integrated and cost-effective primary (GP) care. Significant progress was made with the implementation of Round the Clock Medicare, which will be complemented by the National Health Call Centre Network. Both of these programs will make it easier for people to obtain medical help and advice outside normal working hours.

The Department also developed the new streamlined Medical Benefits Schedule care planning items for patients with chronic conditions or complex care needs; introduced new Medicare rebates designed to improve access to mainstream Medicare services for Aboriginal and Torres Strait Islander people; and extended the Training for Rural and Remote Procedural GPs Program to include emergency medicine training.

The Department made significant progress in streamlining the Pharmaceutical Benefits Scheme (PBS) process to reduce the time taken to list approved drugs.

The Department also successfully applied the 12.5 per cent price-reduction policy to new generic brands of drugs listed on the PBS. In August and December 2005 and April 2006, 42 new generic brands triggered a 12.5 per cent price reduction, affecting 264 brands.

Improving National Health Systems

The Department negotiated the Fourth Community Pharmacy Agreement on behalf of the Australian Government. It was signed with the Pharmacy Guild of Australia on 16 November 2005. The agreement sets out remuneration arrangements for community pharmacies for the period 1 December 2005 to 30 June 2010. The fourth agreement provides payments to community pharmacies that distribute and supply PBS medicines and supports professional pharmacy programs and services. These include funding for a range of initiatives, such as medication reviews, support for rural pharmacies and their workforce, improving the access of Indigenous Australians to PBS medicines, and programs to improve community health.

Under the Australian Health Care Agreements, the Department worked closely with the states and territories to improve the collection of data for non-inpatient hospital activity. We are negotiating to broaden the scope of data collected for these activities. This, combined with improvements to the quality and scope of data collected for inpatient activity, will make it possible to improve performance reporting of the services provided by Australia's hospitals system.

The Department continued to work in partnership with the National Blood Authority, the Therapeutic Goods Administration, State and Territory governments and other stakeholders to ensure that Australians have access to safe and affordable blood and blood products. This work included ensuring the adequacy of the blood supply to Australian patients in need by managing the national blood supply plan; minimising supply-security risks; promoting high-quality management and use of blood products; ensuring product safety; and helping to ensure that affordable blood and blood products are available to the Australian health sector through funding, as outlined in the National Blood Agreement.

Greater Choice in Private Health

Initiatives administered by the Department saw the number of Australians covered by private health insurance reach record levels after rising steadily throughout 2005-06. In the June quarter 2006, 8.8 million Australians, or 43 per cent of the population, were covered by private health insurance.

The Department also worked on a comprehensive package of private health insurance reforms to improve competition in the industry, provide better value and protection to consumers and ensure the sustainability of the private health sector. These changes include the introduction of broader health cover to promote wellness and prevent illness, and will be implemented from April 2007.

Addressing Aboriginal and Torres Strait Islander Health Needs

Sustainable gains in Aboriginal and Torres Strait Islander health remain a priority for the Department. All areas of the Department were engaged in this effort.

One particular focus this year was on improving Indigenous access to mainstream health services and increasing the responsiveness of those services to Indigenous needs. An important initiative was the introduction of the new Medicare-funded annual health check for Aboriginal and Torres Strait Islander children from birth to 14 years of age. It encourages doctors to carry out regular comprehensive health checks for Indigenous children to promote healthy behaviour. It complements the Healthy for Life program which focuses on improving the health and wellbeing of Aboriginal and Torres Strait Islander mothers, babies, children and those affected by chronic disease. Implementation of Healthy for Life is ahead of schedule, with 53 sites approved for initiatives by the end of 2005-06.

The Department also allocated funds for more than 40 additional health service delivery staff and more than 50 capital works projects to enhance existing

and establish new primary health facilities. At the same time, the Department improved collaboration with other governments and the private health sector to address gaps in service delivery.

The Department also worked with Indigenous-specific substance abuse services and expanded the availability of *Opal* fuel to 21 Aboriginal communities in central and northern Australia during the year. As part of a comprehensive approach to combat petrol sniffing, an eight-point plan was agreed by states and territories and the Australian Government and is being implemented in a designated zone in central Australia.

Supporting Medical Research

The Department successfully managed the transition of the National Health and Medical Research Council to a financially independent statutory agency under the *Financial Management Act 1997 (FMA Act)*.

The new agency was established on 1 July 2006. The new governance arrangements provide for clearer lines of accountability and reporting by the Chief Executive Officer, as head of the agency, to the portfolio minister.

The new arrangements are expected to strengthen the Council's capacity to deliver better health and medical research outcomes. Following these changes, the Australian Government announced significant additional funding to boost research grants, fellowships and capital works at specific research-agendas facilities.

Managing Our People

The results of our annual staff survey in November 2005 showed an improvement in satisfaction with the Department's internal leadership and the opportunities for staff to be recognised and to pursue career opportunities. The results confirm that we have made significant progress in these areas since the first survey in 2003.

We still have much to do to build on the findings. The Department's new 2006-09 Corporate Plan will help with this, as it gives team leaders and staff direct line-of-sight through the Department's priorities, values and responsibilities, to the Australian health and aged care sectors relevant to their roles.

New Portfolio Arrangements and Changes to the Department

During the year there was a change in the portfolio ministry, with Senator the Hon Santo Santoro sworn in on 27 January as Minister for Ageing.

There were also considerable location changes for the Department's Central Office in Canberra. The re-opening of Scarborough House has helped to consolidate our accommodation but also required some temporary upheavals. More than 2,500 staff that were once housed across 12 different sites have now moved into six buildings.

In June 2006, Mr David Kalisch and Mr David Learmonth were appointed Deputy Secretaries. One of the expanded executive team's first management objectives was to revise the Department's top-level structure to align it with the challenges in the years ahead. The Department will implement a revised organisation structure in 2006-07.

A Committed, Generous Staff

Our staff, once again, rose to the occasion when disaster struck Australians around the world. Our involvement in the response to the terrorist attacks in London in July 2005 and the second Bali bombing three months later was very effective, guided by the strategies which we have developed over the last three years as part of our ongoing and thorough preparations for a health crisis.

I continue to be impressed with the dedication of many staff to raising money and providing help as volunteers. They dug deep to support the community through fundraising efforts like the Cyclone Larry Disaster Relief Appeal, and annual events like Australia's Biggest Morning Tea.

Our achievement with the Hartley House Challenge was outstanding, raising $101,000 through a genuine team effort. This is an annual activity which not only supports a very worthwhile charity, but allows staff to achieve their own fitness goals. As well as continuing our commitment to Hartley, we have introduced a new Workplace Giving Program to extend our help to other worthy causes.

Conclusion

The Department had a very busy but successful year and achieved the strategic objectives set down for it in the *2005-06 Health and Ageing Portfolio Budget Statements*.

Staff and managers demonstrated hard work, cooperation and commitment in providing well-considered and professional advice and information to the Australian Government, and strong and useful leadership to the health and ageing sector.

Our key objectives and priorities for the coming year are detailed by outcome in the *2006-07 Health and Ageing Portfolio Budget Statements*.

Jane Halton
Secretary
Department of Health and Ageing

CHIEF MEDICAL OFFICER'S REPORT

Events of the past year have emphasised that, in health matters, no country can regard itself as an island, cut off from outside developments. Health crises in our region and in the broader world demanded our attention and were the focus of increasing allocations of Australian health resources.

Much effort was devoted to preparing the nation for an emergency such as an influenza pandemic. The resulting planning and stockpiling of medicines has greatly increased our ability to respond to such an eventuality and to minimise the cost to Australians in health, social and economic terms.

The last 12 months have also seen national initiatives to improve the health of all Australians and to tackle areas of concern which have the potential to reverse the long-running trend to longer life expectancy – such as obesity, chronic disease, mental illness, Indigenous health and shortages in the health workforce.

The challenges that face Australia and virtually all other countries in respect of the health workforce shortages are being addressed in a multi-faced approach. As well as increasing training for doctors, nurses and allied health professionals, we are examining new and more efficient ways of delivering vital services. However, until these measures have their full impact, we will continue to rely to some degree on overseas trained health professionals to assist.

Protecting our Health from Major Threats

Improved public health and vaccinations in the 20th century have led to greatly reduced mortality and morbidity from traditional infectious diseases. The current environment, however, requires us to be vigilant against both old diseases such as polio, which has re-emerged in our neighbour, Indonesia, and new diseases such as avian influenza, H5N1, and Severe Acute Respiratory Syndrome.

A significant part of my work this year focused on the continued preparations for the possible emergence of an influenza pandemic arising from the H5N1 avian influenza strain. While it is impossible to predict when such a pandemic might occur, or to be certain that it will occur, the potential death toll in an uncontrolled epidemic is such that we must have robust systems in place to contain or prevent the spread of the virus as much as possible if a significant outbreak occurs.

To focus our efforts, in early 2006 the Office of Health Protection (OHP) was established within the Department to boost Australia's capacity to develop and coordinate planning and responses to health threats. The OHP will have a major role in coordinating expert advice on the risk of disease outbreaks and in developing a national disease surveillance system. The OHP will also consolidate and build on the work already undertaken by the Australian Government to manage communicable diseases and to maintain Australia's biosecurity.

Our plans have focused on the possibility of the deadly influenza H5N1 or 'bird flu' virus mutating from a poultry virus to one that is easily transmitted from human to human. While there have been some subtle shifts in the genetic make-up of the virus, it remains predominantly a disease of birds, with relatively few cases of human infection to date, but one which causes serious consequences to humans when transmission does occur. Of the 228 worldwide human H5N1 cases reported up to 30 June 2006, 130 (57 per cent) were fatal.

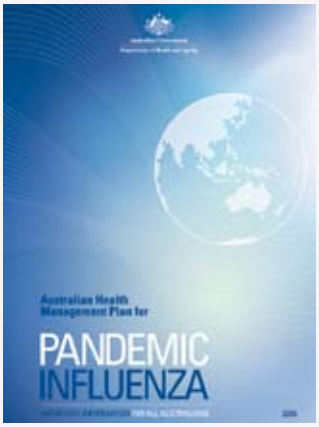
An important development was the recent research into types of vaccines that might be of value in a pandemic. We are working collaboratively with several vaccine producers both in Australia and overseas on a variety of strategies to ensure that we have optimal access to the right types of vaccines when needed.

We are continuing to build our national stockpile of drugs and medical equipment to supplement stocks presently available in the states and territories in the event a pandemic should occur.

Australian Health Management Plan for Pandemic Influenza

In May this year, Minister Abbott launched a revised Influenza Management Plan[1] that draws on the latest epidemiological modelling. The plan suggests that strict containment strategies employed at the onset of a pandemic could prevent or slow wider spreading of the virus, and buy time for laboratories to develop an effective vaccine.

We are working closely with the states and territories to ensure that the principles contained in the *Australian National Action Plan for Human Influenza Pandemic*[2] are harmonised across all national and state and territory plans.



Containment measures in the Australian Health Management Plan for Pandemic Influenza that would need to be adopted early in the development of a pandemic include:

- escalating border control and quarantine measures to reduce the risk of overseas travellers bringing a pandemic virus into Australia, including potential restrictions on travel from affected regions if a pandemic emerges;
- adoption of basic infection control, such as cough and sneeze etiquette, frequent hand washing and the wearing of masks on public transport;
- social distancing practices, like avoiding crowded public gatherings and short-term home quarantine for people exposed to an infected person; and
- targeted provision of antivirals to people exposed or at continuous high risk of exposure to the virus rather than to broad categories of workers (to ensure the stockpile is used to best effect in slowing or stopping the spread of the virus and to ensure it lasts as long as possible).

Regional Surveillance

Our whole-of-government approach has positioned Australia as the regional leader in preparing a response to emerging diseases and potential pandemics, and to health disasters and emergencies.

Significant progress was also made in 2005-06 on improving our infrastructure for surveillance of disease threats, particularly influenza, within South East Asia and the Pacific. This surveillance will be crucial in providing Australia with notice of an impending pandemic and is an important aspect of our overall strategy for managing threats from influenza.

The new World Health Organization (WHO) Collaborating Centre for Reference and Research on Influenza in Melbourne, is performing an integral role in the national surveillance system. The centre forms part of the WHO's international influenza surveillance network, and monitors the frequent changes in influenza viruses with the aim of reducing the incidence of influenza through the use of vaccines that target circulating strains. We are working closely

1 Available at: <www.health.gov.au/internet/wcms/publishing.nsf/content/ohp-pandemic-ahmppi.htm> or printed copy on request to: <pandemicplan@health.gov.au>.
2 Available at: <www.dpmc.gov.au/publications/pandemic/index.htm>.

with the WHO to expand and co-locate the centre with the Victorian Infectious Disease Reference Laboratory in Melbourne to build on its capacity for disease surveillance in Australia and overseas.

We will also continue to help countries in the region to strengthen their own national surveillance systems, train local health professionals, and purchase equipment and antiviral medicines to combat emerging diseases such as avian influenza. These offshore initiatives will be guided by the OHP.

New Infectious Diseases

As well as avian influenza, we must strengthen surveillance for, and response capability against other zoonotic diseases which have emerged in the region. Zoonotic diseases are diseases transmitted from vertebrate animals to people, and include mosquito-borne diseases such as dengue fever, Japanese encephalitis and the chikungunya virus.

The Department is working closely with agricultural agencies such as the Department of Agriculture, Fisheries and Forestry to improve surveillance for diseases not yet in Australia, diagnostic laboratory skills, and awareness in the community of the dangers posed by these diseases.

National Chronic Disease Strategy

The WHO has long warned that the global burden of chronic disease is increasing rapidly and predicts that by the year 2020, chronic disease will account for almost three-quarters of all deaths.

Australia's chronic disease burden and its consequent effect on disability and death are of course growing in line with this trend. We must start building capacity now to deal with this challenge. Failure will have an impact not only upon the affected individuals in terms of pain and suffering, but also on their families and carers, and on the whole Australian community in terms of productivity losses and high health care costs.

Much of our chronic disease burden is caused by avoidable lifestyle factors. While we have made major advances in reducing smoking in the community, regrettably the current epidemic of obesity threatens to outweigh these health gains. Across all age groups there is a marked increase in body weight and the associated downstream health effects such as diabetes and other chronic diseases and their complications.

The role we as doctors and health professionals play in this difficult and complex area cannot be underestimated. Each time we see patients is an opportunity to help get vital health messages across. To do this, we need to understand the best way to approach our patients. As well as this, we need, as community leaders, to use our influence to create the best environment where a healthy lifestyle is made easier, not harder.

The Australian Government and the State and Territory governments have all recognised the need to support health professionals and individuals in these endeavours over the last three years, and have worked closely to develop a united national approach. In November 2005, the Australian Health Ministers' Conference endorsed a national strategic policy to manage and improve chronic disease prevention and care in the Australian population. The National Chronic Disease Strategy represents a major step forward, providing an overarching framework of agreed national directions for improving chronic disease prevention and care in Australia.

The strategy is supported by five disease-specific National Service Improvement Frameworks covering asthma; cancer; diabetes; heart, stroke and vascular disease; and osteoarthritis, rheumatoid arthritis and osteoporosis. The frameworks draw on scientific evidence to identify opportunities for improvements to health service arrangements at the national, state and territory levels.

Mental Health Package

The $1.8 billion mental health package announced on 5 April 2006 included a major increase in clinical and health services available in the community and new team work arrangements for psychiatrists, GPs, psychologists and mental health nurses; new non-clinical and respite services for people with mental illness and their families and carers; an increase in the mental health workforce; and new programs for community awareness.

Challenges of Mental Health

Mental health has been the subject of considerable community concern and debate during 2005-06. Since the 1960s, there has been a shift in the service orientation towards people with severe mental health disorders, from care in long-term mental health hospitals to care provided within the community. More than 22,000 mental hospital beds were closed by the early 1990s. This shift was deliberate because of the poor quality of institutional life but was relatively unplanned before 1993, and limited community services were developed to replace the 'whole of life' function played by these hospitals.

Despite the efforts of all governments through the introduction of the National Mental Health Strategy in 1993, the community-based care system has struggled to address the needs of individuals with mental disorders, their families and the wider community. Recent reports, and the Australian Government's own reviews, have identified the need to improve access to services for people with severe mental disorders, and to improve the effectiveness of treatments for people with common mental disorders.

As mental health continued to be a shared Australian Government and State and Territory government responsibility, significant reform needed to be progressed at the highest level through the Council of Australian Governments (COAG). The reforms announced by the Australian Government following the COAG agreement in February 2006 will make significant inroads to addressing the needs of all people affected by mental illness.

These reforms will provide people with severe mental illness with better access to appropriate clinical treatment in the community, including services by appropriately trained GPs, psychologists and psychiatrists. The reforms will improve services for people with more common mental disorders and for particular groups including people in rural areas, Indigenous people, and will promote early intervention for children and families.

The Department is playing a key role in the development of the new mental health package and will continue to do so in coordinating the implementation of the new measures.

Disaster Management

The second terrorist attack in Bali, Indonesia in October 2005, which resulted in the death of four Australians and injury to 19 others, demonstrated the capacity of Australia's health and emergency management communities to respond rapidly and effectively at critical times.

The then Australian Health Disaster Management Policy Committee (AHDMPC) – comprising Chief Health Officers of all jurisdictions and emergency services health experts – worked closely with the Australian Defence Forces to rapidly assess medical needs, provide medical treatment to victims and manage their evacuation. The AHDMPC met regularly by teleconference to coordinate resources and direct them to where they were most needed, such as the formation of civilian medical teams and their deployment to Bali. In Australia, Darwin hospitals responded quickly, initially acting as staging facilities for the evacuated injured, and in the end treating the majority of injuries caused by the bombing.

As a result of the lessons learned from the 2002 Bali bombings, the Department established the National Incident Room (NIR) that can be activated for national health emergencies such as an influenza pandemic, and the health aspects of other emergencies in which the Australian Government has a role. This may include health emergencies of all types, including natural disasters, acts of terrorism, or communicable disease outbreaks. The NIR was officially opened on 7 September 2006.

The NIR has been used extensively by the Department during the past 20 months, to monitor and coordinate the national responses to global outbreaks of SARS and avian influenza, as well as recent mass casualty incidents such as the second Bali bombing, Yogyakarta earthquake and the medical evacuation of injured from East Timor. The NIR has close information linkages with operational centres in other Australian Government agencies which ensures coverage of both crisis and consequence management aspects of acts of terrorism.

After the recent review of the Australian Health Ministers' Advisory Council sub-committee functions, the role of the AHDMPC has been significantly expanded to cover a broader range of health protection related activities that go beyond disaster management. The committee has also been renamed the Australian Health Protection Committee (AHPC), and is supported by the Department.

Soon after its inception, the AHPC was called on to respond to two new crises in April-May 2006:

- violence in East Timor: the Department's National Incident Room, in consultation with the AHPC, mobilised 17 medical evacuations from Dili, East Timor, to Darwin and supported local facilities and nursing and medical personnel who were rapidly recruited from other states and territories to work with Darwin Hospital staff; and
- massive earthquake in Indonesia: immediately following the earthquake, the AHPC worked with AusAID and Emergency Management Australia to deploy two Australian medical assistance teams to Java, Indonesia.

These events confirmed our preparedness to act in health disaster events and the effectiveness of the current inter-jurisdictional arrangements. They also reinforced the prospect that continuing demands will be placed on Australia to cope with health disasters throughout the region.

Research Successes

This year saw two Australian doctors, Barry Marshall and Robin Warren, receive the 2005 Nobel Prize in Medicine for their careful clinical research which identified the cause of and appropriate treatment for the common disease of stomach ulcers.

Professor Ian Frazer from Queensland was named the 2006 Australian of the Year for his work in developing vaccines against cervical cancer. For the last 20 years, Professor Frazer has researched the link between papilloma viruses and cervical cancer. He has now developed vaccines to prevent and to treat the cancer. The first, a preventative vaccine, is in the final stages of world-wide trials and is expected to be available in late 2006. The creation of these vaccines is an exciting breakthrough and another example of the high standard and enormous benefits of Australian medical research.

The papilloma vaccines suggest further exciting clinical potential for drugs to combat some resilient diseases. Drugs are becoming more sophisticated at targeting molecules and receptors to ensure more effective therapy, including fewer side effects, and many new drugs offer the promise of significantly improved treatment for cancer and metabolic diseases. These new drugs will need to be evaluated to ensure that they are safe and effective before they are made available to Australian patients.

The Health Workforce

The *World Health Report 2006* examines the current worldwide shortage of health workers. The WHO estimates there are at present 57 countries with critical shortages equivalent to a global deficit of 2.4 million doctors, nurses and midwives.[3]

In Australia, the uneven distribution of the health workforce creates areas of particular shortage. Increasing demand for health services and the ageing population are also raising demand for doctors and nurses. In recent years, the Australian Government has introduced a wide variety of initiatives, including increasing the number of medical school places, increasing the number of appropriately qualified overseas trained doctors operating in Australia, and training and funding more practice nurses.

During 2006-07, the Department will manage the implementation of a major COAG health workforce package, which will provide a further expansion in new medical school and undergraduate nursing places. It will also increase the number of doctors in rural areas by allowing more rural students to get into medicine and by training more medical students in rural areas.

There is recognition that medical specialist training in Australia needs to adapt to changes in the way health care is delivered. The changing patterns of disease, increasing complexity of treatment and advances in medical technology have altered the way services are delivered, with more than 75 per cent of all health care expenditure now being distributed outside of public hospitals.

The Department is working closely with medical colleges, private sector health practitioners, the Australian Medical Association, and the states and territories' health departments to produce a training plan that will enable medical education to be delivered more effectively. It is anticipated the program will commence in early 2007.

3 World Health Organization 2006, *World Health Report 2006*. WHO Press, Geneva Switzerland.

Indigenous Health

There have been significant gains in some areas of the health of Aboriginal and Torres Strait Islander peoples in recent years. Life expectancy for females increased by three years to 67.9 years in the Northern Territory between 2000 and 2003, while mortality for both males and females in Western Australia fell by 25 per cent between 1991 and 2002. There have been significant reductions in infant mortality in Western Australia, the Northern Territory and South Australia between 1991 and 2002.[4]

Recent research has also shown death rates for the most common chronic diseases in the Northern Territory have been easing or falling since the end of the 1980s. These include slowing death rates from diabetes and ischaemic heart disease (the biggest killer) and falling death rates for chronic obstructive pulmonary disease (chronic bronchitis and emphysema). The investment by the Australian Government and the dedication of many health professionals working in primary care has largely been responsible for this welcome change in health outcomes. New initiatives in preventing chronic disease and modifying high risk behaviour will hopefully improve outcomes further.

Chronic disease such as diabetes is particularly high among Indigenous people. The new Medicare health check will be beneficial, as a focus on children's health is crucial to the health of future generations. Implementation of the National Chronic Disease Strategy, commencement of the Healthy for Life program to reduce the impact of chronic diseases, and measures to address petrol sniffing and alcohol abuse are also important achievements in 2005-06.

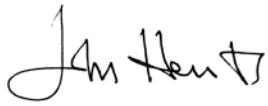
Smoking is almost three times as common in Indigenous people, and contributes to many of the chronic diseases affecting quality of life and life expectancy. Helping Indigenous Australians to quit smoking is another important goal.

The Department is working hard to increase access to mental health services, and programs aimed at specific diseases such as cervical cancer, rheumatic heart disease and trachoma. A continuing focus on Indigenous health is integral to maintaining the outstanding reputation of Australia's health system.

Conclusion

The Australian Government has invested heavily to improve the capacity and focus of our health systems in the past two years, with a commitment to build on this over the next three to five years. This investment presents us with unprecedented opportunities to meet the challenges facing us to deliver the best health outcomes for Australians.

In doing so, we will build on our achievements in 2005-06 in increasing the preparedness of our health infrastructure for a pandemic outbreak, and adapting our health structures to face the growing burden of chronic disease.



Professor John Horvath AO
Chief Medical Officer

4 Australian Bureau of Statistics and the Australian Institute of Health and Welfare. *The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples 2005*. Canberra: ABS, 2005. (Cat. No. 4704.0).

DEPARTMENTAL OVERVIEW

The Departmental Overview provides information on the Department's role, management and accountability arrangements in 2005-06. This includes discussion on the Department's management of its people, finances and resources.

About the Department

Vision

The Department of Health and Ageing's vision, as outlined in the *2006-09 Department of Health and Ageing Corporate Plan,*[1] is of better health and active ageing for all Australians.

Role

In 2005-06, the Department was responsible for achieving the Australian Government's priorities (outcomes) for population health, medicines and medical services, aged care and population ageing, primary care, rural health, hearing services, Indigenous health, private health, health system capacity and quality, acute care, health and medical research, biosecurity and emergency response.

The Department worked to achieve the Australian Government's priorities through its policy, program, research and regulations activities, and by leading and working with other government agencies, consumers and stakeholders. The Department operated under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*. The Department also administered a large number of Acts which are listed in Appendix 4 – Freedom of Information.

A detailed discussion of the Department's activities in 2005-06 can be found in Part Two – Outcome Performance Reports.

Departmental Structure

Executive Team

Back: Mary Murnane, Deputy Secretary; Jane Halton, Secretary.

Front: Professor John Horvath AO, Chief Medical Officer; Philip Davies, Deputy Secretary.

1 Available at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/corporate-plan>.

Jane Halton – Secretary

Ms Jane Halton was appointed as Secretary to the Department in January 2002. In 2005-06, Ms Halton had overall responsibility for the efficient administration of the Department and for the corporate and strategic directions of the Department and portfolio. She also provided the most senior policy counsel on major and sensitive policy issues to the ministerial team.

Following an increase in the Department's work and responsibilities in 2005-06, including major Council of Australian Governments-driven reforms and the establishment of the new Office of Health Protection, Ms Halton reorganised the Executive team in early June, and promoted Mr David Kalisch and Mr David Learmonth to the position of Deputy Secretary.

Professor John Horvath AO – Chief Medical Officer

Professor John Horvath AO was appointed as Chief Medical Officer in September 2003. In 2005-06, Professor Horvath provided support to the Minister and the Department across the full range of professional health issues, including health and medical research, public health, medical workforce, quality of care, evidence-based medicine and an outcomes-focused health system. He also had responsibility for the continuous development of professional relationships between the Department and the medical profession, medical colleges and universities.

Mary Murnane – Deputy Secretary

Ms Mary Murnane became Deputy Secretary with the Department in May 1993. Ms Murnane's responsibilities in 2005-06 encompassed ageing and aged care, population health, biosecurity and health protection, Aboriginal and Torres Strait Islander health services, infrastructure and research.

Ms Murnane also oversaw the Department's Ageing and Aged Care and Population Health Divisions, the Office for Aboriginal and Torres Strait Islander Health, the Department's State and Territory Offices in New South Wales, Tasmania, Queensland and the Northern Territory, and portfolio interests in the National Health and Medical Research Council.

Philip Davies – Deputy Secretary

Mr Philip Davies joined the Department as Deputy Secretary in 2002. Mr Davies had specific responsibility in 2005-06 for issues relating to medical and pharmaceutical benefits, acute care, health financing, workforce, quality, e-health and private health insurance. He oversaw the Department's Primary Care, Medical and Pharmaceutical Services, Health Services Improvement and Acute Care Divisions, together with the Department's State and Territory Offices in the Australian Capital Territory, South Australia, Victoria and Western Australia.

Department Structure Chart as at 30 June 2006

Executive Team

Secretary - Jane Halton
Chief Medical Officer - Prof John Horvath AO
Deputy Secretary - Mary Murnane
Deputy Secretary - Philip Davies
Deputy Secretary - David Kalisch
Deputy Secretary - David Learmonth

Health and Ageing Sector Divisions

Population Health Andrew Stuart First Assistant Secretary	Office of Health Protection Cath Halbert First Assistant Secretary (Acting)	Primary Care Richard Eccles First Assistant Secretary	Acute Care Linda Addison First Assistant Secretary (Acting)	Ageing & Aged Care Stephen Dellar First Assistant Secretary (Acting)	Medical & Pharmaceutical Services Rosemary Huxtable First Assistant Secretary	Portfolio Strategies Jamie Clout First Assistant Secretary (Acting)
Drug Strategy Allison Rosevear Assistant Secretary (Acting)	Health Protection Policy Simon Cotterell Assistant Secretary	National Health Call Centre Network Taskforce Leo Kennedy Assistant Secretary	Private Health Insurance Louise Clarke Assistant Secretary (Acting)	Quality Outcomes Carolyn Scheetz Assistant Secretary (Acting)	Pharmaceutical Access & Quality Sarah Major Assistant Secretary	Budget Andrew Petherbridge Assistant Secretary (Acting)
Strategic Planning Peter Morris Assistant Secretary	Surveillance Megan Morris Assistant Secretary	General Practice Programs Lou Andreatta Assistant Secretary	Acute Care Strategies Damian Coburn Assistant Secretary (Acting)	Policy & Evaluation Peter Broadhead Assistant Secretary	Pharmaceutical Benefits Joan Corbett Assistant Secretary	Parliamentary & Portfolio Agencies Shirley Browne Assistant Secretary
Food & Healthy Living Jennifer McDonald Assistant Secretary	Health Emergency Planning & Response Dr Leslee Roberts Medical Officer	Primary Care Programs Jennie Roe Assistant Secretary (Acting)	Acute Care Development Yael Cass Assistant Secretary	Residential Program Management Fiona Nicholls Assistant Secretary (Acting)	Pharmaceutical Policy Taskforce Dr Ruth Lopert Principal Adviser	International Strategies Branch Jenny Hefford Assistant Secretary
Targeted Prevention Programs Carolyn Smith Assistant Secretary		General Practice Divisions and Information Lisa McGlynn Assistant Secretary	Medical Indemnity Branch Charles Maskell-Knight Principal Adviser	Community Care Mary McDonald Assistant Secretary	Medicare Benefits Branch Samantha Robertson Assistant Secretary (Acting)	Minister-Counsellor (Health) Cath Patterson Australian Permanent Mission to the United Nations Geneva, Switzerland
		Primary Care Policy Judy Daniel Assistant Secretary	Diagnostics & Technology Peter Woodley Assistant Secretary (Acting)	Office for an Ageing Australia Fiona Lynch-Magor Assistant Secretary	Office of Hearing Services Tony Kingdon National Manager	Economic & Statistical Analysis Julie Roediger Assistant Secretary
			Medical Officer Dr Bernie Towler	Aged Care Clinical Advisor Dr Joanne Ramadge	Senior Adviser Judy Blazow	Policy Strategies Branch Susan Rogers Assistant Secretary (Acting)
				Office of the Prudential Regulator Iain Scott Assistant Secretary	Medical Officers Dr Jane Cook Dr John Primrose	

State and Territory Managers

New South Wales - Vicki Murphy
Victoria - Raelene Thompson
Queensland - Elizabeth Cain
Western Australia - Michael O'Kane
South Australia - Jan Feneley
Tasmania - Lisa Wardlaw-Kelly
Northern Territory - Fay Gardner
Australian Capital Territory - Robyn Staniforth (Acting)

Cross Portfolio Divisions

Office for Aboriginal & Torres Strait Islander Health Lesley Podesta First Assistant Secretary	Health Services Improvement Division Margaret Lyons First Assistant Secretary	Business Group Alan Law Chief Operating Officer	National Health & Medical Research Council Prof Warwick Anderson Chief Executive Officer	Therapeutic Goods Administration group of regulators Dr David Graham National Manager		Audit & Fraud Control Branch Allan Rennie Assistant Secretary	General Counsel Wynne Hannon
Program Planning & Development Mark Thomann Assistant Secretary	Health Workforce David Dennis Assistant Secretary	Finance Stephen Sheehan Chief Finance Officer	Centre for Health Advice, Policy & Ethics Cathy Clutton Assistant Secretary (Acting)	Principal Medical Adviser Dr Rohan Hammett Assistant Secretary	Business Management Group Ngaire Bryan Executive Director		
Health Strategies Rachel Balmanno Assistant Secretary	Chronic Disease & Palliative Care Linda Powell Assistant Secretary	Corporate Support Mike Siers Assistant Secretary	Centre for Research Management & Policy Suzanne Northcott Assistant Secretary	Drug Safety & Evaluation Dr Leonie Hunt Assistant Secretary	Financial & Property Group Michel Lok Assistant Secretary		
Policy & Analysis Joy McLaughlin Assistant Secretary	Mental Health & Suicide Prevention Nathan Smyth Assistant Secretary	Strategic Management Branch Tatiana Utkin Assistant Secretary	Centre for Corporate Operations Dr Clive Morris Chief Operating Officer	Drug Safety & Evaluation Medical Officers Dr Jason Ferla (Acting) Dr Phillip Chipman Dr James McGinness Dr Neil Mitchell Dr Grahame Dickson	Legal Services Group Terry Lee Assistant Secretary		
Medical Officer Dr Tim Williams	E-Health Tam Shepherd Assistant Secretary (Acting)	People Branch Georgie Harman Assistant Secretary	Centre for Compliance & Evaluation Dr Greg Ash Exectuive Director (Acting)	Non Prescription Medicines Pio Cesarin Director	Joint Agency Establishment Group Alice Creelman Assistant Secretary		
Service of Concern Taskforce Haylene Grogan Senior Adviser	Rural Health Sharon Appleyard Assistant Secretary (Acting)	Technology Group IT Strategy & Service Delivery John Trabinger Assistant Secretary		Office of Complementary Medicines Dr David Briggs Director	Trans Tasman Group Dr Fiona Cumming Principal Scientific Advisor		
	Health Services Improvement Division Taskforce Jan Bennett Assistant Secretary	Technology Group IT Solutions Development Steve Bell Assistant Secretary (Acting)		Office of Devices, Blood & Tissues Rita Maclachlan Director	Office of Chemical Safety Dr Margaret Hartley Director		
	Principal Medical Adviser Education, Training & Workforce Prof Rick McLean	Communications Joanne Bransdon Assistant Secretary (Acting)		Blood and Tissues Unit Prof Albert Farrugia Principal Scientific Advisor	Gene Technology Regulator Dr Sue Meek		
	Principal Medical Adviser E-Health and Safety & Quality Dr Brian Richards	Legal Services David Watts Assistant Secretary		Office of Devices, Blood & Tissues Medical Officer Dr Graeme Harris	Policy & Compliance Elizabeth Flynn Assistant Secretary		
				Adverse Drug Reaction Unit Dr Kerri Mackay Medical Officer (Acting)	Evaluation Jonathan Benyei Assistant Secretary		
				TGA Laboratories Dr Larry Kelly Assistant Secretary	Manufacturers Assessment Branch Dr Mark Doverty Assistant Secretary		

The Department's Divisional Structure

The Department's divisional structure in 2005-06 was based around the key sectors of Australia's health and ageing system and a number of cross-portfolio functions.

Health and Ageing Sector	Cross Portfolio
Acute Care Division	Health Services Improvement Division
Ageing and Aged Care Division	Office for Aboriginal and Torres Strait Islander Health
Medical and Pharmaceutical Services Division	Office of Health Protection
Population Health Division	Portfolio Strategies Division
Primary Care Division	

Business Group, the Audit and Fraud Control Branch, the National Health and Medical Research Council and the Therapeutic Goods Administration group of regulators (comprising the Therapeutic Goods Administration, the Office of the Gene Technology Regulator and the Office of Chemical Safety) also formed part of the Department.

The Department's State and Territory Offices

The role of the Department's State and Territory Offices is very significant, as they represent the Department's interests at state and territory level and ensure appropriate integration of services on the ground with State and Territory government agencies. The State and Territory Offices also work in cooperation with other Australian Government agencies. State and Territory Offices are well positioned to assist in identifying policy links as well as overlaps and gaps between programs.

In 2005-06, State and Territory Office staff continued to work in partnership with local stakeholders to ensure services provided through departmental programs were responsive to diverse local needs and conditions. Contact details for each office can be found at Appendix 11 – Department Contact Details.

Changes to the Department

In December 2005, the Minister for Health and Ageing announced a major package of health emergency preparedness measures, including the establishment of the Office of Health Protection as a division within the Department. The new division was formed around the former Biosecurity and Disease Control Branch from Population Health Division. The new Office allows the Department to substantially strengthen and extend the measures it already had put in place to ensure that there is a coordinated national health response to any disaster or emergency including pandemic influenza.

On 10 February 2005, the Council of Australian Governments decided to accelerate the electronic health records agenda. This became the impetus for the Department to realign its e-health activities. The Department disbanded the E-Health Policy Group and transferred its ongoing work to the E-Health Branch within the Health Services Improvement Division. The E-Health Branch has responsibility for all electronic health activities in which the Department is involved.

Towards the end of 2005-06, the Executive team began a review of the Department's structure, given its increasing responsibilities. As at 30 June 2005, the new structure had not been finalised. Discussion of the new structure will be included in the Department's 2006-07 annual report.

Ministerial Team

In 2005-06, the Department was responsible to the Minister for Health and Ageing, the Minister for Ageing and the Parliamentary Secretary to the Minister for Health and Ageing.

As at 30 June 2006, the Hon Tony Abbott MHR, as senior Minister and member of Cabinet, held overarching policy responsibility for all issues pertaining to health and ageing. He was appointed Minister for Health and Ageing on 7 October 2003.

Senator the Hon Santo Santoro, Minister for Ageing, had responsibility for all matters relating to ageing, as well as other areas including hearing services, human cloning and stem cell research. He was appointed Minister for Ageing on 27 January 2006.

The Hon Christopher Pyne MP, Parliamentary Secretary to the Minister for Health and Ageing, assisted Minister Abbott by assuming responsibility for matters relating to the Therapeutic Goods Administration group of regulators and other population health, mental health, asthma, and blood and organ donation issues. He was appointed Parliamentary Secretary to the Minister for Health and Ageing on 26 October 2004.

A full description of ministerial responsibilities can be found at Appendix 7 – Ministerial Responsibilities.

Portfolio Structure

In 2005-06, the Health and Ageing portfolio comprised of the Department and 11 portfolio agencies. The portfolio worked within a 19 outcome structure, 12 of which were specific to the Department. These are discussed in the following section. The remaining seven were specific to the agencies that received direct funding from the Australian Government.

A full description of portfolio agencies' outcomes, functions and key achievements for 2005-06 can be found at Appendix 9 – Portfolio Governance.

Outcome and Output Structure

Department-Specific Outcomes

In 2005-06, the Department's activities, resourcing and performance reporting were organised under the following 12 department-specific outcomes in the Health and Ageing outcome structure. The outcomes reflect the Australian Government's desired results or impacts on the community.

Outcome	Division Responsible
Outcome 1. Population Health The incidence of preventable mortality, illness and injury in Australians is minimised.	Population Health Division Therapeutic Goods Administration group of regulators Business Group
Outcome 2. Medicines and Medical Services Australians have access through Medicare to cost-effective medicines and medical services.	Medical and Pharmaceutical Services Division
Outcome 3. Aged Care and Population Ageing Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported.	Ageing and Aged Care Division
Outcome 4. Primary Care Australians have access to high quality, well-integrated and cost-effective primary care.	Primary Care Division
Outcome 5. Rural Health Improved health outcomes for Australians living in regional, rural and remote locations.	Health Services Improvement Division
Outcome 6. Hearing Services Australians have access through the Hearing Services Program to hearing services and devices.	Medical and Pharmaceutical Services Division

Outcome	Division Responsible
Outcome 7. Indigenous Health Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs.	Office for Aboriginal and Torres Strait Islander Health
Outcome 8. Private Health A viable private health industry to improve the choice of health services for Australians.	Acute Care Division
Outcome 9. Health System Capacity and Quality The capacity and quality of the health care system meet the needs of Australians.	Health Services Improvement Division Portfolio Strategies Division
Outcome 10. Acute Care Australians have access to public hospitals, related hospital care, diagnostic services and medical services underpinned by appropriate medical indemnity arrangements.	Acute Care
Outcome 11. Health and Medical Research Australia's health system benefits from high quality health and medical research conducted at the highest ethical standard, well-developed research capabilities and sound evidence-based advice that informs health policy and practice.	National Health and Medical Research Council
Outcome 12. Biosecurity and Emergency Response Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters.	Office of Health Protection Business Group

The Department revised its outcome structure in 2005-06, as part of the 2006-07 Budget process, to better reflect the Australian Government's priorities for health and ageing. Changes included new outcomes for mental health and health workforce. Separate outcomes for pharmaceutical services and medical services were also created. The revised 15 outcome structure can be found in the *2006-07 Health and Ageing Portfolio Budget Statements*.[2]

Departmental Outputs

The Department described its core activities in 2005-06 in terms of the following three output groups:

- Output Group 1 – Policy Advice: includes the provision of policy advice and ministerial services to the Ministers, Parliamentary Secretary and Parliament;
- Output Group 2 – Program Management: includes the development and management of contracts and grants for administered funds and the payment of administered funds. This output group also includes the administration of legislation; and the provision of information to stakeholders on departmental programs; and
- Output Group 3 – Agency-specific Service Delivery: includes reporting of direct delivery of services to the community. The Department's activities under this output group are conducted by the Therapeutic Goods Administration group of regulators in relation to therapeutic goods, genetically modified organisms and industrial chemicals, pesticides and veterinary medicines.

2 Accessible at: <www.health.gov.au/internet/budget/publishing.nsf/Content/budget2006-portfoliobudgetstatements.htm>.

Corporate Governance

Governance Framework

The Department's governance framework provides the structure for informed decision making, efficient and effective program management, risk management and accountability. In 2005-06, the framework consisted of the Executive Committee and four primary governance committees, as illustrated in the following diagram.

Executive Committee

The primary responsibilities of the Executive Committee in 2005-06 were to provide leadership, strategic guidance and formalise executive level decision-making for the delivery of its responsibilities under the Health and Ageing portfolio and the internal management of the Department.

Policy Outcomes Committee

The Policy Outcomes Committee is a sub-committee of the Executive Committee. Its role is to drive strategic policy directions, establish priorities and facilitate integration across programs.

In 2005-06, the Policy Outcomes Committee focused on Indigenous health – including the whole-of-government collaborative approach to Indigenous affairs, and the long term sustainability of the health system. The committee also oversaw the Department's research priorities and effective use of research; aged care issues, including dementia; and ethical and privacy issues associated with health technology.

Business Management Committee

The Business Management Committee is responsible for providing strategic guidance and oversight of corporate change in the Department. This includes providing guidance and monitoring of governance, planning, budgeting and risk management; and prioritising and recommending change management projects to the Executive.

In 2005-06, the Business Management Committee oversighted an internal review of the Department's 2005-06 business planning process and related strategies (finance, people, IT and property) to improve future planning cycles. The committee also endorsed a new quarterly reporting format to monitor progress against divisional business plans, as well as a more simplified and improved 2006-07 business planning process and resource kit.

Audit Committee

The Audit Committee is responsible for overseeing internal audit and fraud control activities within the Department. This includes enhancing the

Department's control framework; improving the objectivity and reliability of externally published financial information; and assisting the Secretary to comply with all legislative and other obligations.

Discussion relating to the Audit Committee's achievements in 2005-06 can be found in the Internal Scrutiny section of this Overview.

Risk and Security Steering Committee

The Risk and Security Steering Committee is responsible for ensuring that the Department has appropriate risk management, security, business continuity and insurance frameworks in place. It also monitors, encourages and supports compliance with the Department's risk, security and business continuity frameworks.

Key achievements in 2005-06 included the successful test of the Risk Management Framework within the Health Services Improvement and Ageing and Aged Care Divisions; and the review and update of the current Enterprise Risk Management Plan.

Ethical Standards – Application of the APS Values and Code of Conduct

In 2005-06, the Department continued its commitment to maintaining high ethical standards. This is reflected in the Department's 2006-09 Corporate Plan, which guides team leaders and staff on how to approach their work. These principles are underpinned by the Australia Public Service (APS) Values.

The Department provided all new staff with a copy of the APS Values and Code of Conduct and made them aware of their responsibilities under the *Public Service Act 1999* in orientation sessions. This information was also available to all staff on the Department's intranet site.

Managers were also encouraged to use these tools in decision-making processes with individual employees; and to apply the Code of Conduct in performance arrangements, to guide staff on their responsibilities with colleagues and the public.

People Management

Staff Survey

The Department held its third annual Staff Survey on 16 November 2005 to measure primary staff motivation indicators, special interest issues and culture. The Department uses staff feedback to measure specific performance targets in the People Strategy 2004-07 and to develop action plans to raise overall motivation and productivity.

Eighty-seven per cent of staff present on the day participated in the survey. The results showed significant improvements from the previous year, particularly in how staff feel about their work, career and the organisation. The overall motivation tally score exceeded the Department's target and, when benchmarked against other public sector agency users of the survey tool, the Department did considerably better on six of the seven motivation indicators and equalled the public sector user average on the seventh.

Performance Development Scheme

In 2005-06, the Department introduced new Performance Development Scheme guidelines, a four point rating scale for non-SES staff and an improved agreement template, which promote a clearer line-of-sight and alignment between individual effort, learning and development opportunities, and the Department's corporate goals and priorities. They reinforce the principles of the Department's Capability Map and provide all staff and their managers with the tools to have meaningful discussion about performance and development.

Recruitment and Selection

In 2005-06, the Department reviewed the selection process for all gazetted APS classification 1-Executive Level 2 vacancies that it introduced in May 2005, following feedback from staff and applicants. The review was conducted by a representative working group, which included the National Staff Participation Forum (the peak staff consultation body in the Department).

The review findings reinforced that staff support the strong alignment to the Capability Map and a standardised approach and objectivity, and recommended a simpler two-stage process. The Department implemented the review's recommendations in May 2006, which included

a new suite of more user-friendly supporting documentation. The process was endorsed by the Australian Employers' Network on Disability. The Department will conduct a full evaluation of recruitment processes in December 2006.

Staff Training and Development

In 2005-06, the Department continued to invest in staff capability by providing a calendar of learning and development programs. The calendar included comprehensive financial management training for staff in the areas of financial services and financial management. These programs were provided as part of the drive to improve the financial capability of staff, to ensure the Department has a sound level of financial management across the organisation. In 2006, 46 staff completed either the Certificate or Diploma in the Government (Financial Management) program. In April 2006, 13 staff commenced the Diploma in Government (Financial Services) program. A total of 75 staff members have completed both programs since 2004-05.

The Department piloted a suite of three Program Management Advanced training courses in November 2005, which saw participants' mean confidence ratings on all 26 of the key learning areas increase significantly. The training courses became a highlight of the Department's training calendar, with 468 participants in 2005-06.

The Department also piloted a Negotiating in the Indigenous Context course in June 2006. Fifty staff from the Central and New South Wales Offices completed the course, which will be added to the Department's training program in 2006-07.

Health and Life Strategy

The Department continued its commitment to providing a healthy work environment and encouraging a work-life balance through active promotion of initiatives under the Health and Life Strategy. These included the reinvigoration of '10K a Day' to encourage staff to walk at least 10,000 steps each day, a Smoker's Forum and the formation of a staff-led Smoking Working Group to develop sustainable quit smoking initiatives and support for staff.

WorkChoices

The Department changed its employment arrangements to align with the introduction of WorkChoices legislation in late March 2006. For example, the Department developed new Australian Workplace Agreement (AWA) templates and supporting handbooks for all Senior Executive Service (SES) and non-SES staff, to comply with the policy parameters (AWAs are also offered on a case-by-case basis across classifications and locations as a means of addressing specific workplace needs and attracting and retaining staff).

Support for the National Health and Medical Research Council to negotiate a twelve month interim Certified Agreement, providing employment conditions as a separate agency after Machinery of Government changes, was also managed by the Department under the new legislation.

The Department's current Certified Agreement, which provides the employment arrangements for most staff, will continue to operate until it expires in July 2007. The Department will then develop a new agreement that accords with WorkChoices and the Government's Policy Parameters on Agreement Making.

Workplace Giving Program

On 30 June 2006, the Department launched a Workplace Giving Program, which is an initiative of the Prime Minister's Community Business Partnership scheme. The program encourages individual and collective giving to the community, is voluntary, and allows staff to donate directly from their pay to 15 community partners chosen by staff.

Workplace Diversity

The Department is committed to the principles of and action on workplace diversity. The Department's ongoing employment rates of Indigenous Australians and people with a disability remain above the APS average. In 2005-06, the Department continued to work with the Australian Public Service Commission on a number of Indigenous development, recruitment and retention campaigns and programs, and actively participated in the Management Advisory Committee review of people with disability in the APS. The Department also worked with the Australian Employers' Network on Disability, of which the Department is a financial member, to further advance employment opportunities for people with a disability.

Financial Management

The Department's financial accountability responsibilities are set out in Section 44 of the *Financial Management and Accountability Act 1997* and are based on efficient, effective and ethical use

of allocated resources. The Department meets these responsibilities by working within a financial control framework that supports efficient processing and recording of financial transactions (including the production of audited financial statements).

In 2005-06, the Department continued to focus on improving its financial management performance to improve the way it does business. This included managing the Department's internal controls to increase the level of departmental governance, financial responsibility and managerial performance and to deliver best value-for-money corporate services.

Key initiatives in 2005-06 included:

- an improved focus and alignment of financial management responsibilities between State and Territory Offices and program delivery;
- continued improvement in the budgeting and reporting of administered program expenditure including better alignment of the external budget and internal financial management systems and processes; and
- maintenance and enhancement of the Department's Goods and Services Tax control framework.

Purchasing

In 2005-06, the Department complied with the Australian Government's purchasing policies as articulated in the Commonwealth Procurement Guidelines.

Assets Management

The Department's asset management strategy emphasises whole-of-life asset management and focuses on the responsibilities of staff in this process. In addition, the annual asset review looks to minimise holdings of surplus and underperforming assets.

The Department's stocktake of fixed and intangible assets in 2005-06 confirmed the location and condition of the Department's assets. The Department's review of assets for impairment, undertaken in accordance with the new Australian Accounting Standard (AASB 136 Impairment of Assets), ensured that the Department only carries assets at a value above the recoverable amount.

Competitive Tendering and Contracting

In 2005-06, the Department's contracts with office services and warehousing and distribution service providers saw the streamlined delivery of office services, with the ability to incorporate additional contracted services including various components of physical security and vehicle fleet management. They also delivered improved warehousing and distribution services which demonstrated benefits and cost savings to the Department.

The Department conducted a review of the office services provider in November 2005, which confirmed a satisfactory delivery of services meeting all intended departmental business requirements. Following this, a two year contract extension was exercised between the Department and the service provider, taking the contract to 31 January 2008.

Exempt Contracts

In 2005-06, the Department did not exempt any contracts from publishing in AusTender, on the basis that publishing contract details would disclose exempt matters under the *Freedom of Information Act 1982*.

External Liaison and Scrutiny

In 2005-06, the Department's Audit and Fraud Control Branch continued to be responsible for liaison between the Department and the Australian National Audit Office (ANAO). The branch also provided coordinated departmental responses to preliminary audit findings and recommendations prior to the Auditor-General presenting his reports in Parliament.

The Audit and Fraud Control Branch was responsible for the coordination of arrangements between the Department and the Joint Committee of Public Accounts and Audit (JCPAA) and the Commonwealth Ombudsman's Office. Details of ANAO reports, JCPAA and Commonwealth Ombudsman matters affecting the Department in 2005-06 are below.

Australian National Audit Office

During 2005-06, the ANAO tabled a number of reports on audits involving the Department in Parliament. Included were audits specific to the Department, audits of other individual agencies that involved consultation with the Department, cross-agency audits where the Department was involved and other audits where the Department was not directly involved but where recommendations were targeted at all agencies.

Audits Specific to the Department

- *A Financial Management Framework to Support Managers in the Department of Health and Ageing (Audit Report No.5 of 2005-06)*: the audit objective was to examine whether the Department's financial management framework and processes adequately support the Secretary, Executive and managers to make informed decisions.

  The audit made one recommendation to which the Department agreed and has taken steps towards implementation.

- *Regulation by the Office of the Gene Technology Regulator (Audit Report No.7 of 2005-06*): the audit objective was to form an opinion on the discharge by the Office of the Gene Technology Regulator (OGTR) of selected functions entrusted to it under the *Gene Technology Act 2000* (the Act). The audit assessed the practices of the OGTR against the criteria of whether the OGTR has established systems and procedures for the management and assessment of applications under the Act; whether the OGTR has established systems and procedures for ensuring compliance with the requirements of the Act; and whether the OGTR manages selected aspects of its work efficiently and effectively.

  The audit report made a number of recommendations for improvement, which the Department has made progress towards implementation.

- *Administration of Primary Care Funding Agreements (Audit Report No.41 of 2005-06*): the audit objective was to assess the Department's administration of primary care funding, with a focus on the administrative practices of the Primary Care Division and the Department's State and Territory Offices. The audit report commented on a range of issues including the utility of funding agreements, monitoring, payments and support for administrators.

  The Department has commenced implementing a number of initiatives for the administration of primary care funding agreements which address many of the issues raised in the audit report. These reforms and initiatives have been acknowledged in the report.

- *Administration of the 30 per cent Private Health Insurance Rebate Follow-up Audit (Audit Report No.42 of 2005-06*): the follow-up audit assessed the extent to which the Department had implemented recommendations arising from *Audit Report No.47 2001-02, Administration of the 30 per cent Private Health Insurance Rebate*. The audit also looked at the implementation of some of the suggestions for improvement made in the original audit; and the current validity of some of the positive findings from that audit.

  The follow-up audit found that the administration of the rebate is being undertaken effectively.

- *Selected Measures for Managing Subsidised Drug Use in the Pharmaceutical Benefits Scheme (Audit Report No.44 of 2005-06)*: the audit objective was to examine how effectively the Department manages the risks of the Pharmaceutical Benefits Scheme (PBS) not being used according to PBS subsidy conditions. The audit examined how the Department identified and implemented measures to decrease the risks of PBS drugs being used outside of subsidy conditions, and how the Department confirmed that usage and expenditure on PBS drugs was consistent with estimates.

  The audit concluded that the Department's management of the risk of drugs being used outside of the subsidy conditions is reasonable, although some improvements in the Department's administration would strengthen the management of the risks. The audit made two recommendations which have received the Department's agreement.

Audits of other Individual Agencies that Involved Consultation with the Department

- *Administration of the Commonwealth State Territory Disability Agreement (Audit Report No.14 of 2005-06)*;
- *The Management and Processing of Leave (Audit Report No.16 of 2005-06)*;
- *Regulation of Private Health Insurance by the Private Health Insurance Administration Council (Audit Report No.20 of 2005-06)*; and
- *Administration of Petroleum and Tobacco Excise Collections: Follow-up Audit (Audit Report No.33 of 2005-06)*.

Cross-agency Audits where the Department was Involved

- *Cross Portfolio Audit of Green Office Procurement (Audit Report No.22 of 2005-06)*;
- *Reporting of Expenditure on Consultants (Audit Report No.27 of 2005-06)*; and
- *Management of Net Appropriation Agreements (Audit Report No.28 of 2005-06)*.

Other Audits where the Department was not Directly Involved but where Recommendations were Targeted at all Agencies

- *The Senate Order for Departmental and Agency Contracts (Calendar Year 2004 Compliance) (Audit Report No.11 of 2005-06)*;
- *IT Security Management (Audit Report No.23 of 2005-06)*; and
- *Internet Security in Australian Government Agencies (Audit Report No.45 of 2005-06)*.

In line with arrangements applying to all Australian Government agencies, the Department's Audit Committee maintains scrutiny over the implementation of recommendations from ANAO reports, where they are applicable to the Department. Formal reports are provided to the Audit Committee twice yearly. Following the departmental Audit Committee's consideration of the progress in implementing ANAO recommendations, a summary report is provided to the JCPAA.

Details of the above ANAO reports, including responses to the recommendations where the Department was involved in the audit, can be found at the ANAO web site.[3]

Joint Committee of Public Accounts and Audit (JCPAA)

- JCPAA Report No.404 included the Committee's review of *Audit Report No.18, 2004-05, Regulation of Non-prescription Medicinal Products (Therapeutic Goods Administration)*. The Committee made six recommendations, to which the Department has responded.
- On 13 February 2006, the JCPAA conducted a public hearing in relation to its review of the Auditor-General's *Audit Report No.58, 2005-06, Helping Carers: the National Respite for Carers Program*. The Department attended the hearing and gave evidence.
- On 14 June 2006, the JCPAA conducted a public hearing in relation to its review of the Auditor-General's *Audit Report No.11, 2005-06, The Senate Order for Departmental* and *Agency Contract (Calendar Year 2003 Compliance)* and *Audit Report No.27, 2005-06, Reporting of Expenditure on Consultants*. The Department attended the hearing and gave evidence.

Other Parliamentary Scrutiny

The Department appeared before the Senate Community Affairs Legislation Committee (Senate Estimates) on three occasions during the year for a total of four days. The Department also gave evidence and/or made submissions to a number of Parliamentary Committee Inquiries, as indicated in the following table.

3 Accessible at: <www.anao.gov.au>.

Joint Committee of Public Accounts and Audit	*Audit Report No.58, 2005-06, Helping Carers: The National Respite for Carers Program*
Senate Community Affairs References and Legislation Committee	Quality and Equity in Aged Care Services and Treatment Options for Persons with Cancer Inquiry into Gynaecological Cancer in Australia Response to the Petition on Gynaecological Health Issues Petrol Sniffing in Remote Aboriginal Communities The Aged Care (Bond Security) Bill 2005, the Aged Care (Bond Security) Levy Bill 2005 and the Aged Care Amendment (2005 Measures No. 1) Bill 2005 A matter relating to Positron Emission Tomography (PET) Review of 2000 Health and Other Services (Compensation) Amendment Bill 2006 Health Insurance Amendment (Medicare Safety-nets) Bill 2005 National Health Amendment (Budget Measures – Pharmaceutical Benefits Safety Net) Bill 2005 Inquiry into the Transparent Advertising and Notification of Pregnancy Counselling Services Bill 2005 Inquiry into Therapeutic Goods Amendment Bill 2005 National Health and Medical Research Council Amendment Bill 2006 Therapeutic Goods Amendment (Repeal of Ministerial Responsibility for Approval of RU486) Bill 2005
House of Representatives Standing Committee on Economics, Finance and Public Administration	Improving the Superannuation Savings of People under the Age of 40
House of Representatives Standing Committee on Health and Ageing	Health Funding
Senate Select Committee on Mental Health	Provision of Mental Health Services in Australia
Joint Standing Committee on Migration	Skills Recognition and Associated Issues of Licensing and Registration
ACT Legislative Assembly Standing Committee on Health and Disability	Health Science in the ACT
House of Representatives Standing Committee on Science and Innovation	Pathways to Technological Innovation
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs	Indigenous Employment
Joint Standing Committee on Foreign Affairs, Defence and Trade – Trade Subcommittee	Review of the Australia-New Zealand Closer Economic Relations Trade Agreement (CER Agreement)
Joint Parliamentary Committee on the Australian Crime Commission's Inquiry into Amphetamines and Other Synthetic Drugs	Amphetamine and Other Synthetic Drugs

In addition, the Department had a significant workload of Parliamentary Questions with a combined total of 228 questions received on notice from the House of Representatives and the Senate, and a total of 745 from the three Senate Estimates Hearings.

Judicial Decision and Decision of Administrative Tribunals

In 2005-06, the Department was involved in 13 matters before the Administrative Appeals Tribunal; three matters before the Federal Magistrates Court; four matters before the Federal Court; two matters before the High Court; and one matter before the Full Federal Court.

Commonwealth Ombudsman

During 2005-06, the Commonwealth Ombudsman investigated 22 complaints against the Department's administrative practices, with four of these remaining open. In comparison to 2004-05, the number of complaints lodged with the Commonwealth Ombudsman that went to the investigation stage decreased by 39 per cent.

Of the 11 complaints that were carried over from 2004-05, investigations have now been completed for nine. The investigations conducted by the Commonwealth Ombudsman, and finalised during 2005-06, did not result in any adverse findings for the Department.

Internal Scrutiny

Audit Committee

The Department's Audit Committee met on five occasions during 2005-06. Membership included an independent member appointed from outside the Department and a representative from the Australian National Audit Office as a 'participating observer'.

The committee is responsible for approving the strategic direction of the Audit and Fraud Control Branch and assessing the branch's performance. The committee also considers the outcomes of audits and reviews undertaken by the branch, including the appropriateness of subsequent follow-up action by managers; provides advice to the Secretary on the signing of the Department's financial statements; and assesses the outcomes of external reviews of departmental programs, including any follow-up action.

Audit and Fraud Control Branch

The Department's Audit and Fraud Control Branch promotes and improves the Department's corporate governance through the conduct of audits and investigations, and the provision of high quality independent advice and assistance.

In 2005-06, the branch undertook a department-wide audit risk assessment to guide the development of the Audit and Fraud Control Branch strategic planning framework and annual work program. The branch conducted a range of audits and reviews, in line with the approved work program. These related to compliance with departmental control frameworks, grants and contract management, IT management and departmental expenditure and procurement activities. The branch also provided fraud prevention and investigation services.

Fraud Minimisation Strategies

As part of its responsibilities to protect the public interest, the Department pursues a fraud control program that complies with the Commonwealth Fraud Control Guidelines. In this program, fraud risk assessments and fraud control plans are prepared; appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place; and annual fraud data is collected and reported. These are all undertaken in line with the Commonwealth Fraud Control Guidelines.

In 2005-06, the Department investigated 40 fraud allegations. While some of these investigations are continuing, outcomes of completed investigations included a number of matters being referred to the Australian Federal Police, State Police or departmental officers with powers authorised under the *Public Service Act 1999*.

PART 02

OUTCOME PERFORMANCE REPORTS

FINANCIAL SUMMARIES

All Outcomes: Financial Resources Summary

	Actual 2005-06 $'000	Budget Estimate 2005-06 $'000
Administered		
Outcome 1 - Population Health	551,991	544,045
Outcome 2 - Medicines and Medical Services	17,329,183	17,255,219
Outcome 3 - Aged Care and Population Ageing	6,294,578	6,318,668
Outcome 4 - Primary Care	707,129	798,368
Outcome 5 - Rural Health	104,369	104,584
Outcome 6 - Hearing Services	235,325	257,499
Outcome 7 - Indigenous Health	297,928	339,862
Outcome 8 - Private Health	3,049,896	3,022,659
Outcome 9 - Health System Capacity and Quality	543,278	570,249
Outcome 10 - Acute Care	8,783,804	8,934,488
Outcome 11 - Health and Medical Research	437,370	448,964
Outcome 12 - Biosecurity and Emergency Response	40,938	56,621
Total Administered Expenses	**38,375,789**	**38,651,226**
Departmental		
Revenue from Government	480,223	480,003
Revenue from Other Sources	88,463	86,601
Total Price of Outputs	**568,686**	**566,604**
Total Price of Outputs and Administered Expenses	**38,944,475**	**39,217,830**

Reconciliation of Outcomes and Appropriation Elements 2005-06

Outcome	Appropriation Bill No 1, 3 & 5 $'000	Appropriation Bill No 2, 4 & 6 $'000	Special Appropriation $'000	Total Administered Expenses $'000	Departmental Outputs $'000	Annotated Appropriation $'000	Total Outcomes $'000
1	124,673	219,836	207,482	**551,991**	58,847	84,253	**695,091**
2	183,737	-	17,145,446	**17,329,183**	59,348	509	**17,389,040**
3	338,699	913,296	5,042,583	**6,294,578**	140,909	327	**6,435,814**
4	707,129	-	-	**707,129**	32,612	(161)	**739,580**
5	104,369	-	-	**104,369**	8,351	19	**112,739**
6	235,325	-	-	**235,325**	8,156	16	**243,497**
7	297,928	-	-	**297,928**	43,509	151	**341,588**
8	-	-	3,049,896	**3,049,896**	10,397	872	**3,061,165**
9	525,846	-	17,432	**543,278**	43,686	1,601	**588,565**
10	75,799	5,113	8,702,892	**8,783,804**	32,729	434	**8,816,967**
11	437,370	-	-	**437,370**	22,660	406	**460,436**
12	17,122	23,816	-	**40,938**	19,019	36	**59,993**
Total	**3,047,997**	**1,162,061**	**34,165,731**	**38,375,789**	**480,223**	**88,463**	**38,944,475**

WHOLE-OF-DEPARTMENT PERFORMANCE MEASURES

Services to the Ministers and Parliamentary Secretary

During 2005-06, the Department provided extensive support services to the Ministers and the Parliamentary Secretary. These services included the preparation of ministerial correspondence, Question Time Briefs, answers to Parliamentary Questions on Notice and Ministerial requests for briefing.

The Department reports on the support services provided to the Ministers and Parliamentary Secretary through the following two performance measures:

Quality:	Agreed timeframes are met for responses to ministerial correspondence, Question Time Briefs, Parliamentary Questions on Notice and Ministerial requests for briefing.
Quantity:	17,000-22,000* processed items of ministerial correspondence, 1,700-2,100 Question Time Briefs, 100-200 Parliamentary Questions on Notice and 1,200-1,500 Ministerial requests for briefing.

*Includes campaign information items.

Results

Table A indicates the volume of documents prepared for, or on behalf of, the Ministers and the Parliamentary Secretary. Table B shows the timeliness of documents sent to the Ministers' or Parliamentary Secretary's offices – that is, whether they were sent to the Ministerial offices within the agreed timeframe.

Table A: Number of Items Processed (Quantity)

	Processed		
	Number of Items	Campaign Information*	Total
Ministerial Correspondence	18,910	9,782	**28,692**
Question Time Briefs	3,032	-	**3,032**
Parliamentary Questions on Notice	228	-	**228**
Ministerial Requests for Briefing	1,666	-	**1,666**

*Ministerial correspondence received as part of a letter writing campaign (eg using form letters or postcards) that do not require a response.

Table B: Timeliness (Quality)

	Number Completed**	Number Completed on Time	Percentage Completed on Time
Ministerial Correspondence	13,336	9,836	74%
Question Time Briefs	3,032	3,032	100%
Parliamentary Questions on Notice	181	118	65%
Ministerial Requests for Briefing	1,531	1,295	85%

**Number of items of ministerial correspondence completed includes items that were marked for No Further Action.

Note: The differences between the 'Timeliness' and ' Number of Items Processed' figures are the result of some items being received/completed in different financial years, marked for No Further Action, or noted for information only.

IMPLEMENTATION OF THE AUSTRALIAN GOVERNMENT'S BUDGET INITIATIVES

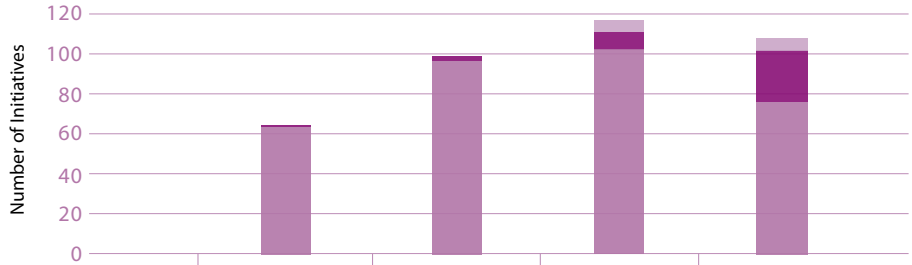
A core function of the Department is to implement the Australian Government's Budget initiatives to help improve health and ageing in Australia, while maintaining a level of transparency of accountability and disclosure. This is in line with the Australian Government's commitment to effective program and service implementation.

The Department actively monitors its performance in implementing initiatives announced each Budget, using the following criteria:

- Implemented – the initiative was achieved by the planned implementation date;
- On Track – the initiative is 'on track' to meet the planned implementation date; and
- Slipping – the initiative is experiencing unavoidable delays and will not meet the planned implementation date.

The following chart depicts the implementation status of all initiatives over the four year Budget period from 2002-03. Overall, the Department has performed well, having successfully implemented 348 out of 393 initiatives (88.5 per cent), with 35 currently 'on track' (9 per cent). Due to complexities beyond the control of the Department, there was a minor increase in the number of slipping measures over the last two years (2.5 per cent).

Graph 1 - Implementation Status of 2002-03 to 2005-06 Initiatives



	2002-03	2003-04	2004-05	2005-06
Implemented	65	98	107	78
On Track	0	2	8	25
Slipping	0	0	4	6

Source: The Department of Health and Ageing.

OUTCOME **01**

POPULATION HEALTH

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

OUTCOME 01
POPULATION HEALTH

Part 1: Outcome Performance Report

Outcome 1 was managed in 2005-06 by the Population Health Division, Business Group and the Therapeutic Goods Administration group of regulators (comprising the Therapeutic Goods Administration, the Office of Chemical Safety and the Office of the Gene Technology Regulator). For ease of reporting, the activities managed by the Department are reported separately from those managed by the Therapeutic Goods Administration group of regulators.

Major Achievements

- Coordinated development of the National Implementation Plan for the Australian Better Health Initiative, which is designed to promote good health and reduce the burden of chronic disease.
- Implemented changes to give the Pharmaceutical Benefits Advisory Committee a role in evaluating the cost-effectiveness of new vaccines for funding under the National Immunisation Program.
- Led the development of the National Alcohol Strategy 2006-2009 and the National Cannabis Strategy 2006-2009, which address alcohol related issues such as intoxication and the drinking culture in Australia, as well as the supply, use and harm caused by cannabis.
- Implemented the Tobacco Health Warnings Campaign to reinforce to smokers the negative effects of smoking.

Challenge

- Delay in the National Bowel Cancer Screening Program.

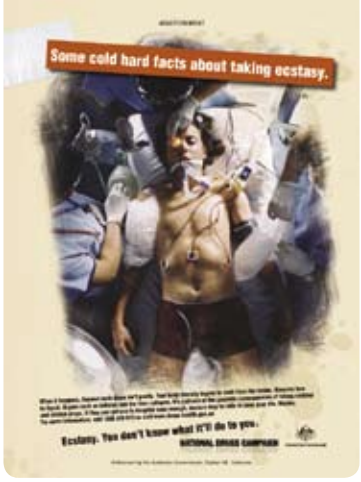
Key Strategic Directions for 2005-06

Focus on the Main Lifestyle Causes of Preventable Disease

On 10 February 2006, the Council of Australian Governments announced the Australian Better Health Initiative (ABHI), a four year, national program, developed to refocus the health system to promote good health and reduce the burden of chronic disease. The ABHI, which commenced on 1 July 2006, promotes healthy lifestyles, supports the early detection of those at risk of chronic disease, assists people to adopt healthier behaviours, encourages active patient self management and improves integration and coordination of care. The Department coordinated the development of the National Implementation Plan for the ABHI in consultation with State and Territory health departments.

The Department also implemented a number of other activities to increase physical activity and healthy eating in Australian adults and children, including continuing the Building a Healthy and Active Australia Initiative to address childhood obesity. Activities under this initiative included:

- providing $1,500 Healthy School Communities grants for community organisations associated with schools (including Parents and Citizens Associations and school canteens) to initiate healthy eating activities. A total of 4,337 grants were paid in the 2005-06 financial year;
- continuing the national Go for 2 & 5® fruit and vegetable campaign. A second phase of advertising occurred between May and June 2006; and



- launching the national Get Moving physical activity campaign in February 2006, targeting children aged 5-12 years, teenagers, parents and carers. Activities involved television, print, radio and online advertisements, as well as a dedicated web site supported by a range of media activities and events across the country.[1]

The Department implemented strategies to improve dietary intake and increase levels of physical activity, including funding Walk to Work and Walk Safely to School Days, as healthy alternatives to travelling in private vehicles, while promoting health, road safety and environmental awareness.

The Department also continued the implementation of initiatives from the National Obesity Taskforce's national action plan, Healthy Weight 2008: Australia's Future – the National Action Agenda for Children and Young People and Their Families. These initiatives included the provision of funding for the Barwon-West Sentinel Site for obesity prevention, together with further promotion and dissemination of the Physical Activity Recommendations for children and youth. The Australian Health Ministers' Conference announced the Healthy Weight for Adults and Older Australians, a national action plan that focuses on reducing overweight and obesity in Australian adults. These agendas provide a whole-of-population approach to maintaining healthy weight.

During 2005-06, the Department contributed to the development of research and guidelines focusing on the lifestyle causes of preventable disease. This included the contribution of funding to develop and implement a Children's Nutrition and Physical Activity Survey in association with the Department of Agriculture, Fisheries and Forestry and the Australian Food and Grocery Council. The Department called for expressions of interest to undertake the survey in November 2005 and based on the submissions received, issued a select request to tender in February 2006. Data from the survey will be used to assess changes in food, nutrition, energy intake and expenditure. The data will also be used by governments to assess progress against existing recommendations and guidelines on diet and physical activity, and to develop policies on food and health promotion and intervention programs to address rising levels of overweight and obesity. The survey is expected to be implemented in 2006-07.

The Department also funded the development of new *Nutrient Reference Values for Australia and New Zealand including Recommended Dietary Intakes* (NRVs) by the National Health and Medical Research Council, which were released on 3 May 2006. NRVs are used by health professionals such as dieticians and doctors, and provide a range of recommended daily intake levels of nutrients required by individuals and population groups, to achieve good health and avoid deficiency states. They are also used by universities and nutrition researchers, by the food industry in developing and assessing new food products, and by the Australian Government in setting policy and legislation (such as for food labelling) to help the public make informed choices.

A number of activities aimed at reducing tobacco consumption, alcohol misuse and the use of illicit drugs were implemented by the Department in 2005-06. Under the National Tobacco Strategy 2004-2009, the Department, in collaboration with State and Territory governments, implemented health promotion, education and program initiatives. From 1 March 2006, all manufactured and imported tobacco product packaging must be printed with new graphic health warning labels. According to the 2004 National Drug Strategy Household Survey, there has been a decline of two percentage points in the proportion

1 Accessible at: <www.health.gov.au/internet/healthyactive/publishing.nsf/Content/getmoving>.

of the population aged 14 and over who smoke daily, between 2001 and 2004, to 17.4 per cent.[2]

The Department has also led the national approach in reducing alcohol misuse through the development of the National Alcohol Strategy 2006-2009, which was endorsed by the Ministerial Council on Drug Strategy in May 2006. This document provides a plan for addressing, at all levels of government and within the community sector, alcohol related issues such as intoxication and the drinking culture of Australians. Globally, alcohol-related death and disability accounts for 4.0 per cent of the total cost to life and longevity.[3]

The Department managed the second phase of the National Drugs Campaign, which was launched in April 2005 and continued throughout 2005-06 with media and resource dissemination activities. The campaign was directed at preventing young people from using drugs and highlighted the harmful effects of illicit drug use. An evaluation of this phase of the campaign found it to be successful, in terms of reaching the intended audience, and in influencing individual attitudes toward illicit drug use.[4] The evaluation was conducted independently, in consultation with the Department.

Disease Prevention and Protection

The Department's ongoing support of screening programs has provided improvements in cancer and screening rates. Since the inception of the National Cervical Screening Program in 1991, incidence rates of cervical cancer for women 20 to 69 years have fallen from 17.2 cases per 100,000 population to 8.9 cases per 100,000 population in 2002, a reduction of approximately 48 per cent (Source: AIHW [2006] *Cervical Screening in Australia 2003-2004*).

The participation of 56.1 per cent of women in the target age group of 50 to 69 years in screening through BreastScreen Australia in the two years 2002-03, is a small decrease from 57.1 per cent in 2001-02. However, the participation rate for women in inner regional areas (58.7 per cent), outer regional areas (60.1 per cent) and remote areas (59.4 per cent) was significantly higher than the national average. The participation rate for Indigenous women was 35.9 per cent and while this is lower than the national average, it is an increase from 33.1 per cent in 2001-02 (Source: AIHW [2006] *BreastScreen Australia Monitoring Report 2002-2003*).

In addition, the Department progressed or completed a number of activities in 2005-06 aimed at preventing disease. The completion of the catch-up component of the National Childhood Pneumococcal Vaccination Program for children born between 1 January 2003 and 31 December 2004 was responsible for over 77 per cent of eligible children being up-to-date for pneumococcal vaccine by the end of 2005. The Department also implemented the National Childhood Varicella Program and replacement of oral polio vaccine with inactivated polio vaccine.

The Department worked with State and Territory governments, community organisations, medical professionals and researchers to prepare for the rollout of a National Bowel Cancer Screening Program. Under this phase of the National Program, people turning 55 and 65 years of age between 1 May 2006 and 30 June 2008 will be invited to complete a simple, yet highly effective, faecal occult blood test in the privacy of their own home and send it to a pathology laboratory for analysis. Nearly one million people will be offered screening during this phase of the program, which is due to commence in August 2006. The program had originally been scheduled to commence in May 2006; however the Australian Health Ministers' Advisory Council asked for a series of bilateral discussions on implementation issues which then led to some delay.

The Department has commenced the first stage of a four year program to increase awareness of chlamydia, improve its surveillance and commence a pilot testing program, to be conducted under the National HIV/AIDS and Sexually Transmissible Infections Strategies 2005-08. In late 2005, the Department undertook a call for grant submissions under the Chlamydia Targeted Grants Program (Stage 1). Funding will be provided for a range of innovative projects targeting high risk groups including young people (16-25 years), Aboriginal and Torres Strait Islander people and homosexually active men. Chlamydia projects commenced in late June 2006 and the Ministerial announcement of successful projects occurred in August 2006.

The Department has supported the prevention and reduction of illicit drug use under the Community Partnerships Initiative. This initiative encourages community ownership of, and participation in, activities which address illicit drug issues at a

2 Accessible at: <www.aihw.gov.au/drugs/population/ndshs04.cfm>.

3 Babor, T., Caetano, R., Casswell, S., Edwards, G., Giesbrecht, G.K., Grube, J., Grunewald, P., Hill, L., Holder, H., Homel, R., Osterberg, E., Rehm, J., Room, R., Rossow, I. (2003) *Alcohol: No Ordinary Commodity*, World Health Organization and Oxford University Press.

4 Accessible at: <www.drugs.health.gov.au/pdf/nidc_eval2.htm>.

local level. To date, the Department has funded 224 community based organisations across Australia, to implement a broad range of drug prevention activities.

The Department also developed and implemented programs to enhance access to treatment and care for people with hepatitis C under the National Hepatitis C Strategy 2005-08. This strategy has included a focus on hard to reach groups (such as injecting drug users) and identified and coordinated the implementation of improved surveillance mechanisms for hepatitis C.

Improving National Population Health Capacity

In 2005-06, the Department's Public Health Education and Research Program (PHERP) assisted in improving national population health capacity by building the skills of the public health workforce, principally through funding high quality, postgraduate public health education and research training.

The Department engaged two consultants to review PHERP in 2004-05, to ensure its continuing relevance to addressing Australia's population health needs. In 2005-06, the review's findings were accepted by the Government and a number of key findings were implemented by the Department, with the remainder scheduled for implementation in 2006-07. One key finding implemented by the Department in 2005-06 was the targeting of three national public health priority areas: obesity and nutrition; biosecurity and disaster response; and Indigenous public health.

In addition, training and support has been identified as a priority of the National Drug Strategy 2004-2009 and as such the Department has developed and implemented a number of capacity building programs in 2005-06. These include an Indigenous National Alcohol and other Drug National Train the Trainer Program, which is the first stage of a comprehensive and strategic approach to developing a workforce that is educated in the cultural aspects of Indigenous drug and alcohol service delivery, and capacity building in Australia. The From Go to Whoa 2006 – Psychostimulants Training Program for Health Professionals comes under the National Psychostimulants Initiative, and is designed for health professionals who are undergoing continuing education in the treatment of people with psychostimulant-related problems. The Department is currently exploring options for implementing the package in 2006-07.

The Department also funded workforce capacity building projects under the National Comorbidity Initiative. This included the mental health screening tool (PsyCheck) implementation trial which assisted alcohol and drug practitioners to undertake screening and intervention for mental health disorders among their clients.

Performance Information for Administered Items

Administered Funding – Population Health Programs, including:

- Chronic Disease – Early Detection and Prevention;
- Communicable Disease Control;
- Drug Strategy;
- Food and Regulatory Policy;
- Immunisation; and
- Public Health.

Target:	*Quality*: Development and support of mechanisms to promote evidence-based policy and programs for disease prevention and health promotion.	
Result:	Target met.	In 2005-06, the Department supported evidence-based policy by: • continuing to implement the Priority Setting Mechanism for Prevention as a tool that utilises economic information for health sector decision making; • providing funding to 3 National Drug Research Centres for research into drug and alcohol trends, prevalence, treatment, strategy, program and workforce development; • providing additional funding to the National Drug Law Enforcement Research Fund and the Australian Institute of Health and Welfare for specific alcohol and other drug related research projects; • enhancing arrangements for providing advice on whether new vaccines should be funded as part of the National Immunisation Program; and • continuing to provide support to the Australian Longitudinal Study on Women's Health, which celebrated its 10 year anniversary on 14 September 2005.
Target:	*Quality*: Contribution to the maintenance and development of a viable public health workforce to support the national public health effort.	
Result:	Target met.	The Public Health Education and Research Program (PHERP) was reviewed in 2004-05 to ensure its continued relevance to support the maintenance and development of a viable public health workforce. The Department commenced implementation of the review's findings in 2005-06, which is expected to be completed in 2006-07. In 2005-06, the Department commissioned Stage 1 of the Workforce and Infrastructure Capacity Research Project for the National Bowel Cancer Screening Program (NBCSP). The outcomes of the project will inform the evaluation of the current phase of the NBCSP scheduled for 2008. In addition, the Department developed and implemented workforce capacity building projects under the National Drug Strategy 2004-2009 and the National Comorbidity Initiative in 2005-06.

Target:	*Quality*: Government policies to reduce the community harm caused by licit and illicit drugs are implemented in accordance with a sound evidence base and with responsiveness to new and emerging trends.	
Result:	Target met.	In collaboration with State and Territory governments, the Department developed Australia's first National Cannabis Strategy 2006-2009, which was endorsed by the Ministerial Council on Drug Strategy in May 2006. The Strategy, which was informed by available evidence, focuses on reducing the supply and use of this illicit substance, increasing community awareness of its illicit status and the harms caused by its use, as well as recognising the need for further research into harms and treatment options and building workforce capacity. Under the National Psychostimulants Initiative, evidence-based resources have been created by various researchers and organisations to assist the alcohol and other drug workforce to receive up-to-date training in the treatment of people with psychostimulant-related problems. In 2005-06, the Department funded the development of Ambulance and Emergency Department guidelines on treating people with psychostimulant-related problems, which will be printed and disseminated in 2006-07. The Department also developed the new National Alcohol Strategy 2006-2009, which was informed by available evidence and builds on existing efforts by government and non-government sectors to educate the public on safer drinking choices and has a focus on reducing high levels of intoxication and binge drinking. Raising awareness and providing educational resources on the appropriate use of alcohol through the *Australian Alcohol Guidelines* and the concept of a 'standard drink' continued to be a focus for the Department. The Department distributed health promotion resource materials, such as standard drink measuring glasses, coasters and posters to licensed venues, schools, community groups, government and non-government organisations, and consumers.
Target:	*Quality*: Timely recognition and development of appropriate responses to emerging threats to human health.	
Result:	This target was transferred to Outcome 12 in the *2005-06 Health and Ageing Portfolio Additional Estimates Statements*.	
Target:	*Quality*: Incidence of communicable disease outbreaks are monitored to ensure outbreaks are actioned and contained.	
Result:	This target was transferred to Outcome 12 in the *2005-06 Health and Ageing Portfolio Additional Estimates Statements*.	
Target:	*Quality*: Initiatives provide for enhanced surveillance of foodborne illness, and improve food safety.	
Result:	This target was transferred to Outcome 12 in the *2005-06 Health and Ageing Portfolio Additional Estimates Statements*.	

Target:	*Quality*: Initiatives address risk factors for healthy living (including nutrition, physical activity and overweight and obesity, and injury).	
Result:	Target met.	In addition to the activities outlined in the Key Strategic Directions for 2005-06, further examples of initiatives implemented by the Department in 2005-06 that address risk factors for healthy living include: • funding the Australian Breastfeeding Association to develop and disseminate resources to support breastfeeding mothers by training breastfeeding counsellors, updating breastfeeding training manuals, and establishing a breastfeeding case history database; • incorporating pages promoting healthy weight into the Healthy and Active web site.[5] The web site provides evidence-based information that promotes healthy eating and physical activity, and provides tools to assist consumers looking for information to help them achieve a healthy weight; • providing Lifescripts resources and training to general practitioners to encourage and motivate patients to adopt healthier lifestyles by addressing smoking, poor nutrition, physical inactivity, alcohol misuse and unhealthy weight; and • providing funding for the National Aboriginal and Torres Strait Islander Nutrition Strategy and Action Plan 2000-2010, which provides a framework for national action to bring about an improvement in the nutritional status of Aboriginal and Torres Strait Islander peoples.
Target:	*Quality*: Government programs to prevent and detect disease are implemented in accordance with a sound evidence base and with responsiveness to new and emerging trends.	
Result:	Target met.	In 2005-06, the Department continued to implement the National HIV/AIDS, Hepatitis C and Sexually Transmissible Infections Strategies 2005-08. The implementation of these strategies is in accordance with a sound evidence base and is regularly reviewed to ensure the approach to implementation is remaining responsive to new and emerging trends. This includes the provision of education grants to peak community based organisations and professional associations aimed at reducing the transmission of these diseases. In 2005-06, the Department worked towards implementation of new evidence-based guidelines for the National Cervical Screening Program – *Screening to Prevent Cervical Cancer: Guidelines for the Management of Asymptomatic Women with Screen Detected Abnormalities*. These guidelines are based on new evidence of human papillomavirus and its relationship to cervical cancer, which were endorsed by the National Health and Medical Research Council in June 2005. In 2005-06, core funding was provided by the Department for the implementation of a Funding Agreement with the National Centre for Immunisation Research and Surveillance of Vaccine Preventable Diseases. The requirements of the Funding Agreement include specific research and surveillance tasks for the Department in relation to immunisation and support of the work of the Australian Technical Advisory Group on Immunisation. This work will inform the evidence base underpinning the National Immunisation Program.

5 Accessible at: <www.healthyactive.gov.au>.

Target:	*Quality*: Social marketing initiatives improve the knowledge, attitude and behaviours in relation to diseases and health risks through targeted health promotion and disease prevention campaigns.	
Result:	Target met.	The Department developed and implemented the Get Moving National Physical Activity Campaign, which targeted children and their parents, and the Tobacco Health Warnings Campaign, which reinforced to smokers the negative health effects of smoking. Both campaigns were guided by market research to ensure they met the communications objectives established for these initiatives.
Target:	*Quality*: Achieve high rates of immunisation coverage for vaccines funded through the National Immunisation Program.	
Result:	Target met.	Childhood immunisation coverage rates for children at 12 months of age have been maintained at between 90 per cent and 92 per cent since June 2000. The success of the National Immunisation Program can largely be attributed to: • the links between Australian Government-funded vaccines and parent and provider eligibility for immunisation incentive payments; • work undertaken by the Department with the National Immunisation Committee; and • ongoing coordination of immunisation activities in general practice through the Department's management of the National General Practice Immunisation Program, delivered through the Divisions of General Practice network. The Department also produced and distributed to all general practices and State and Territory health departments a revised edition of the parent information resource *Understanding Childhood Immunisation*, which explains to new parents the vaccines that are recommended for children from birth to four years of age, and the diseases that the vaccines prevent.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Chronic Disease – Early Detection and Prevention;
- Communicable Disease Control;
- Drug Strategy;
- Food and Regulatory Policy;
- Immunisation;
- Public Health; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	In October 2005, the Department's *Bowel Cancer Screening Pilot Final Evaluation Report* found that population screening for bowel cancer using faecal occult blood tests is feasible, acceptable and cost-effective in an Australian context. This report will guide the implementation of a National Bowel Cancer Screening Program in Australia. The new recommendations *Nutrient Reference Values for Australia and New Zealand including Recommended Dietary Intakes* (NRVs) were released on 3 May 2006. The NRVs were funded by the Department and provide a range of recommended daily intake levels of nutrients for individuals and population groups to achieve good health and avoid deficiency states based on current evidence. The Department commissioned a range of alcohol and other drug use research and data sets in 2005-06, including the Illicit Drug Reporting System, the Australian Secondary Students Alcohol and Drugs Survey and the National Drug Strategy Household Survey. An update of a project to estimate the social costs of drug abuse was also funded by the Department. In 2005-06, the Department developed and implemented a new funding agreement with the National Centre for Immunisation Research and Surveillance (NCIRS). This agreement was established to provide additional resources for the organisation to continue to support the work of the Australian Technical Advisory Group on Immunisation, which is responsible for developing guidelines and providing evidence-based clinical advice on the medical administration of vaccines.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	Administered budget predictions varied from actual expenses by 8%. This variance resulted from demand driven changes to spending in various Population Health programs over the reporting period.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	During 2005-06, the Department offered a wide range of stakeholders the opportunity to participate in policy and program development. For example the Department: • established the Bowel Cancer Screening Implementation Advisory Group (IAG) to provide expert advice on implementation issues for the National Bowel Cancer Screening Program (NBCSP). The IAG enabled State and Territory governments and medical professionals to participate in the development of the NBCSP; • held 2 national consultation forums to inform the review of the HIV Testing Policy and Stage 1 of the Chlamydia Testing Pilot Program. These forums were attended by other Australian Government agencies, community organisations, professional associations and State and Territory governments; • directly engaged State and Territory governments in a collaborative effort to develop the National Implementation Plan for the Australian Better Health Initiative; and • undertook extensive stakeholder consultation in the development of the National Alcohol Strategy 2006-2009 and the National Cannabis Strategy 2006-2009.

OUTCOME **01**

POPULATION HEALTH

(Therapeutic Goods Administration group of regulators)
The incidence of preventable mortality, illness and injury in Australians is minimised

OUTCOME 01

POPULATION HEALTH

(THERAPEUTIC GOODS ADMINISTRATION GROUP OF REGULATORS)

Part 1: Outcome Performance Report

The Therapeutic Goods Administration group of regulators includes the Therapeutic Goods Administration (TGA), the Office of the Gene Technology Regulator (OGTR) and the Office of Chemical Safety (OCS) – incorporating the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). This group is responsible for the regulation of therapeutic products, chemicals and gene technology in Australia.

Major Achievements

- Released major components of the joint regulatory scheme for therapeutic products between Australia and New Zealand (the draft Medicines Rules and Medical Device Rules) for consultation.
- Progressed towards establishing the Australia New Zealand Therapeutic Products Authority.
- Progressed international cooperation on the regulation of therapeutic goods through the establishment of a formal agreement with Switzerland, and finalised arrangements with Canada.
- Established a new regulatory framework for the supply of cosmetics (joint reform initiative between the National Industrial Chemicals Notification and Assessment Scheme and the Therapeutic Goods Administration).

Key Strategic Directions for 2005-06

Establishment of the Trans Tasman Therapeutic Products Regulatory Scheme

In December 2005, the Therapeutic Products Interim Ministerial Council announced the deferral of the start up date for the joint Trans Tasman Therapeutic Products Regulatory Scheme. The deferral was to allow an extensive consultation program to enable industry, in particular, to review and comment on the legislation and Rules for the new regulatory scheme.

Since then, the TGA and Medsafe (the New Zealand Medicines and Medical Devices Safety Authority) have made steady progress towards the establishment of the Australia New Zealand Therapeutic Products Authority (ANZTPA) and the joint regulatory scheme. The first set of documents detailing the proposed joint regulatory scheme to be operated by the new Authority was released for public consultation on 23 May 2006.

Following the release of the consultation documents, information/consultation sessions were held by Medsafe and the TGA in New Zealand and Australia during June 2006. The meetings provided an opportunity for industry and other interested stakeholders to hear about the proposed regulatory scheme, ask questions and provide preliminary feedback. Submissions from industry, consumers and other interested stakeholders are being sought on the consultation documents, which to date include the draft Rules for medicines and medical devices.

Before the commencement of the joint regulatory scheme, stakeholder consultations need to be completed and legislation introduced and passed by the parliaments of both countries. Further details on the Stakeholder Consultation Programme 2006-07 are available from the ANZTPA web site.[1]

Agreements with International Agencies in Relation to the Regulation of Therapeutic Products, Chemicals, and Gene Technology

Memorandum of Understanding between the TGA and the Federal Department of Home Affairs acting in the name of the Federal Council of the Swiss Confederation

The TGA and the Swiss Federal Department of Home Affairs signed a Memorandum of Understanding (MoU) on therapeutic goods in Canberra on 29 March 2006.

Swissmedic (the Swiss Regulatory authority for therapeutic products) and the TGA have developed a strong relationship over the years, particularly in the manufacture of medicines through Good Manufacturing Practice (GMP) inspections and the regulation of medical devices through the Global Harmonisation Task Force and the global device vigilance exchange programs.

The MoU formalised cooperative arrangements for the exchange of information relating to the regulation of all therapeutic products, particularly in the areas of medicines' GMP inspections and post market monitoring of therapeutic products. It also serves to facilitate and encourage the development of collaborative activities and the sharing of information relating to the regulation of medicines and medical devices.

Australia-Canada Memorandum of Understanding on Quality Management Systems Certification for Medical Device Manufacturers

Memorandum of Understanding negotiations in 2005-06 between the Canadian Health Products and Food Branch (HPFB) and the Australian TGA on the reciprocal recognition of quality management system (QMS) certifications for medical device manufacturers entered the confidence building phase. A rigorous confidence building framework was developed that includes, but is not limited to, a review of documentation and audits of each other's processes, procedures and systems for conducting audits of manufacturers' quality management systems. The confidence building exercise will also include observed on-site audits of medical device manufacturers.

Due to operational considerations, both parties agreed to revise the timelines for the MoU. The confidence building phase of the project (with the exception of the observed audits), is scheduled to be completed by the end of the first quarter of 2007, after which the TGA and the HPFB expect to be able to sign the MoU and receive applications from manufacturers to participate in observed audits.

Under the MoU, QMS certifications issued by the TGA will be recognised by the HPFB and considered as part of an application for a device licence that would allow supply in Canada. Likewise, QMS certifications issued by a participating Canadian registrar will be recognised by the TGA and considered as part of an application for a Conformity Assessment Certificate issued by the TGA.

Once operational, this arrangement will avoid any duplication of QMS audits currently required for manufacturers who export their medical devices to the two jurisdictions.

1 Accessible at: <www.anztpa.org/consult/programme0607.htm>.

Therapeutic Products

Review of Access to Unapproved Therapeutic Goods

The TGA and the National Health and Medical Research Council jointly commissioned a report of the Review of Access to Unapproved Therapeutic Goods, which was completed and accepted by the Clinical Trials Review Steering Committee set up to oversee the project. This review was intended to examine the environment for clinical trial research in Australia and New Zealand and to make recommendations to improve existing systems and to advise on a new system for the Trans-Tasman environment.

The report underwent a period of public consultation until 8 July 2005. The TGA encouraged initial submissions from all stakeholders, including the community, through newspaper advertising and the TGA web site.[2] A Government response to the review is being finalised. The Government response to the review will guide any required changes to TGA functions prior to the establishment of ANZTPA and be reflected in the joint regulatory scheme.

Medical Devices

In Vitro Diagnostics Regulatory Framework

In vitro diagnostics (IVDs) are defined as any instrument, equipment or apparatus, reagent (alone or in combination) or control/calibrator, that is intended to be used *in vitro* for the examination of a specimen derived from the human body.

The TGA and industry reached agreement on the proposed IVD regulatory framework and the associated cost recovery arrangements in November 2005.

The IVD regulatory framework will be implemented by the TGA in two stages, commencing with the regulatory framework for commercial IVDs, proposed for 2007. This will be followed by the regulatory framework for in-house IVDs at a date to be determined. Higher risk Class 4 commercial IVDs will have two years to meet the new requirements, while the lower risk Class 1-3 commercial IVDs will have four years to meet the new requirements.

The TGA held a round of industry seminars in early May 2006, in major capital cities, to educate stakeholders about the new requirements. The TGA is working with industry to develop guidance documents on the new regulatory system.

The new regulatory system will bring Australia into line with international best practice for the regulation of IVDs.

Cellular and Tissue Therapies

Proposed Regulatory Framework for Human Tissues and Cellular Therapies

Currently, some human cell and tissue products are subject to regulation as medicines or medical devices and others are exempted, for example whole organs and products manufactured for individual patients under the supervision of the treating medical practitioner. These arrangements will be brought together within a single office for biologicals under ANZTPA. This office will focus in particular on the transmission of infectious diseases associated with the use of human cells and tissues as therapeutic products. This approach for the regulation of products derived from humans and other biological sources is similar to developments for regulation of biological products in other countries.

During 2005-06, the TGA continued consultations with stakeholder groups on specific issues requiring development to underpin the regulatory framework for human tissues and cellular therapies. Jurisdictional input to the framework and its proposed options for funding arrangements has been a significant milestone in drawing together critical elements of the proposal.

It is proposed that the regulations will be implemented in 2007 and will keep Australia consistent with international best practice.

Gene Technology Regulation

During 2005-06, the Gene Technology Ministerial Council (GTMC) appointed an independent panel to conduct a review of the *Gene Technology Act 2000* in accordance with Section 194 of the Act. The Department's Acute Care Division provided the independent panel with secretariat support. The panel's report was tabled in the Australian Parliament on 27 April 2006 and Australian, State and Territory government ministers commenced the preparation of a response by all jurisdictions.

Following extensive consultation on proposed technical amendments to the Gene Technology Regulations 2001 with a wide range of interest groups and the public, the Gene Technology

2 Accessible at: <www.tga.gov.au>.

Amendment Regulations 2005 are being finalised by the Office of the Gene Technology Regulator (OGTR) in conjunction with the Office of Legislative Drafting for consideration by the GTMC.

The OGTR is liaising with the Plant Biosafety Office of the Canadian Food Inspection Agency to establish an officer exchange arrangement to work on areas of mutual regulatory interest.

The risk assessment and risk management plans for all licence applications to deal with genetically modified organisms processed by the OGTR in 2005-06 were prepared in accordance with the Regulator's revised *Risk Analysis Framework*.

Chemicals Regulation

The National Industrial Chemicals Notification and Assessment Scheme (NICNAS) worked closely with the TGA and industry in 2005-06 to address complex boundary issues between areas of regulation in regards to the supply of cosmetics. This involved clearly defining what is regulated as therapeutic goods and what is regulated under cosmetics legislation. The joint collaboration resulted in the establishment of a new regulatory framework for the supply of cosmetics, which was endorsed by the Australian Government in November 2005.

In 2005-06, NICNAS also established framework controls for chemicals that present low regulatory concern. This resulted in the introduction of special permit categories, which include chemicals produced for export only purposes.

Part 2: Performance Information

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- working with relevant policy areas of the Department to provide advice in relation to appropriate national policies and controls for medicines, medical devices, chemicals, gene technology, blood and tissues; and
- advice in relation to collaboration with international stakeholders.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision-making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.

Output Group 3. Agency-specific Service Delivery, including:

- regulatory activity in relation to therapeutic products, through:
  - pre-market assessment of therapeutic products at a level appropriate to assessed risk;
  - assessment of manufacturers of therapeutic products to ensure compliance with Good Manufacturing Practice requirements; and
  - post-market surveillance and other activities based on risk management and targeted testing of therapeutic products;

Target:	*Quality*: Evaluations and appeals of decisions on applications for entry of products onto the Australian Register of Therapeutic Goods are made within legislated timeframes, where applicable.	
Result:	Target met.	The statutory timeframes were met for all prescription medicines evaluations in 2005-06. The numbers of submissions relating to prescription medicines are shown in Table 1 at the end of this chapter.
Target:	*Quality*: Licensing audits and ongoing surveillance audits of Australian and overseas manufacturers are performed within target timeframes.	
Result:	Target met.	All audits and applications were performed within target timeframes.
Target:	*Quality*: Breaches of the *Therapeutic Goods Act 1989* are investigated and appropriate action taken.	
Result:	Target met.	During the period 1 July 2005 to 30 June 2006, 464 new referrals breaches were received from stakeholders including members of the public, industry, local and international law enforcement and regulatory agencies with 425 investigations completed. The TGA Surveillance Unit issued 126 formal warnings to persons/companies and charged 12 persons/companies with 116 criminal offences.
Target:	*Quality*: Consultation with stakeholders on regulatory change in relation to therapeutic products.	
Result:	Target met.	The TGA group of regulators has received feedback from a number of sources that has indicated a generally positive response to inputs to national policy, planning and strategy development and implementation. Examples include consultations with stakeholders on the proposed IVD regulations; the new framework for Human Cellular and Tissue Therapies; workflow practices within the Drug Safety and Evaluation Branch of the TGA; and the review of Australian arrangements for clinical trials and access to unapproved therapeutic goods.
Target:	*Quantity*: 6,500–8,000 applications for registration, listing, inclusion or variation of products on the Australian Register of Therapeutic Goods processed to completion.	
Result:	Target met.	7,333 applications for registration, listing or inclusion on the Australian Register of Therapeutic Goods were approved in 2005-06.
Target:	*Quantity*: A minimum of 800 therapeutic products tested as part of post-marketing surveillance.	
Result:	Target met.	TGA Laboratories tested 898 products consisting of 1,780 samples in 2005-06. In addition, TGA Laboratories completed protocol release evaluations for 551 batches of biological medicines.

- regulatory activity in relation to genetically modified organisms (GMOs), through licensing and monitoring of dealings with GMOs;

Target:	*Quality*: Evaluations and appeals of decisions on applications to deal with GMOs are made within legislated timeframes, where applicable.	
Result:	Target met.	The OGTR received 38 licence applications for dealings involving intentional release of GMOs into the environment and dealings not involving intentional release of GMOs into the environment. The OGTR issued 22 licences to deal with GMOs. All evaluations were completed within statutory timeframes. There were no appeals against Gene Technology Regulator decisions.
Target:	*Quality*: Non-compliances of the *Gene Technology Act 2000* are investigated and appropriate action taken.	
Result:	Target met.	All breaches of the *Gene Technology Act 2000* that were detected through OGTR monitoring activities or self-reported were investigated. In all instances risks to human health and safety and the environment were assessed as negligible and commensurate action was taken, including increased monitoring of certain field trial sites and increased education of licence holders.
Target:	*Quality*: Consultation with stakeholders on regulatory change in relation to GMOs.	
Result:	Target met.	The OGTR consulted extensively with stakeholders in developing proposed technical amendments to the Gene Technology Regulations 2001 and the revision of the Regulator's *Guidelines for the Certification of Physical Containment 1 & 2 Large Scale and Physical Containment 3 Laboratory Facilities.*
Target:	*Quantity*: A minimum of 20% of field trials inspected for compliance with conditions in licences to undertake dealings with GMOs.	
Result:	Target met.	More than 20% of field trials were inspected for compliance with conditions in licences to undertake dealings with GMOs.

- regulatory activity in relation to industrial chemicals, pesticides and veterinary medicines, through:
  - pre-introduction assessment of new industrial chemicals and review of priority existing industrial chemicals (including environmental risk);
  - provision of advice on the public health impact of pesticides and veterinary medicines, which takes into account national and internationally recognised standards; and
  - establishment and maintenance of human health standards;

Target:	*Quality*: Evaluations and appeals of decisions on applications in relation to: • industrial chemicals; and • human health aspects of pesticides and veterinary medicines are made within legislated timeframes, where applicable.	
Result:	Target met.	The timeframe target of 95% was exceeded for 202 New Chemicals assessment certificates and 120 New Chemical permits. NICNAS declared for assessment 27 Existing Chemicals and completed 11 Priority Existing Chemical and other assessments, and completed 6 hazardous assessments for international agencies exceeding the target of 13 assessments to be completed a year. There were 2 applications involving 3 appellants made to the Administrative Appeals Tribunal. These decisions remain pending. The Director of NICNAS granted confidential listings on the Australian Inventory of Chemical Substances (AICS) for 25 chemicals from a total of 33 applications received, and there are 7 pending applications with 1 listed on the public AICS. The Office of Chemical Safety met 97.5% of timeframes (target 95%) for all 9 major and 55 minor pesticide and veterinary medicine health risk assessments and 53 occupational health and safety assessments, plus 3 permits and 1 extension of use. All of these registration assessment reports were accepted by the Australian Pesticides and Veterinary Medicines Authority. For 2005-06, a total of 10 pesticide reviews were completed. Of these, 6 were completed within the agreed timeframes, partially achieving the target of 95%. 3 of the 10 completed reviews required post-assessment amendments to the health standards. The National Drugs and Poisons Scheduling Committee made 101 scheduling decisions during the year (21 agricultural and veterinary chemicals, 70 medicines and 10 chemicals). Of these, 7 were subject to post meeting comment and all but 1 were confirmed/amended (ie accepted). The Office established or amended, following review, 122 public health standards for pesticides. There were 3 amendments of the *Standard for the Uniform Scheduling of Drugs and Poisons*, 20th edition; 1 consolidated *Standard for the Uniform Scheduling of Drugs and Poisons,* 21st edition; and 3 issues of the *Handbook of First Aid Instructions, Safety Directions and Warning Statements for Agricultural and Veterinary Chemicals.*
Target:	*Quality*: Breaches of the *Industrial Chemicals (Notification and Assessment) Act 1989* are investigated and appropriate action taken.	
Result:	Target met.	NICNAS finalised 17 breaches relating to the introduction of new chemicals and audited 15,194 entities concerning registration requirements under the *Industrial Chemicals (Notification and Assessment) Act 1989*. This compliance effort resulted in remedial action by companies in order to become compliant and 1,233 new registrations.

Target:	*Quality*: Consultation with stakeholders on regulatory change in relation to industrial chemicals, pesticides and veterinary medicines.	
Result:	Target met.	NICNAS completed public consultations on the discussion paper on a new model for the NICNAS Existing Chemicals Assessment Program.

- provision of licensing, permits and/or monitoring system for prohibited and scheduled substances under the United Nations Drug Treaty.

Target:	*Quantity*: 95% of permits and licences issued and reporting completed within agreed targets.	
Result:	Target met.	Compliance activities for licit use of controlled substances saw 5,467 permits and 721 licences issued, all within target timeframes (97%). A total of 1.9 million domestic movements of controlled substances for licit purposes were tracked as part of the national anti-drug diversion program. Australia's compliance efforts for the calendar year 2005 were reported to the United Nations International Narcotics Control Board on 30 June 2006 as required.

Table 1: Prescription Medicines Submissions

		2004-05	2005-06
Category 1	An application to register a new prescription medicine or a change to a medicine not meeting the requirements for Category 2 or Category 3 applications.	335	366
Category 2	An application to register a prescription medicine where two independent evaluation reports from acceptable countries are available.	0	0
Category 3	An application involving changes to the quality data of medicines already included on the Australian Register of Therapeutic Goods and not involving clinical, non-clinical or bioequivalence data.	989	954

Outcome 1: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 1.1: Chronic Disease - Early Detection and Prevention			
Appropriation Bill 1/3/5	20,079	20,585	506
	20,079	**20,585**	**506**
Program 1.2: Communicable Disease Control			
Appropriation Bill 1/3/5	19,324	17,606	(1,718)
Appropriation Bill 2/4/6	2,266	1,913	(353)
	21,590	**19,519**	**(2,071)**
Program 1.3: Drug Strategy			
Appropriation Bill 1/3/5	63,919	57,266	(6,653)
Appropriation Bill 2/4/6	55,294	54,084	(1,210)
	119,213	**111,350**	**(7,863)**
Program 1.4: Food and Regulatory Policy			
Appropriation Bill 1/3/5	220	254	34
	220	**254**	**34**
Program 1.5: Health Emergency			
Appropriation Bill 1/3/5	-	-	-
Appropriation Bill 2/4/6	-	-	-
	-	-	-
Program 1.6: Immunisation			
National Health Act 1953 - Essential Vaccines	181,493	207,482	25,989
Total Special Appropriations	181,493	207,482	25,989
Appropriation Bill 1/3/5	16,055	9,905	(6,150)
Appropriation Bill 2/4/6	259	304	45
	197,807	**217,691**	**19,884**
Program 1.7: Public Health			
Appropriation Bill 1/3/5	21,262	19,057	(2,205)
Appropriation Bill 2/4/6	163,874	163,535	(339)
	185,136	**182,592**	**(2,544)**
Total Administered Expenses	**544,045**	**551,991**	**7,946**
Departmental Appropriations			
Output Group 1 - Policy Advice	17,904	17,682	(222)
Output Group 2 - Program Management	26,855	35,699	8,844
Total price of departmental outputs			
(Total revenue from Government and other sources)	**44,759**	**53,381**	**8,622**
Total revenue from Government (appropriations) contributing to price of departmental outputs	42,753	49,518	6,765
Total revenue from other sources	2,006	3,863	1,857
Total price of departmental outputs			
(Total revenue from Government and other sources)	**44,759**	**53,381**	**8,622**

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Therapeutic Goods Administration group of regulators			
Therapeutic Goods Administration (TGA)			
Output Group 3 - Agency-specific Service Delivery	73,972	73,224	(748)
Office of the Gene Technology Regulator			
Output Group 3 - Agency-specific Service Delivery	7,843	8,171	328
National Industrial Chemicals Notification and Assessment Scheme			
Output Group 1 - Policy Advice	-	-	-
Output Group 3 - Agency-specific Service Delivery	6,495	8,324	1,829
Total price of TGA group of regulators outputs	**88,310**	**89,719**	**1,409**
Total revenue from Government (appropriations) contributing to price of departmental outputs	9,329	9,329	-
Total revenue from other sources	78,981	80,390	1,409
Total price of TGA group of regulators outputs *(Total revenue from Government and other sources)*	**88,310**	**89,719**	**1,409**
Total estimated resourcing for Outcome 1 *(Total price of outputs and administered expenses)*	**677,114**	**695,091**	**17,977**
Average Staffing Level (Number)			
Department	**1,147**	**886**	**(261)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **02**

MEDICINES AND MEDICAL SERVICES

Australians have access through Medicare
to cost-effective medicines and medical services

OUTCOME 02

MEDICINES AND MEDICAL SERVICES

Part 1: Outcome Performance Report

Outcome 2 was managed in 2005-06 by the Medical and Pharmaceutical Services Division and the Department's State and Territory Offices. The major components of Outcome 2 are the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS).

Major Achievements

- Increased value to the community from generic versions of medicines listed on the PBS.
- Streamlined processes to reduce the time to list approved drugs on the PBS.
- Finalisation of the Fourth Community Pharmacy Agreement, to support access to PBS medicines dispensed through community pharmacy.

Challenge

- Delays in appointing a suitably qualified agency to administer the Community Service Obligation Pool funded under the Fourth Community Pharmacy Agreement.

Key Strategic Directions for 2005-06

Improved Access and Affordability of Medical Services through Medicare

On 1 November 2005 and 1 May 2006, the Department amended existing items and introduced new items onto the MBS in several specialities to better reflect and provide for current clinical practice. Fees for certain consultant psychiatrist attendances were increased and these will encourage more psychiatrists to engage with carers of patients. Fees for emergency medicine services were increased to align emergency physicians' attendance items with the specialist item structure and provide higher rebates for patients.

Following recommendations of the Medical Services Advisory Committee, the Department implemented the Australian Government's decision to introduce new services under Medicare to provide treatment for cancer, including of the breast, prostate and liver, cardiovascular disease and incontinence.

The Department also implemented a new MBS item to provide comprehensive eye examination, by an ophthalmologist, of children aged 0-8 years inclusive, and of developmentally delayed children aged 0-14 years inclusive, where the examination involves an additional level of complexity. The Department implemented a comparable item for optometric examination of children where specific eye health conditions are present.

Recognition of pain medicine and palliative medicine as medical specialties has resulted in the inclusion of MBS items for attendance and case conference services when performed by a consultant physician and appropriately recognised specialists.

Increased Value from Generic Versions of Medicines on the PBS

In 2005-06, the Department applied the 12.5 per cent policy to new generic brands of drugs listed on the PBS. In August and December 2005 and April 2006, 42 new generic brands triggered a 12.5 per cent price reduction, affecting 264 brands.

The Department expects that savings of just under $800 million over four years will be achieved from the 12.5 per cent generics policy. This figure has been revised down from the original estimate of $1.035 billion as a result of a recommendation of the Pharmaceutical Benefits Advisory Committee (PBAC) to retain a higher price for one of the drugs (atorvastatin) in the group of lipid lowering drugs.[1]

1 The PBAC is a statutory body that advises the Minister on the listing of medicines on the PBS.

The level of savings achieved by the policy since 1 August 2005 will be assessed by the Department as part of a review of savings.

Increased Transparency and Efficiency of the Listing Process for the PBS

The Department made significant progress in streamlining PBS processes to reduce the time taken to list approved drugs on the PBS. Feedback from Medicines Australia and industry representatives was very positive.

A three tiered process that recognises differing complexities in drug submissions was agreed between the Department and the pharmaceutical industry. The Department is meeting the needs of the community by developing and managing new processes that will reduce the time it takes to list a medicine on the PBS, to the benefit of patients.

Trial of Tier 1 (a fast track process) was positively received by all parties and is expected to be incorporated into the listing process in early 2007. This will apply to about 25 per cent of drug submissions. When combined with monthly electronic PBS listings, it is expected that many of these drugs will be listed on the PBS within 6-8 weeks of a positive PBAC recommendation.

The Department made significant changes to its information systems, with the key goal of reducing PBS listing times by producing a comprehensive online PBS Schedule each month. Work is continuing with key stakeholders to ensure a smooth transition to the new on-line schedule, to be implemented by December 2006. This will ensure easier listings of new measures.

The Department's implementation of the pharmaceutical provisions of the Australia-United States Free Trade Agreement progressed during 2005-06 and delivered a number of improvements in the transparency of the PBS listing process. From October 2005, Public Summary Documents (PSDs) detailing the PBAC consideration of applications for the listing of medicines on the PBS were placed on the Department of Health and Ageing web site. Each PSD contains clinical, economic and utilisation data to help stakeholders and the public to understand submissions and the recommendations made by the PBAC.

From July 2005, sponsors of applications to the PBAC have been able to seek a short hearing before the committee while it is considering their application. In consultation with industry, the Department developed guidelines and procedures to support the establishment of an independent review process which is available to applicants whose application for the listing of a medicine was not recommended by the PBAC. A convenor was appointed to manage the independent review process. One request for independent review was received in 2005-06 and is currently being progressed by the reviewer.

Consultation on Cost Recovery Commenced

In the 2005-06 Budget, the Australian Government announced that from 1 July 2007, full cost recovery will be introduced for the listing of medicines on the PBS.

During 2005-06, the Department held meetings with the peak industry bodies, the Generic Medicines Industry Association and Medicines Australia. Discussions were of a general nature to allow industry input at the initial phase of the project. An activity based costing was conducted by an experienced independent consultant to assess all costs in the listing process.

The Department will keep the Generic Medicines Industry Association and Medicines Australia informed of progress. Further formal and informal consultations will occur at appropriate points in the development and implementation phases.

Long Term Financial Stability in Health Care Programs

In November 2005, the Australian Government and the Pharmacy Guild of Australia reached agreement about the remuneration pharmacists will receive for dispensing PBS medicines. Under the Fourth Community Pharmacy Agreement, the Department – in conjunction with Medicare Australia – will manage the provision of funding for the distribution and supply of PBS medicines over the period 1 December 2005 to 30 June 2010. The new payments came into effect from 1 July 2006 with an increased dispensing fee, cap on the retail mark-up for high cost medicines and reduced wholesale mark-up. The introduction of caps on the wholesale and retail mark-ups for more expensive PBS medicines, and the establishment of the Community Service Obligation (CSO) funding pool, will assist in reducing long term growth in the PBS, as payments will be based on flat fees, rather than being linked to the price of the medicine (which is expected to increase, over time).

The prevalence of type 2 diabetes is expected to impact on the number of products supplied through the National Diabetes Services Scheme (NDSS). The NDSS is an Australian Government scheme which provides financial assistance for the provision of subsidies for diabetic aids and appliances. The NDSS is administered on behalf of the Australian Government by Diabetes Australia. The growth rate of people with type 2 diabetes registering with the NDSS over the last three years has averaged 12 per cent. The number of people with type 1 diabetes has grown at an annual rate of two per cent over the same period. Although a large number of people will be diagnosed with diabetes, many will be able to effectively monitor their condition through diet and exercise.

Ongoing consultation by the Department with the Australian Medical Association and relevant medical colleges and associations ensures that Medicare continues to evolve in line with evidence-based policy, providing safe, effective and cost-effective health care for all Australians.

Improved Access to Services

As part of the Fourth Community Pharmacy Agreement, the Australian Government and the Pharmacy Guild of Australia agreed to introduce new arrangements for the location of pharmacies approved to supply PBS medicines. These new arrangements were implemented by the Department and commenced on 1 July 2006. They aim to improve community access to pharmacy services.

The new rules assist pharmacies to relocate to large medical centres and small shopping centres and for a second pharmacy to be relocated to rural towns where there is a large population. The new arrangements introduce a discretionary power to allow the Minister for Health and Ageing to approve a pharmacy where there is an unmet community need for pharmacy services, and it is in the public interest to approve the pharmacy.

The Fourth Agreement also introduces a new CSO funding pool of $150 million per annum in recognition of the costs faced by pharmaceutical wholesalers in providing the full range of PBS medicines to all community pharmacies. The objective of the CSO funding pool is to ensure that arrangements are in place to provide all Australians with ongoing, timely access, via their community pharmacy, to all PBS medicines.

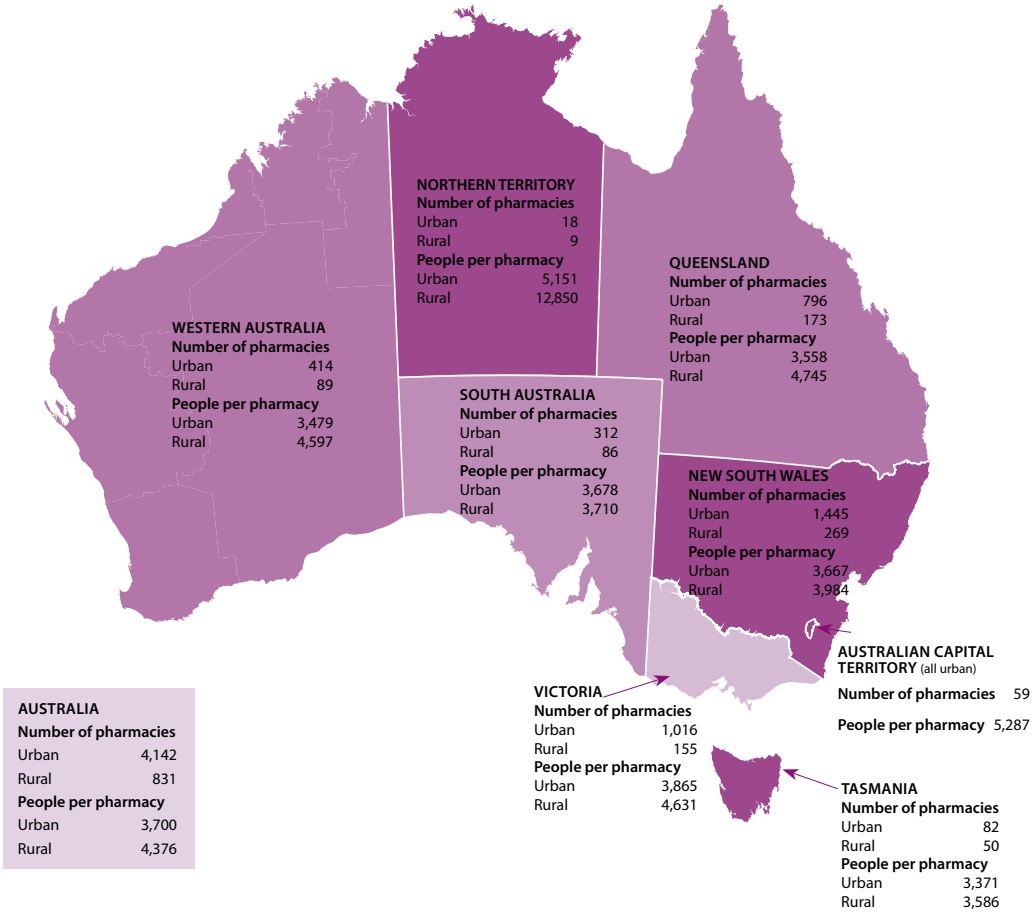
The Department managed a process to determine eligibility for participation in the CSO funding pool. The Pharmacy Guild of Australia worked closely with the Department in finalising these arrangements. An invitation to apply was released in May 2006. Eligible CSO distributors commenced receiving payments by the end of August 2006, with respect to medicines supplied from 1 July 2006.

The Department is also conducting a procurement process to engage an agency outside government to administer the CSO funding pool.

The administration of the funding pool requires highly specialised expertise, including expert knowledge of the PBS and pharmaceutical wholesaling practices, the capacity to receive, analyse and store large volumes of data, and the ability to undertake complex data interrogations and calculations to determine payments.

In April 2006, the Department released a request for Expressions of Interest from organisations interested in performing the role of CSO Administration Agency. The appointment of a suitable organisation is expected to be finalised later in the year.

Figure 2.1: Distribution of Australian Pharmacies by Urban and Rural Areas 2006



Sources: Medicare Australia data at 30 June 2006; Census 2001 data; PhARIA 2004-05.

The Department, through recognition of pain and palliative medicine as specialist services under Medicare, will support patients with complex needs that require care from a multidisciplinary team, to access appropriate attendance and case conference services.

The introduction, in May 2006, of targeted health check services, and items for services performed by a registered Aboriginal health worker, will improve access to primary health case services for Aboriginal and Torres Strait Islanders in rural and regional areas, and in particular will encourage earlier intervention for children. Further discussion of this initiative can be found in the Outcome 4 chapter.

Better Integrated Health Care Programs

Increasing focus by the Department on the recognition of new specialties during 2005-06 further supported evolution towards a multidisciplinary approach to managing patients with complex conditions and care requirements. This recognition will strengthen already existing attendance and case-conferencing items, encouraging increased uptake of Medicare services performed by consultant physicians and appropriately recognised specialists.

Performance Information for Administered Items

Administered Funding – Medicines and Medical Services Programs, including:

- Community Pharmacy and Pharmaceutical Awareness;
- Medicare Services;
- Pharmaceuticals and Pharmaceutical Services;
- Targeted Assistance – Medical; and
- Targeted Assistance – Pharmaceuticals, Aids and Appliances.

Target:	*Quantity*: Medicare rebates will be provided for an estimated 243 million services, representing approximately 11.6 services per capita.	
Result:	Target met.	In 2005-06, Medicare Australia processed 247.4 million Medicare services, representing 12.0 services per capita.
Target:	*Quantity*: An estimated 690,000 families and 140,000 singles benefit from the extended Medicare safety net in calendar year 2005.	
Result:	Target not met.	As at 30 June 2006, for services provided in 2005, 622,211 families and 117,595 singles have either received extended Medicare safety net (EMSN) benefits or will receive benefits when their out-of-pocket expenses have been substantiated. The numbers of families and singles benefiting from the EMSN will increase further as claims for the 2005 calendar year continue to be submitted to Medicare Australia for processing.
Target:	*Quality*: 100% of new medical services listed for funding under the MBS have been assessed for evidence of safety, efficacy and cost effectiveness.	
Result:	Target met.	All new medical services were listed on the MBS following assessment by the Medical Services Advisory Committee.
Target:	*Quantity*: The number of breast cancer patients assisted through the Herceptin program is 750.	
Result:	Target met.	Since the inception of the Herceptin Program 2,157 patients have received assistance.
Target:	*Quantity*: The average cost of Herceptin treatment for patients is $50,000.	
Result:	Target not met.	The most recent data shows the average course of treatment for patients in the Herceptin program is longer than originally forecast. The dosage of Herceptin relates principally to body weight and the average body weight of the patient group was slightly higher than expected; this, combined with the longer period of treatment, meant that the average cost of treatment for one year was approximately $67,000. Note: This program operated outside the PBS, for patients with late-stage breast cancer. Herceptin was added to the PBS for patients with early-stage breast cancer in October 2006.
Target:	*Quantity*: An estimated 184 million Pharmaceutical Benefits Scheme prescriptions will be subsidised for general and concessional patients, representing approximately 9.0 prescriptions per capita.	
Result:	Decrease from previous year.	The number of prescriptions dispensed in 2005-06 subsidised under the PBS was 168 million. This compared with 170 million in 2004-05.

Target:	*Quantity*: An estimated 1.2 million families and singles qualify for reduced patient copayments under the PBS safety net.	
Result:	Target not met.	Reaching the PBS safety net threshold is calculated over a calendar year. In the calendar year 2005, 1.14 million families and singles qualified for reduced patient copayments under the PBS safety net.
Target:	*Efficiency*: Growth in expenditure on the Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme (RPBS) is 8.6% for the year.	
Result:	Script volumes were 1.1% lower than expected due to changes in patterns of prescribing and drug use.	Changes in patterns of prescribing and drug use and the impact of measures to reduce the cost to government of some medicines contributed to expenditure on the PBS and the RPBS for 2005-06 growing at a rate of 2.5%.
Target:	*Quality*: An estimated 779,000 persons with diabetes benefit from subsidised products and services through the National Diabetes Services Scheme.	
Result:	Target met.	As at 30 June 2006, there were nearly 782,000 persons with diabetes registered on the National Diabetes Services Scheme (NDSS). Of those, an estimated 450,000 directly benefited from accessing subsidised products through the NDSS. The remaining 332,000 benefited from a range of NDSS educational and information services.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Community Pharmacy and Pharmaceutical Awareness;
- Medicare Services;
- Pharmaceuticals and Pharmaceutical Services;
- Targeted Assistance – Medical;
- Targeted Assistance – Pharmaceuticals, Aids and Appliances; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	Evidence-based policy research undertaken by the Department, such as the provision of policy advice to the Minister for the implementation of changes to the Medicare Benefits Schedule, was produced in a timely manner.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target met.	Actual expenses for Outcome 2 were $17.329 billion compared to a predicted $17.255 billion. Overall expenses varied by 0.43% from budgeted expenses.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The Fourth Community Pharmacy Agreement provides more than $500 million in funding for a range of professional pharmacy programs. A new consultative committee, the Professional Programs and Services Advisory Committee, was established in March 2006 to provide advice to the Minister on the funding of these programs. Membership includes the Pharmacy Guild of Australia and other members appointed by the Minister. As well as development of new services, the Medicare Benefits Consultative Committee and the Optometric Benefits Consultative Committee have an ongoing role in the review of existing services to ensure that they reflect and encourage current clinical practice.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	Review of the Visudyne Therapy program
Timeframe:	Commencement date: July 2005 End date: May 2006

Outcome 2: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 2.1: Community Pharmacy and Pharmaceutical Awareness			
Appropriation Bill 1/3/5	117,197	93,921	(23,276)
	117,197	**93,921**	**(23,276)**
Program 2.2: Medicare Services			
Health Insurance Act 1973 - Medicare Benefits	10,703,853	10,825,241	121,388
Total Special Appropriations	**10,703,853**	**10,825,241**	**121,388**
Program 2.3: Pharmaceuticals and Pharmaceutical Services			
National Health Act 1953 - Pharmaceuticals Benefits	6,170,829	6,163,130	(7,699)
Total Special Appropriations	**6,170,829**	**6,163,130**	**(7,699)**
Program 2.4: Targeted Assistance - Medical			
Appropriation Bill 1/3/5	28,845	15,500	(13,345)
	28,845	**15,500**	**(13,345)**
Program 2.5: Targeted Assistance - Pharmaceuticals, Aids and Appliances			
National Health Act 1953 - Aids and Appliances	159,257	157,075	(2,182)
Total Special Appropriations	159,257	157,075	(2,182)
Appropriation Bill 1/3/5	75,238	74,316	(922)
	234,495	**231,391**	**(3,104)**
Total Administered Expenses	**17,255,219**	**17,329,183**	**73,964**
Departmental Appropriations			
Output Group 1 - Policy Advice	15,721	46,985	31,264
Output Group 2 - Program Management	47,162	12,872	(34,290)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**62,883**	**59,857**	**(3,026)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	62,266	59,348	(2,918)
Total revenue from other sources	617	509	(108)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**62,883**	**59,857**	**(3,026)**
Total estimated resourcing for Outcome 2 *(Total price of outputs and administered expenses)*	**17,318,102**	**17,389,040**	**70,938**
Average Staffing Level (Number)			
Department	**268**	**265**	**(3)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **03**

AGED CARE AND POPULATION AGEING

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

OUTCOME 03

AGED CARE AND POPULATION AGEING

Part 1: Outcome Performance Report

Outcome 3 was managed in 2005-06 by the Ageing and Aged Care Division. The Department's State and Territory Offices and the Aged Care Payments Redevelopment Group also contributed to achieving this outcome.

Major Achievements

- More than 200,000 aged care places in operation in Australia.
- Established a range of new dementia services and increased respite services for carers of frail older Australians.
- Developed enhanced prudential arrangements and a repayment guarantee scheme for aged care residents' accommodation bonds.
- Developed policy and program initiatives to respond to incidents of physical and sexual abuse of older people living in residential aged care facilities.

Challenges

- Delayed completion of a national trial of the new aged care funding instrument.
- Incomplete negotiations on a new process to assess residents of serviced apartments within retirement villages to determine their eligibility for GST-free treatment of accommodation and service charges.

Key Strategic Directions for 2005-06

Improved Choice and Availability of Care

During 2005-06, the Department's activities continued to support the increase in the availability of aged care. In 2001, the Department was given the target of achieving almost 200,000 operational aged care places by June 2006. This goal was met with 204,869 operational aged care places at 30 June 2006. An additional 11,208 aged care places were allocated in the 2005 Aged Care Approvals Round, comprising 5,274 residential aged care places and 5,934 community aged care places (4,352 Community Aged Care Packages, 915 Extended Aged Care at Home packages and 667 Extended Aged Care at Home [Dementia] packages). Table 3.1 shows both allocated and operational aged care places, expressed as the number of places for every 1,000 people aged 70 and over, by aged care planning region.

Table 3.1: Allocated and Operational Aged Care Places per 1,000 Persons aged 70 and over by Aged Care Planning Region, 30 June 2006[1]

Aged Care Planning Region	Ratio of Allocated Places				Ratio of Operational Places			
	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
New South Wales								
Central Coast	87.0	21.2	-	108.2	73.8	21.2	-	95.1
Central West	95.6	19.1	-	114.7	92.7	18.3	-	111.0
Far North Coast	93.5	19.8	-	113.2	78.1	19.8	-	97.9
Hunter	93.7	18.7	-	112.4	81.8	18.1	-	99.9
Illawarra	95.0	22.1	-	117.0	69.4	22.1	-	91.4
Inner West	118.8	19.0	-	137.8	111.7	19.0	-	130.6
Mid North Coast	95.2	20.6	-	115.8	74.3	20.3	-	94.7
Nepean	103.8	20.0	-	123.8	92.8	19.0	-	111.8
New England	95.8	19.5	-	115.3	84.6	19.5	-	104.1
Northern Sydney	107.0	17.0	-	124.0	101.4	16.9	-	118.3
Orana Far West	97.4	24.9	-	122.3	90.9	24.8	-	115.7
Riverina/Murray	96.0	19.4	-	115.4	81.4	18.7	-	100.1
South East Sydney	90.8	19.9	-	110.8	73.2	19.7	-	92.9
South West Sydney	93.0	19.3	-	112.3	81.4	19.3	-	100.7
Southern Highlands	94.6	19.0	-	113.6	78.6	18.4	-	97.1
Western Sydney	96.5	18.1	-	114.6	86.0	17.3	-	103.3
State Total	**97.1**	**19.5**	**0.8**	**117.4**	**84.1**	**19.2**	**0.5**	**103.8**

1 The ratios in Table 3.1 are based on estimates of the population aged 70 years or over as at 30 June 2006 prepared by the Australian Bureau of Statistics (ABS) and based upon ABS Population Projections, Australia (3222.0), series B.

The ratios in Table 3.1 also include flexible care: Transition Care (TC), Extended Aged Care at Home (EACH) and EACH Dementia, Multi-Purpose Services (MPS), permanently allocated Innovative Care (IC) places and places under the National Aboriginal and Torres Strait Islander Aged Care Strategy (ATSI). MPS, IC and ATSI flexible care places are notionally allocated as high care, low care and community aged care packages. Community care includes Community Aged Care Packages (CACP), EACH and EACH Dementia places.

The higher levels of provision in the Northern Territory address the care needs of Indigenous people aged 50 years and over.

Aged Care Planning Region	Ratio of Allocated Places				Ratio of Operational Places			
	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
Victoria								
Barwon-South Western	97.7	20.2	-	118.0	89.7	20.2	-	109.9
Eastern Metropolitan	97.6	19.5	-	117.1	86.8	19.5	-	106.4
Gippsland	95.7	20.8	-	116.5	82.8	20.8	-	103.6
Grampians	97.2	20.8	-	118.0	86.5	20.8	-	107.3
Hume	100.0	21.2	-	121.2	92.2	21.2	-	113.4
Loddon-Mallee	95.1	19.7	-	114.8	87.2	19.1	-	106.3
Northern Metropolitan	99.3	21.3	-	120.6	82.4	21.3	-	103.7
Southern Metropolitan	97.6	19.2	-	116.8	85.8	19.2	-	105.0
Western Metropolitan	100.1	20.7	-	120.8	84.9	20.3	-	105.1
State Total	**98.0**	**20.1**	**0.8**	**118.8**	**86.0**	**20.0**	**0.1**	**106.2**
Queensland								
Brisbane North	102.4	17.5	-	119.9	97.0	17.1	-	114.1
Brisbane South	100.2	17.7	-	117.8	90.4	17.7	-	108.1
Cabool	97.6	17.7	-	115.3	81.6	17.7	-	99.3
Central West	124.2	65.2	-	189.4	114.1	62.1	-	176.2
Darling Downs	98.1	18.0	-	116.0	92.1	18.0	-	110.0
Far North	89.5	25.1	-	114.6	84.1	24.5	-	108.7
Fitzroy	97.6	21.3	-	118.9	90.7	20.9	-	111.7
Logan River Valley	99.1	18.4	-	117.5	65.4	18.4	-	83.7
Mackay	88.4	20.0	-	108.3	83.1	20.0	-	103.0
North West	87.8	63.5	-	151.3	79.5	60.3	-	139.7
Northern	99.6	19.2	-	118.8	96.7	19.2	-	115.9
South Coast	91.3	18.1	-	109.4	78.8	18.0	-	96.9
South West	108.9	47.4	-	156.3	107.9	47.4	-	155.3
Sunshine Coast	90.0	17.7	-	107.7	77.4	17.7	-	95.2
West Moreton	94.5	17.1	-	111.6	88.8	17.1	-	106.0
Wide Bay	93.2	19.3	-	112.5	78.0	19.1	-	97.1
State Total	**96.1**	**19.0**	**0.8**	**116.0**	**85.5**	**18.9**	**0.2**	**104.7**
South Australia								
Eyre Peninsula	86.5	23.4	-	109.9	82.8	23.4	-	106.2
Hills, Mallee and Southern	90.3	22.7	-	113.0	81.5	22.7	-	104.2
Metropolitan East	118.3	16.0	-	134.2	117.0	16.0	-	133.0
Metropolitan North	103.9	16.2	-	120.1	89.9	16.2	-	106.1
Metropolitan South	91.1	20.5	-	111.6	83.3	20.5	-	103.8
Metropolitan West	87.0	20.0	-	107.1	83.5	20.0	-	103.5
Mid North	82.9	24.4	-	107.3	80.9	24.4	-	105.3

Aged Care Planning Region	Ratio of Allocated Places				Ratio of Operational Places			
	Residential Care	Community Care	Transition Care	Total	Residential Care	Community Care	Transition Care	Total
Riverland	83.2	25.6	-	108.8	83.2	25.6	-	108.8
South East	86.7	21.9	-	108.6	86.7	21.9	-	108.6
Whyalla, Flinders and Far North	89.8	39.1	-	128.9	83.9	39.1	-	123.0
Yorke, Lower North and Barossa	96.1	23.0	-	119.1	96.1	23.0	-	119.1
State Total	**97.4**	**19.9**	**0.7**	**118.0**	**91.8**	**19.9**	**0.5**	**112.3**
Western Australia								
Goldfields	103.8	27.6	-	131.4	100.7	26.8	-	127.5
Great Southern	92.5	22.6	-	115.1	90.4	22.2	-	112.7
Kimberley	139.0	52.1	-	191.1	112.9	52.1	-	165.1
Metropolitan East	100.5	17.9	-	118.4	96.1	17.3	-	113.4
Metropolitan North	93.3	20.0	-	113.4	77.7	19.8	-	97.5
Metropolitan South East	111.4	22.9	-	134.3	102.6	21.3	-	123.9
Metropolitan South West	85.9	16.6	-	102.5	75.0	15.8	-	90.8
Mid West	83.8	29.1	-	112.9	67.9	25.3	-	93.2
Pilbara	124.1	74.7	-	198.8	74.7	74.7	-	149.5
South West	97.5	21.7	-	119.2	82.0	21.5	-	103.5
Wheatbelt	68.3	25.6	-	93.9	60.4	23.2	-	83.7
State Total	**95.6**	**20.6**	**0.6**	**116.8**	**84.7**	**19.8**	**0.3**	**104.7**
Tasmania								
North Western	86.8	19.5	-	106.3	81.4	19.5	-	100.9
Northern	99.7	23.0	-	122.6	87.4	23.0	-	110.4
Southern	96.8	21.1	-	117.9	90.7	19.7	-	110.4
State Total	**95.3**	**21.3**	**1.0**	**117.6**	**87.6**	**20.6**	**0.3**	**108.5**
Northern Territory								
Alice Springs	169.0	199.6	-	368.6	158.9	199.6	-	358.5
Barkly	161.0	355.9	-	516.9	161.0	355.9	-	516.9
Darwin	86.3	88.3	-	174.5	80.5	88.3	-	168.8
East Arnhem	70.5	461.5	-	532.1	70.5	461.5	-	532.1
Katherine	165.9	190.2	-	356.1	165.9	190.2	-	356.1
Territory Total	**109.6**	**135.1**	**-**	**244.8**	**103.8**	**135.1**	**-**	**238.9**
Australian Capital Territory								
Australian Capital Territory	99.9	24.3	-	124.1	71.5	23.9	-	95.4
Territory Total	**99.9**	**24.3**	**1.6**	**125.7**	**71.5**	**23.9**	**0.4**	**95.9**
Australia	**97.0**	**20.1**	**0.8**	**117.9**	**85.6**	**19.9**	**0.3**	**105.8**

During 2005-06, the Department commenced implementing the Helping Australians with Dementia, and Their Carers – Making Dementia a National Health Priority initiative announced in the 2005-06 Budget. The Department supported people with dementia, their carers and families, by establishing eight Dementia and Memory Community Centres and providing 41 community support grants. The Department also improved dementia research by establishing three new dementia collaborative research centres and inviting expressions of interest for dementia research through the National Health and Medical Research Council. The dementia workforce was strengthened by the establishment of four dementia training study centres and the selection of organisations to provide almost 17,000 aged care workers with dementia training.

During 2005-06, the Department managed the development of improved care choices for older Australians through the implementation of new types of care.

During 2005-06, the Department worked with the states and territories to expand the Transition Care Program. Transition care helps older Australians to complete their recovery process after a hospital stay, before returning home or entering an aged care facility. The Department met the Australian Government's target of allocating 1,500 transition care places by 30 June 2006, with many services beginning to deliver care during 2005-06.

During 2005-06, the Australian Institute of Health and Welfare completed an evaluation of the Retirement Villages Care Pilot, resulting in an Australian Government announcement of funding to help people in retirement villages gain improved access to community care programs.

The Department also increased assistance to carers through: new projects for employed carers and overnight respite in community respite houses; an increase in high care respite in residential aged care homes; and the provision of additional funding for Multipurpose Services to deliver respite care in rural and remote areas.

Reform of the Aged Care Sector

In 2005-06, the Department continued work towards improved accountability and management in residential aged care. The Department developed new prudential regulatory arrangements to improve management and security of residents' accommodation bonds, complemented by a scheme to guarantee repayment of bonds should a provider become bankrupt or insolvent. Legislation for these initiatives was passed by Parliament in March 2006 and the Department distributed detailed guidance to approved providers. The Department implemented the first cycle of the financial reporting requirements for eligibility for the Conditional Adjustment Payment (CAP) aimed at strengthening the financial management of the aged care industry. It also implemented the second cycle of the CAP staff training requirements to increase opportunities for and encourage staff training. An extensive educative program informed aged care providers of the requirements for eligibility of the CAP.

Working with a consultant, during 2005-06 the Department completed a large-scale national trial of a new classification and funding instrument for residential aged care, in which 23 per cent of aged care homes participated. The timeframes for the trial were extended to accommodate detailed discussions on participation in the trial by Aged Care Assessment Team staff, independent community nursing staff and nursing agency staff as well as more extensive follow-up of submission of data by participating residential aged care services. The results provided valuable information to assist in finalising the new funding model and setting payment levels for introduction in 2007.

During 2005-06, the Department continued to drive improvements in standards of care and services in residential aged care through the accreditation, complaints and compliance programs. The certification program encourages providers to invest in capital improvements to achieve higher standards of fire safety, privacy and space amenity.

In early 2006, the Minister for Ageing established the Residential Aged Care Abuse Taskforce to analyse stakeholder feedback concerning physical and sexual abuse in residential aged care. Residents, their families, and approved providers were encouraged, by the Department, to provide written comment on the issue of elder abuse and proposed initiatives to increase security and protection in aged care

facilities. New measures to ensure that providers continue to improve care and protection for aged care recipients included:

- an increased number of spot checks by the Aged Care Standards and Accreditation Agency Ltd;
- a requirement for police checks for all staff and for volunteers funded through the Community Visitors Scheme;
- significant changes to complaints handling procedures;
- compulsory reporting of incidents involving sexual or serious physical assault; and
- whistleblower protection for people reporting such assaults.

A New Strategy for Community Care — The Way Forward[2] outlines actions aimed at strengthening and improving the community care system. At its February 2006 meeting, the Council of Australian Governments:

- endorsed work already underway toward more consistent entry, eligibility, assessment and referral processes in the Home and Community Care Program; and
- agreed to improved performance management of Aged Care Assessment Teams, to ensure timelier, more consistent and accountable assessments for frail older people requiring care services.

Supporting Older Australians to have Healthy, Independent and Active Lives

The Department organised and managed an inaugural National Day for Older Australians on 1 October 2005 in Canberra. It produced certificates of recognition and a book of stories of inspiring senior Australians, to help improve community attitudes to older Australians and participation by older Australians in community activities. The day celebrates the contributions that older Australians make to their communities and families and enhances people's attitudes towards older Australians.

The Department continued to invest in developing collaborative research and developing the evidence base to inform policy and practice that, in turn, supports older Australians to have healthy, independent and active lives for as long as possible. In 2005-06, the Department worked closely with the National Health and Medical Research Council (NHMRC) and the Australian Research Council (ARC) on joint NHMRC/ARC-funded programs such as the Research Network in Ageing Well and the National Research Priority Ageing Well, Ageing Productively research program.

Older people are among those particularly at risk of vision loss and the prevalence of sight problems increases rapidly with age, reaching 96 per cent by ages 75 and over. The May 2003 World Health Assembly (WHA) resolution WHA56.26 urged member states to develop a national Vision 2020 plan, in partnership with the World Health Organization and in collaboration with non-governmental organisations and the private sector, to prevent avoidable blindness. Australia's response is the *National Framework for Action to Promote Eye Health and Prevent Avoidable Blindness and Vision Loss.*[3] The Department and the Victorian Department of Human Services and Health jointly led the development of the framework, which was endorsed by all Australian Health Ministers in November 2005. The framework sets out key strategies to reduce the incidence of avoidable blindness and vision loss in Australia through:

- reducing the risk of eye disease and injury;
- increasing early detection;
- improving access to care;
- improving the systems and quality of care; and
- improving the underlying evidence base.

2 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-research-commcare-wayf.htm>.
3 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-eyehealth-publication.htm>.

A revised mechanism to assess the GST-free eligibility of services and accommodation charges for residents of serviced apartments within retirement villages was to have been completed by 1 July 2005. The Department managed extensive consultation with other agencies, State and Territory governments and service providers, but negotiations were still ongoing at the end of 2005-06.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Aged Care and Population Ageing Programs, including:

- Aged Care Assessment;
- Aged Care Workforce;
- Ageing Information and Support;
- Community Care;
- Culturally Appropriate Aged Care;
- Dementia;
- Flexible Aged Care; and
- Residential Care.

Target:	*Quality*: Progress towards the provision of 88 operational residential places per 1,000 persons aged 70 years and over.	
Result:	Target met.	At 30 June 2006, there were 85.6 operational residential places per 1,000 persons aged 70 and over.
Target:	*Quality*: Improvement in the quality of care and services to residential aged care recipients.	
Result:	Target met.	At 30 June 2006, 88% of residential aged care services met the 1999 Certification Instrument, an increase from 62% at 30 June 2005. All services were required to meet the Instrument by 31 December 2005. The 12% of services that were not compliant are being closely case managed by the Department. 95% of services met privacy and space targets at 30 June 2006, compared with 93% at 30 June 2005. The Aged Care Standards and Accreditation Agency Ltd conducted 1,743 accreditation site audits, 64 review audits, and 3,190 support contacts - an increase of 12.6% in the total number of audits and support contacts compared with 2004-05. As at 30 June 2006, 93% of homes were accredited for at least 3 years, compared with 92% in 2004-05.
Target:	*Quality*: Progress towards the provision of 20 operational community care places per 1,000 persons aged 70 years and over.	
Result:	Target met.	At 30 June 2006, there were 19.9 operational community care places per 1,000 persons aged 70 and over.

Target:	*Quantity*: Up to 30% of providers of Community Aged Care Packages, Extended Aged Care at Home, and National Respite for Carers Program services will have participated in the newly implemented quality reporting process.	
Result:	Target met.	40% of providers of Community Aged Care Packages, Extended Aged Care at Home (EACH), and National Respite for Carers Program services participated in the newly implemented quality reporting process.
Target:	*Quality*: Improvements in the level of services provided through the Home and Community Care (HACC) program.	
Result:	Target met.	Services were provided to some 744,000 people in 2004-05. Data for the first three quarters of 2005-06 indicate a growth of 5.5% in the number of HACC clients receiving services.
Target:	*Quantity*: Growth in instances of respite provided through carer respite centres.	
Result:	Target met.	125,895 events of service were provided by Commonwealth Carer Respite Centres in 2005-06 compared with 125,627 in 2004-05.
Target:	*Quality*: Improvements in care and support for people with dementia and their carers.	
Result:	Target met.	4 Dementia Training Study Centres and 3 Dementia Collaborative Research Centres were established and 41 community support grants were made. In addition, the Department allocated the first 667 EACH (Dementia) packages.
Target:	*Quality*: Improvements in access to flexible care places.	
Result:	Target met.	The Department met its target of allocating 1,500 transition care places by 30 June 2006 as a new program. 200 new places were allocated to Multipurpose Services (MPS); the number of operational MPS places increased from 2,148 at 30 June 2005 to 2,259 at 30 June 2006. 915 new EACH and 667 EACH (Dementia) places were allocated in the 2005 Aged Care Approvals Round; the total number of operational EACH places increased from 1,672 at 30 June 2005 to 2,575 at 30 June 2006.
Target:	*Quantity*: Maintain or increase the number of assessments conducted by Aged Care Assessment Teams (ACAT).	
Result:	Target not met.	In 2004-05, 187,723 assessments were recorded, of which 176,877 were completed. This compares with 190,203 for 2003-04, of which 176,955 were completed. The recorded small decrease can largely be attributed to the removal of the requirement for ACATs to re-assess residents ageing in place in residential aged care services, and continued improvements to data validation procedures. This information is reported for 2004-05, as annual ACAT data are not available to the Department in time for each year's Annual Report.

Target:	*Quality*: Improvement in the level of awareness of ageing issues and the role of older people in the community.	
Result:	Target met.	The Department distributed over 8,000,000 individual information products to consumers. These included 60,000 copies of the *Australian Government Directory of Services for Older People,*[4] which were distributed to aged care stakeholders, community organisations and consumers. Visits to the Seniors' Portal[5] averaged 30,000 per month while more than 1,000 people attended A Community for All Ages – Building the Future National Speakers Series. Through its partnership with the Australian Local Government Association, the Department continued to help local government plan for an ageing population. The Department also sponsored the Senior Australian of the Year Award, the Older People Speak Out National Media Awards, Diversity@Work Employment and Inclusion of Mature Age Workers Award and the Master Builders Australia Lifestyle Housing for Seniors Award.
Target:	*Quality*: Level of service provision for frail older people from diverse cultural and linguistic backgrounds, older Aboriginal and Torres Strait Islander peoples, veterans and older people in rural and remote areas.	
Result:	Target met.	The allocation of aged care places for special needs groups, including Aboriginal and Torres Strait Islander peoples, takes account of advice from the Aged Care Planning Advisory Committees on identified community need in each state and territory. These committees provide advice on comparative aged care needs across planning regions, including the needs of people with special needs. The committees consider data, local knowledge and input from the community, received in letters and submissions. Following an open competitive process, the Department allocates places to approved providers that demonstrate that they can best meet aged care needs within a particular planning region, community or group. In 2005-06, this process was applied to the 2005 Aged Care Approvals Round, in which 11,208 new places were allocated.
Target:	*Quality*: Increased training opportunities for the aged care workforce in order to improve skills and qualifications.	
Result:	Target met.	The vocational training and education component of the Better Skills for Better Care program provided funding to train over 5,000 personal care workers in approximately 1,000 aged care facilities in full certificate courses ranging from Certificate III in Aged Care work to enrolled nurse qualifications. The Support for Aged Care Workers Training program in 2005-06 provided funding to train over 6,000 personal care workers in approximately 263 aged care facilities in Certificates III and IV courses and other short vocational courses. The Aged Care Nursing Scholarship Scheme offered over 340 scholarships for undergraduate and postgraduate continuing education study. The scholarships are assisting people who wish to become nurses in aged care and enable existing aged care nurses to undertake a broad range of professional development opportunities. In 2005-06, the Enrolled Nurse Medication Management initiative through the Better Skills for Better Care Program offered funding to 28 registered training organisations to train 1,153 Aged Care enrolled nurses in medication administration.

4 Available at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-directory.htm>.
5 Accessible at: <www.seniors.gov.au>.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Aged Care Assessment;
- Aged Care Workforce;
- Ageing Information and Support;
- Community Care;
- Culturally Appropriate Aged Care;
- Dementia;
- Flexible Aged Care;
- Residential Care; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department: • funded a number of research organisations to produce 4 major reports about continence outcomes measures, and the incidence and prevalence of continence in Australia; • supported the aged care workforce through the development of a range of evidence based best practice resources aimed at improving clinical care for residents; and • managed the completion by independent consultants of the evaluation of a number of pilot projects trialling new approaches to the care of older people. These included the Innovative Care (Rehabilitation) Services and Retirement Villages Care Pilot programs. The reports are expected to be published in the first part of 2006-07.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target met.	Administered budget predictions were met. Actual expenses varied by 0.4% from budgeted expenses.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The Department: • supported the Aged Care Advisory Committee, which includes representatives of peak stakeholders and provides high level expert advice to the Minister for Ageing and the Department; • consulted stakeholders on program development, including consultations on *The Way Forward* reform in community care and with specialised groups such as the Resident Classification Scale Working Group, the Transactions and Technology Reference Group (relating to eBusiness and payment related matters), the Aged Care Workforce Committee, the Dementia National Health Priority Taskforce and the editorial board for the Seniors' Portal; and • consulted stakeholders on a range of issues, including: sexual and serious physical assault through the Residential Aged Care Abuse Taskforce; the evaluation of the impact of accreditation; legislation to improve protection of residents' accommodation bonds; and the quality reporting process for certain community care programs.

Outcome 3: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 3.1: Aged Care Assessment			
Appropriation Bill 1/3/5	2,401	120	(2,281)
Appropriation Bill 2/4/6	55,461	55,461	-
	57,862	**55,581**	**(2,281)**
Program 3.2: Aged Care Workforce			
Appropriation Bill 1/3/5	32,764	32,610	(154)
	32,764	**32,610**	**(154)**
Program 3.3: Ageing Information and Support			
Appropriation Bill 1/3/5	35,235	31,249	(3,986)
	35,235	**31,249**	**(3,986)**
Program 3.4: Community Care			
Aged or Disabled Persons Care Act 1954 and *Aged Care Act 1997* - Community Care Subsidies	364,520	356,580	(7,940)
Total Special Appropriations	364,520	356,580	(7,940)
Appropriation Bill 1/3/5	200,659	194,116	(6,543)
Appropriation Bill 2/4/6	857,835	857,835	-
	1,423,014	**1,408,531**	**(14,483)**
Program 3.5: Culturally Appropriate Aged Care			
Appropriation Bill 1/3/5	20,611	20,734	123
	20,611	**20,734**	**123**
Program 3.6: Dementia			
Appropriation Bill 1/3/5	21,650	22,862	1,212
	21,650	**22,862**	**1,212**
Program 3.7: Flexible Aged Care			
Aged Care Act 1997 - Flexible Care Subsidies	167,116	158,879	(8,237)
Total Special Appropriations	**167,116**	**158,879**	**(8,237)**
Program 3.8: Residential Care			
Aged Care Act 1997 - Residential Care Subsidies	4,518,372	4,527,124	8,752
Total Special Appropriations	4,518,372	4,527,124	8,752
Appropriation Bill 1/3/5	42,044	37,008	(5,036)
	4,560,416	**4,564,132**	**3,716**
Total Administered Expenses	**6,318,668**	**6,294,578**	**(24,090)**

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Departmental Appropriations			
Output Group 1 - Policy Advice	35,557	24,534	(11,023)
Output Group 2 - Program Management	106,672	116,702	10,030
Total price of departmental outputs			
(Total revenue from Government and other sources)	**142,229**	**141,236**	**(993)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	141,677	140,909	(768)
Total revenue from other sources	552	327	(225)
Total price of departmental outputs			
(Total revenue from Government and other sources)	**142,229**	**141,236**	**(993)**
Total estimated resourcing for Outcome 3			
(Total price of outputs and administered expenses)	**6,460,897**	**6,435,814**	**(25,083)**
Average Staffing Level (Number)			
Department	**946**	**905**	**(41)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **04**

PRIMARY CARE

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

OUTCOME 04
PRIMARY CARE

Part 1: Outcome Performance Report

Outcome 4 was managed in 2005-06 within the Department by Primary Care Division and the Department's State and Territory Offices. The outcome also includes General Practice Education and Training Limited, which produces its own annual report.

Major Achievements

- Improved access to quality medical services for after hours care through the ongoing rollout of Round the Clock Medicare and announcement of the National Health Call Centre Network.
- Improved services for patients with a chronic disease through new streamlined Medicare Benefits Schedule care planning items and an average 24 per cent improvement in scheduling efficiency for general practices participating in the Primary Care Collaboratives Program.
- Introduced new Medicare rebates designed to improve access to mainstream Medicare services for Aboriginal and Torres Strait Islander people.
- Supported the primary care workforce through: an increase in the Practice Incentives Program procedural loading for rural and remote general practitioners (GPs); an extension of the Training for Rural and Remote Procedural GPs Program to include emergency medicine training; and increased practice nurse support for general practice.

Challenges

- Lower than expected take-up rate for the Prevocational General Practice Placements Program.
- The time lag between some after hours GP services receiving funding and becoming operational.

Key Strategic Directions for 2005-06

Access to Quality Medical Care Services

Throughout 2005-06, the Department continued to support access to quality medical services through a number of recently announced initiatives, the most prominent of these being the Round the Clock Medicare: Investing in After Hours GP Services Program. This initiative is increasing the public's access to after hours general practice through the provision of higher Medicare rebates for after hours GP services, complemented by a significant investment in specific after hours GP services through infrastructure support grants.

To date, 3.5 million patients have benefited from the increased rebates for after hours GP services under Round the Clock Medicare. In consultation with the major GP stakeholder groups including the Australian Medical Association, the Royal Australian College of General Practitioners and the Australian Divisions of General Practice, the Department developed guidelines and program support documentation for the infrastructure grants. The first full round of infrastructure grants was offered by the Department in 2005-06 in line with the identified implementation timetable, and applications significantly exceeded the available number of grants.

During 2005-06, the Department commenced work on the National Health Call Centre Network (NHCCN). The NHCCN, agreed by the Council of Australian Governments on 10 February 2006, will enable anyone, anywhere in Australia, to ring for health triage, information and advice on health matters 24 hours a day, seven days a week. Trained nurses will provide advice, using nationally agreed protocols developed in collaboration with the health professions. If treatment is necessary, they will advise callers on how urgently they need to be seen, and will use an electronic services directory to determine where services are available. The NHCCN will also have the capacity to provide add-on services (including an enhanced

mental health capacity) and to assist in health threats and emergency situations. The NHCCN is expected to take the first calls by July 2007, with national coverage achieved within four years.

Quality Improvement in Primary Care

During 2005-06, the Department introduced a number of new Medicare items to address lifestyle risk factors and support better management of patients with chronic and complex health conditions. The Department, in conjunction with the major GP organisations, developed the new chronic disease management Medicare items which provide a more streamlined approach to care planning and review of services for patients with chronic conditions and complex care needs. Since their inception on 1 July 2005, the new chronic disease management items have had wide GP acceptance, with almost half of Australia's GPs using the new chronic disease management care plans. This has greatly enhanced access to appropriate care for patients with chronic and/or complex care needs. These new items replaced the previous Enhanced Primary Care multidisciplinary care planning items.

The increase in services available to patients as a result of the new chronic disease management items has resulted in a substantial increase in the amount of structured care being provided to patients with chronic conditions. These chronic disease management items enable GPs to undertake a comprehensive assessment of a patient's health care needs: identify the most suitable treatment; collaborate with other providers who may be involved in the patient's team-based care; and review the patient's progress against their personal care plan. For patients receiving team-based care, the items also provide access to Medicare rebates for certain allied health and dental care services.

The Australian Primary Care Collaboratives Program (APCCP) was also largely rolled out during 2005-06. This is an evidence-based initiative which aims to promote a culture of ongoing innovation and quality improvement within general practices. Flinders University is funded to manage and implement the APCCP. Under this program, 45 Divisions of General Practice from most states and territories, and with a strong representation from rural Divisions, receive funding. The program consists of three phases in which staff from general practices attend learning workshops, undertake rapid quality improvement activities and collect monthly data to track their progress against agreed indicators.

To date, participating practices have improved their clinical outcomes for patients in the targeted areas of diabetes and coronary heart disease, and have increased patient access to primary care services. The first collaborative phase ran from March to September 2005, with the second wave running from October 2005 to May 2006. Within participating practices there was an average 24 per cent improvement in the number of patients able to be seen by a GP on their day of choice. Significant improvements in practice quality were also achieved in participating Indigenous services. Around 1.4 million patients Australia wide attend practices involved in this program.

The Department implemented another quality of care initiative on 1 May 2006 – the new Medicare health assessment item for refugees and other humanitarian entrants to Australia. This item is enabling GPs to undertake comprehensive health assessments and introduce people to the Australian primary care system as soon as possible after their arrival in Australia.

Strengthened National Infrastructure to Integrate and Support Primary Care

2005-06 was the first full year of implementation of the National Quality and Performance System (NQPS) for Divisions of General Practice through Multi-Program Agreements. Designed to drive continuous quality improvement across the entire

Divisions network, the NQPS will strengthen the Divisions as a national infrastructure to integrate and support the delivery of primary health care within the community.

The Department has also commenced work on a number of important components that will underpin the NQPS, including a performance review process for Divisions, quality standards and accreditation and the development of an information management strategy that includes a secure national network to support shared information and knowledge exchange.

Improved Access to Mainstream Services for Aboriginal and Torres Strait Islander People

During 2005-06, the Department worked towards the introduction of Medicare rebates designed to improve access to mainstream Medicare services for Aboriginal and Torres Strait Islander people. On 1 May 2006, a new Medicare item was introduced that provides for an annual health check for Aboriginal and Torres Strait Islander children up to the age of 14. This health check will assist GPs to take a more comprehensive and preventative approach to the health care needs of Aboriginal and Torres Strait Islander children. It will also assist in the early detection, diagnosis and treatment of common and treatable conditions. There is scope to increase the uptake of the Aboriginal and Torres Strait Islander adult health check item and the Department will be linking information about this item with awareness, information and education activities aimed at promoting the new health check item for Aboriginal and Torres Strait Islander children.

New Medicare rebates for the provision of immunisation and wound management services provided by registered Aboriginal Health Workers on behalf of GPs were also introduced during 2005-06. These rebates operate in a similar way to already existing items for practice nurse services and will help to expand the delivery of primary health care to Aboriginal and Torres Strait Islander people. The Northern Territory is currently the only jurisdiction which registers Aboriginal Health Workers. In 2006-07, the Department will explore the feasibility of future expansion of these Medicare items to other jurisdictions and services.

Support for the Primary Care Workforce

The Department has implemented a successful program to support nursing in general practice through the Australian Divisions of General Practice Network. This program aims to build both the capacity of the Divisions to recruit and deliver support services for nurses working in general practice, and to also broker and coordinate the delivery of education and professional development for practice nurses. Results of the *2006 National Practice Nurse Workforce Survey Report*, funded under this program and released in April 2006, indicate that the number of practice nurses has increased by 23 per cent since 2003, to almost 5,000.

Growth in the role of practice nurses was also reflected in the continued increase in the claiming of Medicare rebates for practice nurse services provided for and on behalf of GPs. In 2005-06, there were 3.2 million claims for the practice nurse immunisation, wound management and rural Pap smear items. Claims for immunisation services peaked from February to May during the back to school and pre-winter vaccination periods, while claims for practice nurse wound management services and Pap smears in rural areas grew steadily over the year.

Another significant initiative implemented during 2005-06 was the extension of the Training for Rural and Remote Procedural GPs Program to include emergency medicine training. Enrolments for this initiative commenced on 1 January 2006 and have proven popular, with 601 doctors registering by 30 June 2006. Also, approximately 743 GPs took advantage of increased Practice Incentives Program Procedural GP payments for rural and remote GPs during 2005-06. These initiatives provide financial incentives to encourage GPs to continue to provide procedural services to rural and remote communities.

Performance Information for Administered Items

Administered Funding – Primary Care Programs, including:

- Primary Care Education and Training;
- Primary Care Financing, Quality and Access;
- Primary Care Policy, Innovation and Research; and
- Primary Care Practice Incentives.

Target:	*Quantity*: Four high quality primary health care research projects/program grants funded.	
Result:	Target met.	9 research grants worth $3.8 million were awarded under the Primary Health Care Research Evaluation and Development (PHCRED) Strategy for priority-driven research to help build the evidence in chronic disease prevention and management through general practice. A further 3 investigator-driven grants were funded under PHCRED totalling $1.5 million.
Target:	*Quality*: Innovative models of general practice and primary care service delivery trialled or implemented.	
Result:	Target met.	23 services are being funded through the After Hours Primary Medical Care Program and 58 services through Round the Clock Medicare: Investing in After Hours GP Services. Recognising the need to develop high quality and safe services, a time lag before service commencement will occur in some cases. 8 Sharing Health Care Initiative demonstration projects were evaluated over a 2 year period by an external consultant. Evaluation outcomes underpinned the National Chronic Disease Strategy Self Management element. 4 Coordinated Care Trials were completed by 1 July 2005. The fifth trial was completed by 1 October 2005. The National Evaluation of the Trials is being undertaken and will be finalised in 2006-07.
Target:	*Quantity*: Training places available for GP registrars in rural and urban areas are filled.	
Result:	Target not met.	Training is conducted on a calendar year basis. In 2006, 326 of the 350 General Pathway places were filled and 232 of 250 Rural Pathway places were filled. This represents 93% for both Pathways.
Target:	*Quantity*: An estimated 70% of prevocational general practice placements are undertaken.	
Result:	Target not met.	The Prevocational General Practice Placements Program aims to make up to 280 placements available per annum for junior doctors, with the aim of encouraging them to take up general practice as a career. While 270 placements have now been approved, around 117 placements, or 42%, were taken up in 2005-06. A major factor reducing uptake has been the refusal of New South Wales to accept the program's arrangements, which have been accepted by all other State and Territory governments. As a result, only 6 placements were undertaken in New South Wales in 2005-06. Across the country, some hospitals have also been unable to release junior doctors for placements owing to workforce pressures.
Target:	*Quantity*: Increased number of non-vocationally recognised medical practitioners undertaking continuing professional development through general practice incentive programs.	
Result:	Target met.	At 30 June 2005, there were a total of 438 participants on the After Hours Other Medical Practitioners Program and the MedicarePlus for Other Medical Practitioners Program. This had increased to 554 participants as at 30 June 2006. In order to maintain eligibility, participants on both programs are required to undertake continuing professional development activities.

Target:	*Quantity*: Initiatives lead to an increase in primary care services in areas of need.	
Result:	Target met.	262 GP registrars undertook placements in outer metropolitan areas of workforce shortage during the 2005 training year. This is an increase of 30% over 2004 where 201 registrars undertook placements. In 2005-06, the Rural Retention Program, the Rural and Remote GP Program and the Training for Rural and Remote Procedural GPs Program have resulted in an increase in the number of primary care GP services in rural and remote locations. This represents a growth of 3.2% from the previous year. In 2005-06, the Rural Women's GP Service increased its number of general practice consultations by female GPs in rural and remote areas. There were 15,819 consultations in 2004-05 and 15,926 consultations in 2005-06.
Target:	*Quality*: Divisions of General Practice address key priority areas such as access, chronic disease management, prevention and integration.	
Result:	Target met.	Under the newly implemented National Quality and Performance System, all Divisions of General Practice address National Performance Indicators in the key priority areas of governance, access, chronic disease management, prevention and integration. Through this process, the activities and progress of the Divisions in each priority area are recorded.
Target:	*Quality*: Increase in practices qualifying for incentives through the Practice Incentives Program.	
Result:	Target met.	The majority of general practices in Australia participate in the Practice Incentives Program. At May 2006, there were 4,745 practices (4,681 practices at May 2005) participating in the program, providing 80% of GP care provided to patients nationally.
Target:	*Quantity*: Increased up-take of general practice MBS financing initiatives.[1]	
Result:	Target met	Following their introduction on 1 July 2005, 1.135 million new chronic disease management items were claimed in 2005-06, substantially increasing the amount of structured care being provided to patients with chronic conditions. In June 2006, the overall level of care planning, including for GP managed care, was more than 3 times higher than in June 2005. The level of team-based care planning in June 2006 was 22% higher than the level of Enhanced Primary Care multidisciplinary care planning in June 2005. Other examples of uptake include: • increase in the GP bulk billing rate. This was 75.6% at the end of 2005-06 compared to 73.2% at the end of 2004-05; • increased uptake of GP bulk billing incentives. There were 55.8 million claims in 2005-06 compared to 52.7 million claims in 2004-05; • increased uptake of practice nurse items. There were 3.2 million claims in 2005-06 compared to 2.7 million claims in 2004-05; and • increased uptake of allied health and dental care items on referral from GPs. There were 536,327 claims in 2005-06 compared to 251,203 claims in 2004-05.

1 Funding for these Medicare Benefits Schedule-related activities is provided under the Medical Benefits special appropriation, under the *Health Insurance Act 1973*, under Outcome 2.

Target:	*Quality*: A range of MBS benefits are maintained or introduced that improve access to primary care for Aboriginal and Torres Strait Islander people.[2]	
Result:	Target met.	• The Aboriginal and Torres Strait Islander child health check Medical Benefits Schedule item was introduced on 1 May 2006. • MBS items for immunisation and wound management services provided by registered Aboriginal Health Workers on behalf of GPs were introduced on 1 May 2006. • Uptake of the Aboriginal and Torres Strait Islander Adult Health Check item increased in 2005-06 (8,747 services), compared to 2004-05 (7,801 services).

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Primary Care Education and Training;
- Primary Care Financing, Quality and Access;
- Primary Care Policy, Innovation and Research;
- Primary Care Practice Incentives; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department funded evidence examining the sustainability of primary health care innovations, commissioned through the Australian Primary Health Care Research Institute. This was published in November 2005 as a *Medical Journal of Australia* supplement. Research was commissioned by the Australian Primary Health Care Research Institute to synthesise the evidence in a range of policy-relevant primary care areas, with research reports due in September 2006.

2 Funding for these Medicare Benefits Schedule-related activities is provided under the Medical Benefits special appropriation, under the *Health Insurance Act 1973*, under Outcome 2.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	Expenditure was not within 0.5% of budget predictions.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met	Development work for the Round the Clock Medicare infrastructure support grants application pack was undertaken in consultation with major GP stakeholder groups, including the Australian Medical Association, Royal Australian College of General Practice and the Australian Divisions of General Practice. New Medicare chronic disease management items were developed by the Department in conjunction with the major GP organisations. The new items provide a more streamlined approach to care planning and review services for patients with chronic or terminal conditions, including patients with complex care needs.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	Review of the Rural, Remote and Metropolitan Areas classification system
Timeframe:	Commencement date: 1 November 2004 End date: Not complete.

Outcome 4: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 4.1: Primary Care Education and Training			
Appropriation Bill 1/3/5	231,756	204,973	(26,783)
	231,756	**204,973**	**(26,783)**
Program 4.2: Primary Care Financing, Quality and Access			
Appropriation Bill 1/3/5	200,621	172,681	(27,940)
	200,621	**172,681**	**(27,940)**
Program 4.3: Primary Care Policy, Innovation and Research			
Appropriation Bill 1/3/5	42,665	28,226	(14,439)
	42,665	**28,226**	**(14,439)**
Program 4.4: Primary Care Practice Incentives			
Appropriation Bill 1/3/5	323,326	301,249	(22,077)
	323,326	**301,249**	**(22,077)**
Total Administered Expenses	**798,368**	**707,129**	**(91,239)**
Departmental Appropriations			
Output Group 1 - Policy Advice	9,264	8,167	(1,097)
Output Group 2 - Program Management	27,788	24,284	(3,504)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**37,052**	**32,451**	**(4,601)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	36,196	32,612	(3,584)
Total revenue from other sources	856	(161)	(1,017)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**37,052**	**32,451**	**(4,601)**
Total estimated resourcing for Outcome 4 *(Total price of outputs and administered expenses)*	**835,420**	**739,580**	**(95,840)**
Average Staffing Level (Number)			
Department	**241**	**256**	**15**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **05**

RURAL HEALTH

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

OUTCOME 05
RURAL HEALTH

Part 1: Outcome Performance Report

Outcome 5 was managed in 2005-06 by the Health Services Improvement Division. The role of the Division was to coordinate the Department's overall rural health programs across a number of Outcomes. The Division also had special carriage of a number of targeted rural health programs. The Department's State and Territory Offices, as well as other program areas across the Department, also contributed to achieving this Outcome.

Major Achievements

- Implemented seven National Primary Rural Health projects that focused on healthy lifestyle choices and preventable injury and 31 Building Healthy Communities in Remote Australia projects to support remote communities to resolve locally identified health priorities as part of the Rural Primary Health Projects Program.
- Established four new Regional Health Services in remote areas of Western Australia.
- Implemented the new Rural Allied Health Undergraduate Scholarship Scheme, with scholarships awarded in April 2006. The scheme assists eligible students in rural areas with the costs associated with attending university.
- Completed the biennial funding round for the Rural Health Support, Education and Training Grants Program, which aims to enhance rural and remote communities' access to effective health services by providing funding to improve recruitment and retention of health care workers through education, training and support.

Challenges

- Delays in identifying suitable organisations to auspice some Regional Health Services and Building Healthy Communities in Remote Australia initiatives in remote areas affected their subsequent establishment.
- Continuing difficulty was experienced in recruiting and retaining a skilled health workforce in rural and remote areas. However, positive outcomes are being experienced from a range of workforce support mechanisms and professional development opportunities, including an increase in the number of general practitioners in rural areas.

Key Strategic Directions for 2005-06

Better Access to Health and Aged Care Services for Rural Communities

The Department provided funding for a range of initiatives under the Rural Health Strategy and several other programs to help increase access to health and aged care services in rural and remote communities. Key rural health programs and initiatives are listed under relevant Outcomes in Part 2 of this chapter.

Medical Specialist Outreach Assistance Program

The Medical Specialist Outreach Assistance Program (MSOAP) continued to increase access to medical specialists for people living in rural and remote communities, by supporting specialists to visit rural and remote areas, and reducing the need for people to travel away from home for consultations and treatments. In 2005-06, medical specialists provided more than 1,070 outreach services under the MSOAP, an increase from the 970 services contracted in 2004-05. Recent enhancements to the MSOAP include consultations with health administrators and health professionals in each state and the Northern Territory to determine the best use of MSOAP resources, and new program review mechanisms to better target the provision of outreach specialist services.

More Allied Health Services Program

The overall aim of the More Allied Health Services Program (MAHS) is to improve the health of people living in rural areas through access to allied health care and promoting local linkages between allied health care and general practice.

In 2005-06, the Department administered funding for MAHS to improve access to allied health professionals for residents of rural and remote communities. Allied health professionals funded under MAHS included psychologists, podiatrists, Aboriginal Health Workers, dieticians, occupational therapists and nurses in specialist roles such as asthma and diabetes educators.

At the end of each year, through a survey of the Divisions of General Practice, the Department determines how many allied health professionals have been funded through MAHS. In 2004-05, there were 173 allied health professionals funded under the program.

Regional Health Services Program

The Regional Health Services Program supported the continuation of community identified primary health care initiatives relating to the prevention and treatment of illness in rural or remote towns with populations of fewer than 5,000. Primary health care services provided under the program included community nursing, mental health, social work and counselling, health promotion and education, palliative care, child and family health, youth services, drug and alcohol services, dietetics, podiatry, physiotherapy, speech therapy and occupational therapy. The goals of each Regional Health Service include: supporting the community to sustain healthy lifestyles; coordinating and facilitating the introduction and delivery of programs; increasing awareness about health issues; developing appropriate skills and knowledge with respect to health service delivery; and improving the management of chronic disease in the community.

In 2005-06, the Department provided funding to three Aboriginal Medical Services and one Division of General Practice for the establishment of four new remote Regional Health Services in the West Pilbara region of Western Australia. This brought the total number of Regional Health Services across Australia to 120.

Difficulty in recruiting and retaining suitably qualified staff, particularly allied health professionals in remote areas, has been an ongoing challenge in establishing new Regional Health Services.

Focus on Preventive Primary Care and Management of Chronic Disease

Rural Primary Health Program

In 2005-06, under the Rural Primary Health Program, the Department targeted the key areas of tobacco use, harmful alcohol consumption, obesity and nutrition, injury and physical activity. This program implemented seven National Rural Primary Health projects that focused on healthy lifestyle choices and preventable injury, and 31 Building Healthy Communities in Remote Australia (BHC) initiatives. During 2005-06, the Department saw the implementation of the 31 projects from planning with most through to project commencement.

The BHC projects support remote communities to find their own solutions to locally identified health priorities within the main target areas based on extensive local consultation. Projects take a preventative health approach through the implementation of local strategies and activities that target local healthy lifestyle and/or injury issues. The projects develop high quality health information for dissemination to their communities, and build the skills of community members and health professionals to support the health promotion approach.

These projects have been established in communities in remote and very remote areas of Australia. This approach was based on evidence

of poorer health outcomes related to remoteness. The Accessibility/Remoteness Index of Australia classification '4 – Remote' was chosen as the cut-off for projects to ensure that priority was given to more remote communities.

Increased Number of Health Professionals Practising in Rural Areas

University Departments of Rural Health Program

During 2005-06, under the University Departments of Rural Health (UDRH) Program, the Department contributed funding towards a number of long term infrastructure projects including student accommodation and educational facilities. UDRH student accommodation was officially opened in Port Pirie, South Australia; Lismore, New South Wales; and Swansea and Nubeena, Tasmania. The program expanded during 2005-06 to include the Monash Centre for Multi-Disciplinary Studies, increasing the national network of UDRHs to 11.

During the first half of 2005-06, 1,703 undergraduate students from a range of health disciplines, completed rotational placements under the UDRH Program. Each placement was at least two weeks in duration with placements totalling 8,045 weeks. Undertaking these placements is likely to have a positive influence on these students' choice of a career in rural health.

Allied Health Scholarships

In 2005-06, the Department, in partnership with the Services for Australian Rural and Remote Allied Health, administered two scholarship schemes; the Rural Allied Health Undergraduate Scholarship Scheme and the Australian Rural and Remote Health Professional Scholarship Scheme. Both schemes target students or allied health professionals living and working in rural areas and aim to assist with the costs of attending university or continuing professional development.

The Department awarded 65 scholarships, valued at $10,000 per annum, for every year of each recipient's degree, through the new Rural Allied Health Undergraduate Scholarship Scheme. The Department commenced the scheme in November 2005 and announced the first scholarships in April 2006. Eligible disciplines under this scheme include audiology, chiropractic, dentistry, dietetics, Aboriginal health work, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology and speech pathology.

In 2005-06, the Department offered 105 scholarships under the Australian Rural and Remote Health Professional Scholarship Scheme. This scheme continued to assist rural and remote health professionals, with the exception of doctors and nurses, to undertake continuing professional development opportunities such as postgraduate study, short courses, clinical placements and conference attendance.

Nurse Scholarship Program

In 2005-06, the Department continued a partnership with the Royal College of Nursing Australia for the management of the Nurse Scholarship Program. This program aims to remove some of the barriers to people from rural areas studying nursing or for nurses throughout Australia re-entering the nursing workforce. The program comprises the following three schemes:

- the Rural and Remote Undergraduate Scheme, which assists students from a rural background to study nursing. Scholarships valued at $10,000 a year (up to $30,000 over three years) are available annually for full-time study. Scholarships valued at $5,000 a year (up to $25,000 over five years) are also available for enrolled nurses wishing to up-skill to registered nurse level on a part-time basis. During 2005-06, 132 undergraduate scholarships were awarded;
- the Continuing Professional Education (CPE) Scheme for Rural and Remote Nurses, which assists registered or enrolled nurses from rural and remote areas to undertake continuing professional education including postgraduate study and short courses, or attend conferences relevant to their area of work. Scholarships valued at up to $10,000 are available and offered twice annually. During 2005-06, 380 CPE scholarships for varying amounts were awarded; and
- the National Nurse Re-entry Scheme assists any registered or enrolled nurses who have been out of the nursing workforce, away from clinical practice for some time, or have allowed their registration to lapse, to gain the skills necessary to re-enter the profession. Scholarships valued at up to $6,000 each are available and offered twice annually. During 2005-06, 194 scholarships for varying amounts were awarded.

Support for Health Professionals in Rural Areas

Support Scheme for Rural Specialists

In 2005-06, the Department continued to fund the Support Scheme for Rural Specialists. Twenty-three projects were implemented under Round 5 of the Scheme, addressing factors that contribute to medical specialists moving away from rural based practice, including isolation and difficulties in accessing continuing professional development that is available to specialists in large centres.

Advanced Specialist Training Posts in Rural Areas Program

The Department continued to administer funding for the Advanced Specialist Training Posts in Rural Areas Program on a cost-shared basis with the states and the Northern Territory, to support accredited advanced specialist training posts in rural and regional locations. In 2005-06, the Department provided funding for 36 specialist training posts and to six medical colleges to provide support and training for advanced specialist trainees to prepare them for rural practice.

Rural Health Support, Education and Training Grants Program

The Rural Health Support, Education and Training (RHSET) Grants Program aims to enhance the access of rural and remote communities to effective health services by improving recruitment and retention of health care workers through education, training and support. In 2005-06, the Department approved in principle 14 organisations for funding of up to two years, and by June 2006, funding agreements with 12 organisations were in place under RHSET. The funded projects include cardiac rehabilitation training for Indigenous workers in the Cape York Peninsula and Torres Strait regions and training to strengthen teams managing chronic disease in the Ballarat region. The Department also provided funding for specialised training for Indigenous health workers focused on child and maternal health in the Kimberley and training for allied health professionals in rural and remote Australia to treat elderly patients suffering illnesses related to frailty.

Strengthening Cancer Care – Mentoring Regional Cancer Services Program

In 2005-06, through the Mentoring Regional Cancer Services Program, the Department entered into 21 funding agreements with rural health providers for the establishment of mentoring frameworks to link professionals working in regional, rural and remote areas with major urban hospitals in each state or territory. Under the initiative, specialists and other leading health professionals from centres of excellence in cancer treatment are encouraged to spend more time in regional, rural and remote areas and to be available to consult with their regional colleagues to ensure high quality cancer care. The Department provided encouragement to foster multidisciplinary approaches in areas where on the ground support is less comprehensive.

Departmental Programs Specific to Rural Health

Rural health activities are implemented across several other Outcomes. The following table lists these activities by Outcome.[1] Key rural health initiatives are highlighted in this chapter, to provide a comprehensive view of activities assisting people in rural and remote Australia across the portfolio.

Outcome	Rural Health Activity
Outcome 1	National Illicit Drug Strategy
Outcome 2	Enhanced Rural and Remote Pharmacy Package Rural and Remote Pharmacy Workforce Development Program
Outcome 3	Multipurpose Services Program Capital Assistance for Rural, Remote and Regional Australia Viability Funding Aged Care Workforce Support Indigenous Aged Care
Outcome 4	Higher Education Contribution Scheme Reimbursement More Allied Health Services New General Practitioner Registrars Rural and Remote General Practice And Nursing Rural Retention Program Rural Women's General Practitioner Service Workforce Support for Rural General Practitioners Strengthening Medicare: More Pre-vocational Doctors to Outer Metropolitan, Regional, Rural and Remote Areas Strengthening Medicare: Support for Rural and Remote General Practitioners
Outcome 5	Regional Health Services and Rural Primary Health Projects Medical Specialist Outreach Assistance Program Royal Flying Doctor Service Rural Private Access Program Multipurpose Centre Program
Outcome 7	Funding for Indigenous-specific Health Services

1 The table printed in the *2005-06 Health and Ageing Portfolio Budget Statements* was incorrect.

Outcome	Rural Health Activity
Outcome 9	Medical Rural Bonded Scholarships Australian Government Rural and Remote Nurse Scholarship Program National Rural and Remote Health Support Services Program, including Rural Health Support, Education and Training Grants Rural and Remote Nurse Scholarship Program Rural Specialist Workforce Support Programs University Departments of Rural Health Rural Clinical Schools Overseas Trained Doctors Initiatives Bonded Medical School Places Palliative Care in the Community Rural Australia Medical Undergraduate and John Flynn Scholarship Schemes
Outcome 10	Better Treatment for Cancer Patients – Radiation Oncology Additional Medical Indemnity Support for Procedural General Practitioners in Rural and Remote Areas

Performance Information for Administered Items

Administered Funding – Rural Health Program:

- Rural Health Services.

Target:	*Quality*: Initiatives are established to improve rural distribution of medical and other health professional student training placements.	
Result:	Target met.	The Department worked on a variety of initiatives aimed at improving rural distribution of medical and other health professional student training placements during 2005-06 with the following results: • during the first half of 2005-06, a total of 1,703 students completed placements (two-weeks or more rotations of undergraduate health profession students) totalling 8,045 weeks; • the Department implemented grants totalling $818,808 towards a number of long term infrastructure projects including student accommodation and educational facilities; and • new University Departments of Rural Health (UDRH) student accommodation was officially opened in Port Pirie, South Australia; Lismore, New South Wales; and Swansea and Nubeena, Tasmania. The program expanded during this financial year to include the Monash Centre for Multi-Disciplinary Studies, increasing the national network of UDRHs to a total of 11.

Target:	*Quantity*: 65 More Allied Health Services and 115 Regional Health Services will provide ongoing primary and/or allied health services in rural and remote areas and at least 10 time-limited preventive health initiatives will be established.	
Result:	Target met.	66 Divisions of General Practice delivered More Allied Health Services in 2005-06. 120 Regional Health Services provided a range of primary health care services relating to the prevention and treatment of illness in over 1,000 rural and remote communities. 7 new National Rural Primary Health Projects and 31 Building Healthy Communities projects (time-limited) targeting preventative primary care and the management of chronic disease were developed.
Target:	*Quality*: Initiatives are implemented to improve access to specialist and privately insurable health services for rural and remote communities.	
Result:	Target met.	Nationally, more than 1,070 services have been provided to rural and remote locations under the Medical Specialist Outreach Assistance Program. Under the second Rural Private Access Program funding round, a total of 68 applicants were funded for a total value of approximately $10.7 million. The third funding round was announced on 3 December 2005 and closed on 3 March 2006. Applications were under consideration by the Department as at 30 June 2006.
Target:	*Quantity*: Implement respite funding for Multipurpose Service (MPS) sites. Operational flexible care places allocated under the Multipurpose Services Program to increase by an estimated 7%.	
Result:	Target met.	The determination for respite funding was signed by the Minister for Ageing on 20 December 2005 with payments effective from 1 January 2006, the date for implementation of this 2005-06 Budget initiative. As at 30 June 2006, there were 2,292 operational flexible care places allocated to MPS, representing an increase of 138 or 6.4% over the 2,154 total operational flexible places allocated to MPS as at 30 June 2005.
Target:	*Quality*: All Multipurpose Service sites to comply with service funding agreements.	
Result:	Target met.	All MPS sites fulfilled their service delivery and reporting obligations under the service funding agreements.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Rural Health Services.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	Timely reports commissioned from stakeholders such as the Australian Institute of Health and Welfare (AIHW) assist in informing rural health policy development. The AIHW *Rural, Regional and Remote Health: Mortality Trends 1992-2003* report, (published 29 March 2006), and the *Rural, Regional and Remote Health: Information Framework and Indicators* Version 1b report[2] (published 11 November 2005), provided valuable information on health status, determinants of health, health system performance and mortality trends. Reports will be produced on an ongoing basis.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target met.	Budget predictions and actual expenses varied less than 0.5% from budgeted expenses. Actual variance was 0.21% from budgeted expenses.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	Consultation was undertaken with appropriate departmental program areas and State Office networks to identify potential initiatives. The Building Healthy Communities in Australia Steering Group advised on local initiatives. Projects were based on extensive community consultations and needs assessments.

2 Accessible at: <www.aihw.gov.au>.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	Royal Flying Doctor Service review
Timeframe:	Commencement date: 2 May 2005 End date: 27 February 2006

Evaluation/Review:	Rural Private Access Program evaluation
Timeframe:	Commencement date: 2006-07 End date: 2007-08 This evaluation was not undertaken in 2005-06 as it will be included with the broader Rural Health Strategy evaluation scheduled to commence in 2006-07 and be completed in 2007-08.
Related Performance Target:	Initiatives are implemented to improve access to specialist and privately insurable health services for rural and remote communities.

Evaluation/Review:	Building Healthy Communities in Remote Australia evaluation
Timeframe:	Commencement date: 1 July 2005 End date: 30 May 2008
Related Performance Target:	This evaluation relates to the Rural Primary Health Program.

Outcome 5: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 5.1: Rural Health Services			
Appropriation Bill 1/3/5	104,584	104,369	(215)
	104,584	**104,369**	**(215)**
Total Administered Expenses	**104,584**	**104,369**	**(215)**
Departmental Appropriations			
Output Group 1 - Policy Advice	2,520	1,647	(873)
Output Group 2 - Program Management	7,562	6,723	(839)
Total price of departmental outputs			
(Total revenue from Government and other sources)	**10,082**	**8,370**	**(1,712)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	9,989	8,351	(1,638)
Total revenue from other sources	93	19	(74)
Total price of departmental outputs			
(Total revenue from Government and other sources)	**10,082**	**8,370**	**(1,712)**
Total estimated resourcing for Outcome 5			
(Total price of outputs and administered expenses)	**114,666**	**112,739**	**(1,927)**
Average Staffing Level (Number)			
Department	**88**	**106**	**18**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **06**

HEARING SERVICES

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

OUTCOME 06
HEARING SERVICES

Part 1: Outcome Performance Report

Outcome 6 was managed in 2005-06 by the Office of Hearing Services in the Medical and Pharmaceutical Services Division. The Office delivers vouchers for eligible clients to access hearing assessments and devices from the hearing service provider of their choice; and hearing services for eligible clients with special needs.

Major Achievements

- Improved performance and quality of devices available under the Hearing Services Program.
- Improved access to hearing services by Aboriginal and Torres Strait Islander people through the expansion of eligibility to Government-funded services.
- For the first time in a financial year, the number of vouchers issued exceeded 200,000 and the number of service providers contracted to provide services under the Hearing Services Program reached 200.

Challenges

- Slower than estimated uptake of Government-funded hearing services by Aboriginal and Torres Strait Islander people in the new eligibility groups.
- Lower than expected usage rates of hearing aids for five hours or more per day.

Key Strategic Directions for 2005-06

Enhanced Access to Culturally Appropriate Hearing Services for Aboriginal and Torres Strait Islander Peoples

Eligibility for access to hearing services was expanded by the Australian Government on 1 December 2005 to include all Aboriginal and Torres Strait Islander people aged 50 years and over, and those who participate in the Community Development Employment Program. The Department is administering access for this group through the Community Service Obligations component of the Hearing Services Program. Australian Hearing, the Government-owned hearing service provider, is responsible for delivering these services.

The Department worked with Australian Hearing in 2005-06 to supplement their awareness raising activities about the Australian Government's initiative to improve access to the Hearing Services Program for Aboriginal and Torres Strait Islander people. The Department initiated consultations with key government and Indigenous agencies in the Northern Territory, Western Australia and New South Wales throughout 2005-06. The consultations increased awareness of the new eligibility criteria and established links that will assist in the implementation of the measure in the various jurisdictions.

Australian Hearing commenced an extensive marketing campaign in October 2005 which targeted Indigenous media and agencies providing services to Aboriginal and Torres Strait Islander people. Despite this campaign, initial uptake of the services by the target group was slower than expected. A total of 501 Aboriginal and Torres Strait Islander people had received services under the new measure by 30 June 2006, compared with a provisional target of 2,050. Uptake of the measure is expected to increase in line with expanding awareness of the measure and increasing acceptance of hearing services amongst Indigenous communities.

Improved Performance and Quality of Hearing Devices

In October 2005, a new Deed of Standing Offer between the Department and suppliers of hearing devices came into effect. The Deed sets out

conditions of device supply between suppliers and accredited hearing service providers of the Hearing Services Program. A total of 13 suppliers signed the new Deed.

As part of the conditions of device supply set out in the Deed, the Department introduced new minimum device specifications for the supply of hearing devices under the Hearing Services Program. These new specifications were phased in from October 2005 and fully implemented by December 2005. The new arrangements mean that devices supplied as 'free-to-client' now have higher minimum specifications. In addition, 'behind-the-ear' devices supplied under the Hearing Services Program now must have additional features, including directional microphones and noise suppression.

As a result of these changes, the proportion of devices that were provided as 'free-to-client' devices increased from 58 per cent in 2004-05 to 74 per cent in the second half of 2005-06.

Improved Access to Community Service Obligations Services and Improved Reporting and Costing of Community Service Obligations Arrangements

The Department ensures access to Community Service Obligations through a Memorandum of Understanding (MoU) with Australian Hearing. In 2005-06, 37,021 clients received services under the Community Service Obligations component of the Hearing Services Program, compared with 36,407 clients in 2004-05. Improved funding reporting and cost attributions, particularly for services provided to Aboriginal and Torres Strait Islander people, are now in place and monitored by the Department through the MoU.

Streamlined Contractual Arrangements

The Service Provider Contract incorporates Clinical Standards for Government-funded hearing services. Early in 2006, the Department commenced the implementation of new standards, known as Hearing Rehabilitation Outcomes for Voucher Clients, which focus on the rehabilitation outcomes to be achieved for clients. These Outcomes are quite different to the current focus on processes to be undertaken by clinicians, and remove a significant amount of prescriptive detail from the existing contractual requirements.

Although the new Outcomes will not formally be incorporated as a contractual requirement until July 2007, a phase-in period was commenced to allow the industry time to become familiar with the new standards and, if appropriate, to make modifications to their service delivery. The Department conducted Industry Information Forums in capital cities during May and June 2006.

In late 2005, the Department contracted an external consultant to undertake a review of its role in regulating the professional qualifications of practitioners who provide services under the Hearing Services Program. The review will be finalised in the second half of 2006 and recommendations will be formalised in 2007.

Quality Assurance of Service Provision

For the first time since the Hearing Services Program's inception in 1997, the number of service providers contracted to provide services to voucher clients reached 200, with services delivered through a national network of 1,713 permanent, visiting and remote sites.

The quality of service provision is monitored by the Department through a range of quality assurance measures. The Department regularly conducts audits of contracted service providers to assess compliance with their contractual obligations and with the Clinical Standards for hearing services. During 2005-06, the Department conducted a record number of 49 site visits and reviewed the files of 218 practitioners (which represented a 24 per cent sample of all practitioners).

A small percentage of audit outcomes result in compliance action being initiated against the contracted service provider. During 2005-06, one compliance notice was issued to a contracted service provider for alleged contraventions of the conditions of its accreditation under the Hearing Service Providers Accreditation Scheme 1997.

In addition, for the first time, the delegate of the Minister revoked the approval of one practitioner for long-term and systematic non-compliance with the Clinical Standards. This revocation was made under Rule 34 (2) (d) and Rule 34 (2) (e) of the Hearing Services Rules of Conduct 2000 and means that the practitioner is no longer able to provide any services to voucher clients.

During 2005-06, the Department reviewed its audit processes, resulting in the development and trial of new audit processes. These new processes are consistent with the change to outcome-based standards and are designed to give improved recognition to the level of professional expertise and judgement demonstrated by the hearing services industry.

In conjunction with the new audit processes, the Department contracted an external provider to design and conduct auditor training for 19 staff who were involved in a range of audit processes. This is the first time that formal auditor training was conducted for all staff.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Hearing Services Program:

- Hearing Services.

Target:	*Quantity*: Increase the level of access to hearing services by eligible clients, through maintenance of, or addition to, the 1,436 sites registered to provide audiological services under the Hearing Services Program.	
Result:	Target met.	The total number of sites registered to provide services under the Program was 1,713 at 30 June 2006, compared with 1,559 sites at 30 June 2005.
Target:	*Quantity*: An estimated 452,000 clients will benefit from the Hearing Services Program (including voucher and special needs groups).	
Result:	Target met.	A total of 461,976 clients received services through the Program in 2005-06. This includes 424,955 voucher clients and 37,021 community service obligations clients.

Target:	*Quality*: Increase the level of hearing device usage by fitted clients, by maintaining or increasing the proportion of fitted clients who use their device/s for five + hours per day, at or above 70%.	
Result:	Target not met.	Data collected in the June 2006 Office of Hearing Services Client Satisfaction Survey indicated that approximately 56% of clients used their hearing device for 5 or more hours per day. Comparisons with results of previous surveys are difficult due to survey sample design and questionnaire design. In 2005-06, the Department engaged the National Acoustics Laboratories and an external consultant to identify factors associated with hearing aid use in the Hearing Services Program. This information will be reviewed to identify how to increase hearing aid use amongst clients.
Target:	*Efficiency*: Maintain or improve the timeliness of voucher issue to eligible clients. Vouchers to be issued within 14 days of receipt of a correctly completed application.	
Result:	Target met.	Eligible clients were issued with a voucher within an average of 12.4 working days of the receipt of their application form. Demand for the Hearing Services Program continues to increase. In 2005-06, a record 204,382 vouchers were issued compared with 192,149 in 2004-05.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Hearing Services; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department continued to inform the Australian Government and support the Hearing Services Consultative Committee through the production of high quality and timely evidence-based research and analysis. For example, the Department produced papers in relation to a range of hearing services policy issues and commissioned research into the use of hearing devices.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	The Australian Government Hearing Services Voucher Program is demand driven and therefore subject to variances. Actual expenses were 9.8% less than budgeted figures.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	In 2005-06, the Department held information forums regarding the new Hearing Rehabilitation Outcomes in all capital cities except Darwin. As part of the Review of Professional Qualifications, the Department held meetings with service providers, tertiary education institutions and professional associations and accepted written submissions from other stakeholders. The Department also had regular meetings with the Deafness Forum of Australia as well as being represented by senior staff and audiologists at a number of conferences and meetings of peak professional bodies. The Office of Hearing Services again conducted its annual Survey of Client Satisfaction and continued to analyse complaints to assist in program development and improvement.

Outcome 6: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 6.1: Hearing Services			
Appropriation Bill 1/3/5	257,499	235,325	(22,174)
Total Administered Expenses	**257,499**	**235,325**	**(22,174)**
Departmental Appropriations			
Output Group 1 - Policy Advice	2,032	2,452	420
Output Group 2 - Program Management	6,097	5,720	(377)
Total price of departmental outputs	**8,129**	**8,172**	**43**
(Total revenue from Government and other sources)			
Total revenue from Government (appropriations) contributing to price of departmental outputs	8,095	8,156	61
Total revenue from other sources	34	16	(18)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**8,129**	**8,172**	**43**
Total estimated resourcing for Outcome 6 *(Total price of outputs and administered expenses)*	**265,628**	**243,497**	**(22,131)**
Average Staffing Level (Number)			
Department	**74**	**71**	**(4)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **07**

INDIGENOUS HEALTH

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

OUTCOME 07
INDIGENOUS HEALTH

Part 1: Outcome Performance Report

Outcome 7 was managed in 2005-06 by the Office for Aboriginal and Torres Strait Islander Health within the Department, with significant contribution from other divisions and the Department's State and Territory Offices.

Major Achievements

- Replaced regular unleaded petrol with non-sniffable *Opal* fuel in an additional 21 Aboriginal communities, bringing the total number of communities participating in the Petrol Sniffing Prevention Program to 59; and commenced an eight point action plan to address petrol sniffing in a designated zone in Central Australia.
- Implemented 53 Healthy for Life sites to improve Aboriginal and Torres Strait Islander child and maternal health and chronic disease outcomes.
- Continued expansion and enhancement of primary health care services for Aboriginal and Torres Strait Islander peoples through the Primary Health Care Access Program.
- Listed a new Medicare-funded health check for Indigenous children on the Medicare Benefits Schedule (MBS) on 1 May 2006.
- Maintained the Department's lead role for the Council of Australian Government's Trial site on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia, supporting key initiatives in health, communications, access to government and financial services and infrastructure development.

Challenges

- Thirty nine Aboriginal and Torres Strait Islander health services were rated to be of serious concern to the Department and were given an increased level of priority for monitoring and management support in the form of professional, clinical management and audit expertise.
- Slippage in completing capital works projects due to difficulties in getting building materials and skilled workers in remote locations.
- Commercial operators raised concerns regarding the rollout of *Opal* fuel, particularly in Central Australia.

Key Strategic Directions for 2005-06

Improved Access to and Responsiveness of the Mainstream Health System

Improved Access to Mainstream Health Financing

On 1 May 2006, the Department introduced a new Medicare item to fund annual health checks for Aboriginal and Torres Strait Islander children from birth to 14 years. This new health check will complement existing MBS-funded Adult Health Checks for Aboriginal and Torres Strait Islander people over 15 years, and the older Australians health check. It encourages doctors to carry out regular comprehensive health checks for Indigenous children, to promote healthy behaviours, prevent illness, and improve the early detection of disease. Together, these items provide a framework for health assessments and health promotion interventions for Aboriginal and Torres Strait Islander people at all stages of life.

The Department also continued to work with Medicare Australia to improve Indigenous Australians' uptake of Medicare and the Pharmaceutical Benefits Scheme (PBS) and uptake of the voluntary Indigenous identifier. Improved uptake of the Voluntary Indigenous Identifier will enhance the Department's understanding of the extent and pattern of MBS and PBS uptake and will inform future actions to overcome barriers to access.

The Department renewed exemptions under subsection 19(2) of the *Health Insurance Act 1973* that allow payment of Medicare rebates for services provided in 116 Aboriginal and Torres Strait Islander health services and in agreed State and Territory government-funded health services in remote areas of the Northern Territory and Queensland. These exemptions are granted in recognition of the comparatively low use of Medicare benefits by Aboriginal and Torres Strait Islander people.

The Department completed reviews of access to MBS funding under these arrangements in approved Queensland and Northern Territory health services. The Department also worked with Medicare Australia to complete a joint project to research current barriers to the major health programs, such as Medicare and the PBS, at a national level.

Workforce Development

The supply of Indigenous health professionals has increased with the graduation of 15 Puggy Hunter Memorial Scholarship Scheme recipients in 2005. A further 69 full-time equivalent scholarship recipients commenced studies in 2006 (29 nursing, eight medicine, 25 allied health, 11 Aboriginal and Torres Strait Islander Health Work and two health management). A total of 103 students were supported by these scholarships in 2005-06. The Department provides scholarship funding and the administration is contracted to the Royal College of Nursing Australia.

In 2005-06, the Department completed the first of two streams of Aboriginal and Torres Strait Islander Health Worker competencies and qualifications. The Primary Health Care Practice stream is an important step in developing a professional Aboriginal and Torres Strait Islander Health Worker workforce. The package, which also includes the Primary Health Care Community Care stream, is expected to be endorsed by the National Quality Council and State and Territory Ministers for Vocational Education and Training.

The Department agreed to fund the Leaders in Indigenous Medical Education (LIME) Connection to bring together key stakeholders and assist in the implementation of the Indigenous Health Curriculum Framework being undertaken by the Committee of Deans of Australian Medical Schools. The group will also develop a comprehensive approach to Indigenous health within medical education more generally. The LIME Connection will contribute to the reduction of barriers that limit Indigenous participation in medical education.

Complementary Action through Aboriginal and Torres Strait Islander-specific Health and Substance Use Services

Indigenous-specific Health Service Delivery

During 2005-06, the Department increased access to primary health care services providing funding for over 40 additional health service delivery staff, including seven general practitioners (GPs), 18 nurses and 16 Aboriginal and Torres Strait Islander Health Workers. In addition, over 50 capital works projects were approved, including 30 projects to enhance existing and establish new facilities, and 22 staff houses in remote areas.

The Department provided additional funding in 2005-06, under the Improved Primary Health Care initiative, specifically to provide substantially increased health care services in four remote and less accessible locations. The four sites have been selected at Toomelah, New South Wales; Wadeye, Northern Territory; Wheatbelt, Western Australia; and Cape York, Queensland. Funding was provided in 2005-06 to suitable auspicing organisations in the four areas to undertake community consultations, engage a range of health professionals and administrative staff, and plan for additional infrastructure to support the additional services.

Focus on Improving Efficiency and Effectiveness

The Department helped reduce red-tape and administrative burden for Aboriginal and Torres Strait Islander Health Services in 2005-06, through refinements to the Single Funding Agreement and the Service Development Reporting Framework (SDRF). Significant work by the Department has been undertaken to analyse and collate the data for the SDRF reports. These reports are providing valuable qualitative data to improve the effectiveness, range and quality of services being delivered by Indigenous-specific health services.

Forty-five additional Indigenous health services across Australia undertook Quality Improvement activities funded by the Department to enhance the quality and effectiveness of their health service delivery to Aboriginal and Torres Strait Islander peoples.

Improving the efficiency of Indigenous-specific health services has been a primary focus for the Department during 2005-06. Whilst most organisations are well managed, ongoing refinement and application of the Risk Assessment Procedures has enabled early identification of crucial risk factors. The risk assessment and analysis process allowed the Department to identify areas of potential risk, target specific strategies to address these areas, and respond in a timely manner with appropriately targeted interventions and levels of support to assist organisations. During 2005-06, the Department identified governance and financial management as potential risk factors and provided additional funding to support organisations to address these issues at the local level. A new support mechanism is the Advisory and Development Panel which will provide expertise across a range of business disciplines and clinical services with the primary purpose of providing immediate assistance and capacity development in effective management of organisations. The tender process for this panel has commenced.

In 2005-06, the Department successfully completed the roll-out of funding for implementation of Patient Information Recall Systems (PIRS) by eligible services, and provided funding for extension, enhancement, training and support to existing systems within services.

The Department also undertook a national stocktake to identify the level of existing PIRS resources within funded services, and to provide the Department with 'point in time' information to assist with future information technology development activities in Indigenous health sites.

Targeting Community Health Priorities

Healthy for Life, announced in the 2005-06 Budget, provides funding over four years to improve the health and wellbeing of Aboriginal and Torres Strait Islander mothers, babies and children, and those affected by chronic disease. The program complements and builds on existing Indigenous specific and mainstream primary health care services for Aboriginal and Torres Strait Islander people. The Department advertised a national call for applications for Healthy for Life funding in September 2005 and 116 applications were received. Implementation of the program is ahead of schedule with 53 sites approved for Healthy for Life activities at the end of 2005-06.

The Department developed a strategy to improve access to asthma spacers for clients of Aboriginal and Torres Strait Islander health services, by negotiating discounted rates with the industry, introducing a streamlined ordering and distribution system for Department-funded services, and arranging access to training and educational support for consumers and health service staff. The Asthma Foundation of Australia has agreed to manage the ordering and distribution system.

During 2005-06, the Department and the Indigenous Australians' Sexual Health Committee finalised the National Aboriginal and Torres Strait Islander Sexual Health and Blood Borne Virus Strategy 2005-2008, and developed an implementation plan for the first two years. The strategy and implementation plan will guide Australia's response to HIV/AIDS, blood borne viruses and sexually transmitted infections within Aboriginal and Torres Strait Islander populations. The strategy was launched by the Minister in October 2005, and the implementation plan is expected to be publicly available in late 2006.

During 2005-06, the Department and the Indigenous Australians' Sexual Health Committee developed an implementation plan for the strategy in consultation with the Ministerial Advisory Committee on AIDS, Sexual Health and Hepatitis, the Intergovernmental Committee on AIDS, Hepatitis C and Related Diseases, and other key stakeholders. The implementation plan will guide action in this area for the next two years. It is expected that the implementation plan will be publicly available in late 2006.

In 2005-06, the Department continued to fund a range of programs to reconnect families and provide social and emotional wellbeing and mental health services and workforce support to Indigenous

Australians. These include the Bringing Them Home Counsellors, Link Up Services, Social and Emotional Well-Being Regional Centres and Mental Health Services Projects. During 2005-06, the Department engaged a consultant to undertake an independent evaluation of these programs. The evaluation is expected to be finalised by the end of December 2006.

The Department continued to provide funding to support 64 Aboriginal and Torres Strait Islander substance use services nationally, including 41 specific Aboriginal and Torres Strait Islander substance use services, 28 of which are residential and 13 are non-residential. The remainder are funded as part of Indigenous primary health care services. The Department also provided further funding to several national projects supporting the substance use services. These included Substance Use Sector Annual Workshops, which bring together key stakeholders and service providers in each jurisdiction and activities undertaken by funded services nationally during National Drug Action Week (18-24 June annually).

In 2005-06, the Department expanded the availability of *Opal* fuel to an additional 21 remote Aboriginal communities, bringing the total number of remote communities participating in the Petrol Sniffing Prevention Program to 59. In addition, the Department and the Office of Indigenous Policy Coordination developed an eight point plan to address petrol sniffing in a designated region of Central Australia. The plan was agreed by relevant State and Territory governments, and set out a comprehensive strategy for preventing and managing petrol sniffing in the region. In accordance with this plan, in 2005-06 the Department held multilateral and bilateral discussions with state and territory health authorities to improve rehabilitation and treatment services for Indigenous communities in the designated zone.

A challenge in achieving the rollout of *Opal* fuel to commercial premises was the range of issues, both real and perceived, around the safety and efficacy of the fuel. These included pricing, the perception of lack of take up by the public and misinformation about possible damage to equipment. The Department has responded to these issues through a number of public consultations involving fuel wholesalers and roadhouse operators together with continued individual consultations with stakeholders. Thirteen commercial premises in and around the designated region of the Central Desert are now selling *Opal* fuel.

Improved Service Delivery and Outcomes through Collaboration with Government and the Health Sector

Council of Australian Governments Whole-of-Government Trials

The Department continued in its lead role for the Council of Australian Governments (COAG) Trial site on the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia.

Two specific projects, the Mai Wiru Regional Stores Policy, and the PY Ku Network, which were previously endorsed by the APY Lands COAG Steering Committee and reflect the priorities identified in the draft APY Lands Shared Responsibility Agreement (SRA), continued to be developed in 2005-06. Funding has been provided by this Department and the Office of Indigenous Policy Coordination, the Department of Employment and Workplace Relations, the Department of Education, Science and Training, the Department of Transport and Regional Services, the Department of Communications, Information, Technology and the Arts, and the South Australian Government. Both projects also improved training and employment opportunities for communities on the APY Lands, with seven local people being employed.

In 2005-06, the Mai Wiru Regional Stores Policy focused on improving the availability and affordability of healthy food supplies. A public health nutritionist commenced work in May 2006 at the Nganampa Health Service and community stores to work with the community to increase availability and encourage consumers to purchase healthy foods.

The PY Ku Network of transaction centres located in each community, focused on improving access to a wide range of social and community services on the APY Lands. An accommodation business was also being established, with the purchase of 14 ex-Commonwealth Games accommodation units.

Six SRAs were signed on the APY Lands COAG Trial site in 2005-06, focusing on improving housing infrastructure, early childhood, employment and health outcomes.

The Tjungungku Kuranyukutu Palyantjaku (TKP) Regional Forum, consisting of representatives from local Anangu service providers, the Australian Government and the South Australian Government, provides guidance for the COAG trial and other whole-of-government activities. In 2005-06, the TKP employed

an APY Lands Services Coordinator and two Regional Services Coordinators and agreed on a workplan to focus on issues and priorities. The TKP also focused on the development of a Regional Partnership Agreement to replace the previous draft SRA.

Australian Government's Indigenous Affairs Arrangements

During 2005-06, the Department continued to be involved in policy and program development work relating to the Australian Government's Indigenous affairs arrangements, including engagement with Indigenous Coordination Centres (ICC). Work has continued, for example, on harnessing mainstream programs to gain better outcomes for Aboriginal and Torres Strait Islander people. The Department contributed to policy development related to the priorities of the Ministerial Taskforce on Indigenous Affairs, the work of the Violence Summit and also on policy work to further developing, and contributing to, the SRAs.

The Department contributed to the Indigenous affairs arrangements through engaging with ICCs, particularly around the development of SRAs. As at 30 June 2006, the Department had contributed financially to 14 signed SRAs, and provided non-financial contributions to others. The Department was also involved in negotiating Regional Partnership Agreements.

The Department continued to increase its engagement with ICCs. Coverage of all ICCs is being achieved through a hub and spoke model with solution brokers being placed either in an ICC or located within the Department's State and Territory Offices in an outreach capacity to several ICCs.

The Department was also actively involved with the Office of Indigenous Policy Coordination in determining ways to align administrative processes, such as the use of a single funding agreement for co-funded organisations, aligning more closely the analysis processes across agencies and identifying and addressing issues of governance within funded organisations.

Performance Information for Administered Items

Administered Funding – Indigenous Health Program:

- Aboriginal and Torres Strait Islander Health.

Target:	*Quantity*: At least 200 organisations are providing and/or purchasing primary health care and/or substance use services for Aboriginal and Torres Strait Islander clients.	
Result:	Target met.	226 organisations were funded in 2005-06 to provide and/or purchase primary health care and/or substance use services for Aboriginal and Torres Strait Islander clients.
Target:	*Quantity*: At least 1.3 million episodes of care are provided by primary health care services to Aboriginal and Torres Strait Islander clients.	
Result:	Target met.	In 2004-05, Australian Government-funded Aboriginal and Torres Strait Islander primary health care services provided 1.4 million episodes of care to Aboriginal and Torres Strait Islander clients. 2005-06 data will not be available until April 2007.
Target:	*Quantity*: At least 1,500 clients are supported by the national network of Link Up Services.	
Result:	Target met.	The Department funds 15 Link Up services across the country through 14 Indigenous organisations. These services provide support to Aboriginal and Torres Strait Islander people affected by past removal policies and practices. There were 5,794 total services provided to Link Up clients over 2005-06.
Target:	*Quantity*: At least 18 new clinic redevelopments/improvements are completed and 10 new health staff houses/duplexes are established in remote areas.	
Result:	Target not met.	Of the planned 18 new clinic redevelopments/improvements in remote areas, 12 have been completed. The uncompleted projects have been delayed due to various factors within each project. These include construction delays and difficulties associated with the competitive market for limited resources in the construction industry in remote areas through to insufficient infrastructure to meet the building demands. The planned provision of 10 houses/duplexes for health professional staff in remote areas was met.
Target:	*Quantity*: At least 50 Aboriginal and Torres Strait Islander students receive scholarships to study health-related disciplines.	
Result:	Target met.	At the commencement of the 2006 academic year (February 2006) there were a total of 103 Puggy Hunter Memorial Scholarship holders, including the 69 full-time equivalent scholarship recipients who commenced studies in 2006 in the areas of nursing (29), medicine (8), allied health (25), Aboriginal and Torres Strait Islander Health Work (11) and health management (2).

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Aboriginal and Torres Strait Islander Health; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department invests in research and research capacity. Timely evidence-based research in 2005-06 included: • funding the Onemda VicHealth Koori Health unit to implement Aboriginal community development processes to improve the health of Aboriginal people; developing high-quality teaching programs and learning environments for Indigenous students; and collaborating with key stakeholders to promote Indigenous leadership in the sector; • funding the Kulunga Research Network to oversight the Indigenous research program managed by the Telethon Institute for Child Health research, and build capacity in Aboriginal research by coordinating a team of Aboriginal researchers to oversee the Aboriginal child and maternal health research programs of the Institute; • industry partnership with the Cooperative Research Centre for Aboriginal Health to tailor research programs to respond to the specific needs of Indigenous Australians; and • coordinating Australian Government support for the conduct of the Western Australian Aboriginal Child Health Survey, the publication of key findings, and the development of a translation to policy process in consultation with all Australian Government portfolios.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target met.	Administered budget predictions were met. All administered funds were expended and committed.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The Department provided support and engagement with the National Aboriginal Community Controlled Health Organisation and support for jurisdictional health forums. Support was also provided to the National Aboriginal and Torres Strait Islander Health Council, and to the stakeholders in the Healthy for Life Evaluation and Outcomes Framework Reference Group, and the Bringing Them Home and Mental Health Program Evaluation Reference Group.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	Evaluation of Bringing Them Home programs
Timeframe:	Commencement date: 13 May 2006 End date: 22 December 2006
Related Performance Target:	At least 1,500 clients are supported by the national network of Link Up services.

Outcome 7: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 7.1: Aboriginal and Torres Strait Islander Health			
Appropriation Bill 1/3/5	339,862	297,928	(41,934)
Total Administered Expenses	**339,862**	**297,928**	**(41,934)**
Departmental Appropriations			
Output Group 1 - Policy Advice	11,064	32,745	21,681
Output Group 2 - Program Management	33,188	10,915	(22,273)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**44,252**	**43,660**	**(592)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	44,043	43,509	(534)
Total revenue from other sources	209	151	(58)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**44,252**	**43,660**	**(592)**
Total estimated resourcing for Outcome 7 *(Total price of outputs and administered expenses)*	**384,114**	**341,588**	**(42,526)**
Average Staffing Level (Number)			
Department	**345**	**332**	**(13)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME **08**

PRIVATE HEALTH

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

OUTCOME 08
PRIVATE HEALTH

Part 1: Outcome Performance Report

Outcome 8 was managed in 2005-06 by the Acute Care Division.

Major Achievements

- Developed and commenced implementation of a comprehensive range of reforms to private health insurance, with a focus on improving competition, providing value to consumers, and ensuring the sustainability of the private health sector.
- Implemented new arrangements for the listing and benefit setting for prostheses following close consultation with industry, in order to contain the rate of growth in prostheses benefits to health funds.
- Reviewed the impact of the Higher Rebates for Older Australians, to determine the impact on retention rates of people with private health insurance aged 65 years and older.

Challenge

- Consumer concerns regarding informed financial consent and out-of-pocket medical expenses.

Key Strategic Directions for 2005-06

Reforms to Private Health Insurance

In 2005-06, the Australian Government agreed to a comprehensive package of reforms for private health insurance that were developed by the Department. The Department consulted with industry in the design of the reforms to improve competition, provide value to consumers and ensure the sustainability of the private health sector. This also included consultation as part of reviews of existing policies.

The Australian Government announced these changes on 26 April 2006, along with the sale of Medibank Private. A significant change to private health insurance is the introduction of broader health cover. The Department began working closely with industry so funds may offer broader health cover products which will also allow cover for services that prevent hospitalisation, from 1 April 2007.

The reforms also mean that health funds will be required to provide standard information about each of their products. This will include information on premiums, waiting periods, excesses and exclusions, and hospital and medical gaps. This information will be supported by the establishment of an industry web site by the Private Health Insurance Ombudsman (PHIO). The web site will provide a tool to allow people to compare products and health funds.

During 2005-06, the Department also consulted with stakeholders to increase the focus on safety and quality requirements for all privately insured services. This means that from July 2008, all private health insured services will have to be provided in an accredited facility and/or by a suitably qualified provider. This work will continue in close consultation with the Australian Commission on Safety and Quality in Health Care.

In May 2006, the Department also began a restructure of private health insurance legislation to accommodate

these changes, and to ensure that the regulation of the industry is the minimum necessary to meet Australian Government objectives and protect consumers. The aim of the new legislation will be to articulate Australian Government policy clearly and to set out a more appropriate framework for product innovation that also assists the industry to comply with regulatory rules as efficiently and inexpensively as possible.

In shaping the implementation of these reforms, the Department commenced consultation with stakeholders, including health funds, private hospitals and industry bodies, in June 2006.

Monitoring the Impact of the Higher Rebates for Older Australians

In January 2006, the Department undertook an internal review of, and sought industry's views on, the Higher Rebates for Older Australians. The review found that the higher rebates had a positive impact on the retention rates of people with private health insurance aged 65 years and over. It had also been estimated that up to an additional 10,000 people would take out cover as a result of the measure over four years. The most recent data (June 2006) affirmed the review findings. It shows that more than 1 million people who held private health insurance cover at the time of the introduction of the higher rebates in April 2005, have remained insured. Of the additional 61,000 people over the age of 65 years that have taken out private health insurance since the introduction of the higher rebates, it is estimated that 16,000 people have taken out private health insurance because of the higher rebates, as at June 2006.

Development of New Risk Equalisation (Reinsurance) Arrangements

In July 2005, the Australian Government decided to defer the introduction of the planned risk-based capitation reinsurance arrangements, pending a review of all risk equalisation options. In November 2005, the Department commissioned a review of risk equalisation that included industry consultation.

This review was completed in December 2005 and it recommended new arrangements agreed to by industry. The proposed model is a modified version of the current model put forward by the Australian Health Insurance Association, and includes a high costs claims pool. The Australian Government agreed to the adoption of the recommended model as well as agreeing to treat single parent families as one Single Equivalent Unit for risk equalisation purposes. Industry consultation and scoping of the details of the new model with industry was undertaken by consultants in May 2006.

The new arrangements for risk equalisation (reinsurance) formed part of the private health insurance reforms announced on 26 April 2006. The new arrangements become effective from April 2007.

Provision of Secure Electronic Links to Simplify Payment Arrangements for Patients

During 2005-06, the Department continued to work with Medicare Australia to progress the introduction of the Electronic Claim Lodgement and Information Processing Service Environment (ECLIPSE). ECLIPSE will enable medical practitioners to lodge claims for in-hospital episodes of care directly with Medicare Australia and the private health insurance fund.

ECLIPSE facilitates doctors obtaining informed financial consent from their patients; simplifies checking eligible benefits and the claiming process; and results in faster processing and payment of claims. This will benefit consumers, health service providers and private health insurance funds. A total of 17 health funds began participating in ECLIPSE after December 2005.

Implementation of New Prostheses Arrangements

New arrangements for listing prostheses commenced on 31 October 2005 with the release of a revised Prostheses List. This is a list of prostheses and benefit amounts that health funds are required to pay as part of private hospital cover where prostheses are involved in a treatment. The Department facilitated the implementation and management of these new arrangements with the release of a list every six months. Under the new arrangements, products to be listed are subject to an assessment of the clinical effectiveness for the patient and the relative clinical effectiveness when compared to other similar devices. The new arrangements are designed to contain the rate at which the cost of prostheses benefits to health funds is growing and, in turn, ensure that private health insurance remains affordable. Prostheses benefits represent 10 per cent of total fund business and as a result of the new arrangements, the annual rate of growth in prostheses benefits has been reduced from 19.8 per cent in 2004-05 to 7.9 per cent in 2005-06.

During 2005-06, the Department worked with industry on the clinical assessment and benefit setting processes. The Department provided secretariat services to the range of committees that are involved in the clinical assessment processes and provided support for the benefit negotiators. The Clinical Advisory Groups, which undertake the clinical assessments and provide advice to the ministerially appointed Prostheses and Devices Committee (PDC), reviewed vascular, urogenital, spinal and cardiothoracic products to determine their clinical effectiveness.

Almost 33 per cent of products on the February 2006 Prostheses List had benefits negotiated between prostheses sponsors and benefit negotiators appointed by the PDC. The benefit negotiators continued to negotiate benefits for the remaining 67 per cent.

There were 9,306 prostheses listed on the February 2006 Prostheses List. Of these, 9,193 did not have out-of-pocket medical expenses. This means that nearly 99 per cent of the prostheses listed were provided at no cost to the patient.

Under the *National Health Amendment (Prostheses) Act 2005,* an independent review of the new arrangements is required to commence by 1 July 2007 and report to Parliament in October 2007.

Preparations for this review began with the establishment of data collection mechanisms to capture the information required. The data collection is continuing and includes an assessment of the adequacy of the informed financial consent arrangements and an examination of the extent of out-of-pocket costs experienced by patients who have received a clinically appropriate prosthesis.

Benefits for Procedures Performed by Podiatric Surgeons

In 2005-06, the Department continued to assess the impact of the *Health Legislation Amendment (Podiatric Surgery and Other Matters) Act 2004*. This commenced on 13 January 2005 and allowed health funds to pay hospital benefits for accommodation and nursing care to patients of Australian Government accredited podiatrists. The assessment was subsequently extended to include the impact of the *National Health Amendment (Prostheses) Act 2005* which enabled health funds to pay hospital benefits to patients for prostheses surgically implanted by Australian Government accredited podiatrists.

The Department received a number of enquiries from health funds regarding their obligations under the new legislation. Formal advice issued by the Department to the private health insurance industry in August 2005 confirmed that health funds are required to make available at least one hospital table that provides benefits for all episodes of hospital treatment, including surgery by an accredited podiatrist.

The PHIO also has responsibility for monitoring the operations of provisions relating to Australian Government accredited podiatrists and reporting and acting on complaints. As at 30 June 2006, there were 14 Australian Government accredited podiatrists.

Review of Loyalty Bonus Scheme Arrangements

Following questions raised by health funds, in early 2005 the Department conducted a review of the policy and legislative framework that underpins the Loyalty Bonus Schemes. Loyalty Bonus Schemes are arrangements whereby health funds can offer rewards – financial or otherwise – to members, based on the duration of their membership. The review found that while Loyalty Bonus Schemes are valuable in rewarding long term members, many health funds were also concerned about how to attract, retain and reward

shorter term members as well. These views were taken into account by the Department in the development of the reforms to private health insurance.

Addressing Consumers' Concerns

Portability of private health insurance means that health fund members are able to transfer between health funds to broadly comparable products, without having to re-serve waiting periods (unless they transfer to a higher level of cover).

However, health funds were able to apply benefit limitation periods (BLPs) to new members transferring from another fund. During a BLP, for a specified length of time which is usually one or two years, the newly-transferred members were only entitled to limited benefits for specified services. In many cases, where funds had BLPs, these restrictions applied to psychiatric services.

To address the situation where funds might use BLPs to dissuade people likely to claim from joining, the Minister for Health and Ageing made new Conditions of Registration for health funds under the *National Health Act 1953*, effective from 1 December 2005. These conditions prevent health funds applying BLPs to members transferring from other funds, or between products within a fund. The Department sought input from the health insurance sector on this issue through industry circulars in August, September and October 2005. Whilst health funds expressed some concerns about the potential for the new conditions to impact on their business, the new conditions were welcomed and strongly supported by consumers and private hospitals.

During 2005-06, the Department worked with the PHIO and industry to address consumer concerns that were identified in the second annual *State of the Health Funds* report. The report, published by the PHIO and released on 22 March 2006, identified informed financial consent and out-of-pocket expenses as key consumer concerns. The incorporation of a new requirement for health funds to publish standard product information as one of the reforms announced on 26 April 2006 is aimed at improving the rate of informed financial consent and enabling consumers to be better able to compare products.

An Informed Financial Consent Taskforce, established in 2003-04, was disbanded in August 2005. The Minister for Health and Ageing requested that the Promoting Private Health Group (PPHG) progress a number of issues relating to private health services, including improving the incidence of informed financial consent. The PPHG consists of representatives of the Australian Medical Association, the Australian Health Insurance Association, the Australian Private Hospitals Association and Catholic Health Australia. It is chaired by a former National President of the Australian Medical Association.

The PPHG met in June 2006 to further progress issues relating to informed financial consent. Administrative support was provided by the Department.

The Expansion of Powers of the Private Health Insurance Ombudsman

During 2005-06, the Department consulted with industry and worked closely with the PHIO to finalise the *Health Legislation Amendment (Private Health Insurance) Act 2006* (the Act) which commenced on 1 July 2006. The Act expanded the powers of the PHIO to include the receipt of complaints by, and in relation to, health care providers and brokers.

The Act expands the types of documents the Ombudsman can require from funds and service providers. Through the amendments, voluntary mediation is supplemented with a power to compel parties to a dispute to undertake mediation where the Ombudsman deems it appropriate. The Act also expands the recommendatory power of the PHIO to the practices and procedures of health care providers and brokers. Penalties are included for parties, other than consumers, who fail to comply with matters relating to providing records, participating in mediation and reporting to the Ombudsman.

Peak bodies of the private health industry, including the Australian Health Insurance Association, the Australian Medical Association and the Australian Private Hospitals Association were consulted in the development of the Act. All supported the increased powers for the Ombudsman.

Performance Information for Administered Items

Administered Funding – Private Health Program:

- Private Health Insurance.

Target:	*Quantity*: Maintain the number of people covered by private health insurance.	
Result:	Target met.	8.85 million people had private health insurance for hospital cover in 2005-06 compared to 8.70 million in 2004-05.
Target:	*Quantity*: Increased proportion of in-hospital episodes delivered to private patients in public and private hospitals. Target: increased proportion compared with pre-reform proportion (June 2000, 32.7%).	
Result:	Target met.	34.8% in 2004-05 (latest available data), an increase from 34.0% in 2003-04 and 32.7% in 1998-99.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Private Health Insurance; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely, evidence-based policy research.	
Result:	Target met.	The Department provided high quality and timely evidence-based research and analysis to inform the Australian Government within the timeframes required. This policy research was used as the basis of the development of the April 2006 reform package.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	The actual expenses were 0.9% greater than the budgeted expenses due to more people being covered by private health insurance. The increase in coverage in the four quarters to June 2006 of 147,000 people was the highest four quarter increase since Lifetime Health Cover was introduced in 2000.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The Department liaised with health funds, private hospitals, day facilities and consumer representatives regularly. These stakeholders have indicated a high level of satisfaction with the quality and timeliness of communications with the Department. The Department regularly sought input and feedback from these key stakeholders through committees and formal consultations. This has been successful for both formal and informal liaison enabling stakeholder concerns to be addressed in the work of the Department.

Outcome 8: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 8.1: Private Health Insurance			
Private Health Insurance Incentives Act 1998	3,022,659	3,049,896	27,237
Total Special Appropriations	**3,022,659**	**3,049,896**	**27,237**
Total Administered Expenses	**3,022,659**	**3,049,896**	**27,237**
Departmental Appropriations			
Output Group 1 - Policy Advice	2,853	3,803	950
Output Group 2 - Program Management	8,561	7,466	(1,095)
Total price of departmental outputs			
(Total revenue from Government and other sources)	**11,414**	**11,269**	**(145)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	10,662	10,397	(265)
Total revenue from other sources	752	872	120
Total price of departmental outputs			
(Total revenue from Government and other sources)	**11,414**	**11,269**	**(145)**
Total estimated resourcing for Outcome 8			
(Total price of outputs and administered expenses)	**3,034,073**	**3,061,165**	**27,092**
Average Staffing Level (Number)			
Department	**61**	**59**	**(2)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME 09

HEALTH SYSTEM CAPACITY AND QUALITY

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

OUTCOME 09

HEALTH SYSTEM CAPACITY AND QUALITY

Part 1: Outcome Performance Report

Outcome 9 was managed in 2005-06 by the Health Services Improvement Division and Portfolio Strategies Division. The National Institute of Clinical Studies also contributed to the outcome, and produces its own annual report.

Major Achievements

- Established the National Youth Mental Health Foundation.
- Australian Health Ministers endorsed the National Chronic Disease Strategy and its associated National Service Improvement Frameworks in November 2005.
- Established Cancer Australia.
- Engaged at a high level with the World Health Organization, and achieved recognition of Australia's role on the Executive Board and Chairmanship of the Programme, Budget and Administration Committee.

Challenge

- Slow uptake of the Australian Government's Broadband for Health – Managed Health Network Program.

Key Strategic Directions for 2005-06

Council of Australian Governments Initiatives in Health Workforce and Mental Health

At its 10 February 2006 meeting, the Council of Australian Governments (COAG) endorsed the National Health Workforce Strategic Framework and agreed on a number of actions designed to improve Australia's health workforce and health education structures. The Department undertook additional work on the Strategic Framework for COAG's consideration at its July 2006 meeting. This additional work has included: investigation on the number and distribution of training places; the organisation of clinical training and education; and accreditation and registration of health professionals. The Department is also progressing COAG's agreement to a national assessment process for overseas qualified doctors.

The Department developed several mental health initiatives that were announced by the Prime Minister on 8 April 2006 for inclusion in a COAG National Mental Health Action Plan. Initiatives included: increasing the role of psychologists and other health professionals in primary care; a renewed focus on promotion, prevention and early detection and intervention of mental health issues; and increasing the health workforce available to address mental health issues. In June 2006, the Department completed the provision of one-off infrastructure funding to Lifeline to expand its telephony network to provide coverage across Australia.

Support for Health Sector Electronic Clinical Communications

Health*Connect* is an overarching national change management strategy aimed at improving safety and quality in health care, through a range of standardised electronic health information for health care providers and consumers.

The Department put in place a number of initiatives during 2005-06. These include:

- the establishment of the National E-Health Transition Authority by the Australian, State and Territory governments, which is charged with developing the standards and infrastructure for health and medical information management systems;
- the extension of the Broadband for Health program. This initiative supports investment in secure business grade and advanced broadband connectivity for general practices, Aboriginal Community Controlled Health Services, and community pharmacies, and has seen a steady increase in uptake for the duration of the program; and
- the implementation of the Managed Health Network Grants, as part of the Broadband for Health program, which provide funding for collaborative local e-Health projects. Due to the pioneering nature of the project, uptake was initially slow, however, the Managed Health Network Grants have since had an overwhelming response and a large quantity of applications have been received.

As a result of the Department's work, over 7,000 consumers in the top end of the Northern Territory now have a fully functioning electronic health record; in Tasmania over 3,440 consumers who have been admitted or discharged from hospitals now have their general practitioners notified electronically; and in South Australia, some 52 per cent of health providers are now connected via Broadband for Health.

Enhanced Quality of Training for Doctors

The training of doctors has historically taken place in tertiary metropolitan public hospitals, to align with where the majority of health services have been provided. Changing patterns of disease and illness in Australia have affected the way health professionals work, including an increased usage of health care settings such as private consulting rooms, community centres and private hospitals. Opportunities for training in these settings, as well as in rural and regional hospitals, are increasingly being recognised as necessary to maintain the high standards of medical training in Australia.

The Medical Specialist Training Steering Committee explored how vocational medical training could be enhanced to incorporate this breadth of health care settings. The Department supported this initiative by providing secretariat services to the steering committee, as well as engaging expert advisory consultants to report on specific features for implementation.

In 2005-06, the Department funded training posts and infrastructure to assist selected overseas trained specialists to complete upskilling training in order to achieve specialist recognition. The Department also provided funding for the training and mentoring for overseas trained doctors to achieve Fellowship of the Royal Australian College of General Practitioners.

Implementation of the Youth Mental Health Initiative

In 2005-06, the Department managed a Request for Application process to select a consortium to establish the National Youth Mental Health Foundation. The Department entered into contractual arrangements with the successful consortium in May 2006. The Foundation will enable better access to appropriate services for young people with mental health and drug and alcohol problems. The Foundation will focus on early identification and effective intervention for young people at risk and for those already showing early signs of mental health problems.

The new Foundation – 'headspace' – will run a program of service development grants, professional training, research and community awareness activities leading to better access, better care and better outcomes for young people. A major

component of 'headspace' will be to implement the grants program for Youth Services Development, to enable organisations that already deliver youth mental health services to restructure so that they can deliver their current activities in a more targeted and coordinated way.

Improved Quality of Care

The Department, through its research and secretariat support, assisted the National Health Priority Action Council (NHPAC) in 2005-06 to develop an integrated chronic disease strategy. The NHPAC was responsible for advising the Australian Health Ministers' Advisory Council (AHMAC) on the coordination and progress of the National Health Priority Areas (NHPAs). It reported to the Australian Health Ministers through the AHMAC on action in, and across, NHPAs. The National Chronic Disease Strategy was endorsed by the Australian Health Ministers' Conference in November 2005.

The National Chronic Disease Strategy package comprises the following:

- the National Chronic Disease Strategy – an overarching framework for improving chronic disease prevention and care;
- the National Service Improvement Frameworks – disease specific frameworks structured to reflect the continuum of care from prevention through to end of life care. These have been developed for asthma; cancer; diabetes; heart stroke and vascular disease; and osteoarthritis, rheumatoid arthritis and osteoporosis; and
- the Blueprint for nation-wide surveillance of chronic diseases and associated determinants – a framework for local and national public health surveillance of preventable chronic disease and the determinants of chronic disease.

The strategy will guide policy to prevent chronic disease where possible and improve care across Australia.

Palliative Care

To support the choice of people with a terminal illness to be cared for at home, the Department provided funding for specific research to enable the continued addition of medicines for palliative care to the Pharmaceutical Benefits Scheme (PBS). This resulted in a further 40 items being added to the special palliative care section in the PBS during 2005-06. The Department also established the Palliative Care Clinical Studies Collaborative. This collaborative will facilitate multi-site clinical research work with pharmaceutical companies to support further submissions for palliative care medicines on the PBS.

Through the Local Palliative Care Grants Program, the Department awarded grants to 117 community projects during 2005-06. The projects will help local communities provide better support to palliative care patients and their families. For example, the refurbishment and redecoration of Mt Olivet Hospice Inpatient Unit and Home Care Service facility in Queensland has resulted in a more relaxed, home like environment for patients and families, and includes a dedicated area for children. Another example is Bear Cottage children's hospice in New South Wales, where funding has been used to modify an existing hospice vehicle. This will make it easier and more comfortable for children and their families to travel from their homes to Bear Cottage and other palliative care services.

Establishment of Cancer Australia

Cancer Australia was established as a statutory agency under the *Public Service Act 1999* in May 2006. An advisory council of the new agency was appointed in March 2006 and includes cancer experts and eminent professionals.

Cancer Australia will provide national leadership in cancer control; guide improvements to cancer prevention and care; oversee a dedicated budget for research into cancer; and make recommendations to the Australian Government about cancer policy and priorities. Cancer Australia will also have an important coordination and liaison role between the wide range of groups and providers with an interest in cancer.

Implementation of a Global Centre of Excellence

The Australian Government committed funding for an Islet Cell Transplantation Program in Australia as part of the research effort to find a cure for type 1 diabetes. In 2005-06, the Department reached an agreement with the Juvenile Diabetes Research Foundation to establish and run this program.

The program will refine the islet cell transplantation procedure, which is considered to be experimental at this time. The evidence suggests that it offers one of the most promising avenues to an eventual cure for those living with daily insulin therapy for type 1 diabetes. Research will also be conducted on the health outcomes for people following transplants, and the effectiveness of the transplant procedure.

Safety and Quality

The Australian Council for Safety and Quality in Health Care, established in January 2000 for a five-year term, ceased operation on 31 December 2005. The Council was successful in leading national efforts to improve the safety and quality of health care provision in Australia. It reported annually to all Health Ministers and was supported by all state and territory jurisdictions.

The Council was succeeded by the new Australian Commission on Safety and Quality in Health Care, which commenced operation on 1 January 2006. The Department assisted with the transition from the Council to the new Commission.

Like the former Council, the new Commission is funded by and reports to the Australian Health Ministers' Conference. The Commission is housed within the Department for the purposes of providing a formal framework for the staffing and financial management of the Commission.

Major priorities for the Commission include improving the safety and quality of hospitals and primary health care and greater engagement of the private sector. One of its first tasks will be to improve national reporting on safety and quality. The Commission will work closely with the states and territories in addressing these priority areas.

Work completed this year includes:

- development of a common medication chart – a national chart for the prescribing, supply and administration of patient medications;
- distribution of consumer information called '10 tips for safer health care';
- implementation of correct site surgery procedural protocol; and
- national sentinel events reporting – the first report is expected to be completed in August 2006.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Health System Capacity and Quality Programs, including:

- Chronic Disease – Treatment;
- E-Health Implementation;
- Health Information;
- International Policy Engagement;
- Mental Health;
- Palliative Care and Community Assistance;
- Research Capacity;
- Rural Workforce; and
- Workforce.

Target:	*Quality*: Access to palliative care for people living in the community, including access to an increased range of medications for palliative care.	
Result:	Target met.	40 additional items were included in the palliative care section of the Pharmaceutical Benefits Scheme during 2005-06. 117 community projects were funded under the Local Palliative Care Grants Program. 291 health care workers were trained in Advanced Care Planning.
Target:	*Quality*: Access to coordinated care for people receiving palliative care in rural areas.	
Result:	Target met.	241 (40%) of placements to the Program of Experience in the Palliative Approach were undertaken by participants from rural and remote access areas. 143 workshops for the Guidelines for a Palliative Approach in Residential Aged Care were held in regional and rural areas.

Target:	*Quality*: National and local level National Suicide Prevention Strategy Initiatives are implemented across population settings and targeting at-risk groups, under the direction of the National Advisory Council on Suicide Prevention.	
Result:	Target met.	During 2005-06, 19 national projects and 72 community based projects implemented national and local solutions to suicide prevention. These projects have enhanced the capacity of individuals and service systems to access information, support and training on suicide prevention. In addition, these projects increased the number of individuals seeking help regarding their emotional and social well being and increased identification, referral and treatment of at risk individuals by service systems and professionals. The National Advisory Council on Suicide Prevention advised on the requirements and scope of new projects and guided the activities associated with these projects.
Target:	*Quality*: Access and treatment for young people with mental health and drug and alcohol problems.	
Result:	Target met.	The National Youth Mental Health Foundation was established in 2005-06 to facilitate access to best practice and well coordinated treatment for young people with mental health problems, including those with associated drug and alcohol problems. The MindMatters mental health promotion, prevention and early intervention secondary school initiative is now in 86% of secondary schools across Australia, with over 60,000 school staff receiving professional development training. The initiative aims to provide a positive school environment that promotes young peoples' mental health and wellbeing and assists schools to identify youth with mental health problems early and refer them appropriately.
Target:	*Quantity*: Access to Allied Health Services projects will be operated by 95% of Divisions of General Practice and 4,000 general practitioners will be participating in the Better Outcomes in Mental Health Care initiatives.	
Result:	Target met.	97% of Divisions of General Practice are participating in the Better Outcomes in Mental Health Care Program. The number of general practitioners participating in the Better Outcomes in Mental Health Care initiatives as at 30 June 2006 was 4,870.
Target:	*Quantity*: Over 300 additional doctors working as a result of Government programs.	
Result:	Target met.	As a result of the Australian Government's programs, there has been an increase of 416 overseas trained doctors since 2004-05 entering the Australian medical workforce and accessing the extended 4 year temporary visa. 16 recruitment agencies were contracted by the Department to recruit suitable overseas trained doctors in 2005-06 and 2006-07. These recruitment agencies placed 154 overseas trained doctors in rural, remote and other areas of workforce shortage in 2005-06. 125 overseas trained doctors were granted a permanent residency visa under the General Skilled Migration program.

Target:	*Quality*: Improved distribution of the medical workforce as a result of Government programs this year.	
Result:	Target met.	154 overseas trained doctors were placed in rural, remote and other areas of workforce shortage by recruitment agencies in 2005-06. There were 41 recipients of grants under the Outer Metropolitan Relocation Incentive Grant Program (which provides a financial incentive to medical practitioners who agree to relocate to an outer metropolitan practice from inner metropolitan areas). There were 3 recipients of grants under the Relocation Component of the Outer Metropolitan Other Medical Practitioners Program (this program allows non-vocationally recognised doctors access to the higher A1 Medicare rebates if they agree to relocate to an outer metropolitan area and undertake a pathway leading to vocational recognition). There were 8 recipients of grants under the Retention Component of the Outer Metropolitan Other Medical Practitioners Program (this program allows non-vocationally recognised medical practitioners already working in an outer metropolitan area access to the higher A1 Medicare rebates if they agree to remain in an outer metropolitan area and undertake a pathway leading to vocational recognition).
Target:	*Quality*: Agreement by health ministers to annual plans of the Australian Council for Safety and Quality in Health Care.	
Result:	Not applicable.	In July 2005, the Australian Health Ministers Conference decided that the term of the Australian Council for Safety and Quality in Health Care should cease on 31 December 2005, and be replaced by the Australian Commission of Safety and Quality in Health Care. As a result, annual plans of the Australian Council for Safety and Quality in Health Care were not developed.
Target:	*Quality*: Completion of the National Chronic Disease Strategy.	
Result:	Target met.	The National Chronic Disease Strategy was endorsed by the Australian Health Ministers' Conference in November 2005.
Target:	*Quality*: Completion of the review of the National Health Priority Areas initiative.	
Result:	Target not met.	The review could not be progressed until consideration at the Australian Health Ministers' Conference of the National Chronic Disease Strategy, which coincided with a review of the principal committee structure for the Australian Health Ministers' Advisory Council (AHMAC). A decision has been taken by the Australian Health Development Principal Committee endorsed by AHMAC that the review is no longer required.
Target:	*Quality*: Infrastructure and governance in place to support the implementation of the Centre of Excellence in Islet Cell Transplantation and the Lift for Life Program.	
Result:	Target met.	In 2005-06, the Department reached an agreement with the Juvenile Diabetes Research Foundation (JDRF) to establish and run the Centre of Excellence in Islet Cell Transplantation Program. The JDRF has established the infrastructure and governance for the program with some of Australia's best and most respected scientists. International researchers participate on the executive board for the program, which is chaired by the internationally acclaimed scientist, Professor Ian Frazer. The International Diabetes Institute has been contracted to further develop and disseminate the Lift for Life Program throughout Australia.

Target:	*Quality*: Establish a new agency, Cancer Australia, to provide national leadership in cancer control.	
Result:	Target met.	Cancer Australia was established in 2005-06, with Royal Assent provided to the *Cancer Australia Act 2006* in May 2006.
Target:	*Quality*: Develop a strategy for the implementation of evidence based guidelines for the management of diabetes.	
Result:	Target met.	The Department has commenced work on implementing the suite of agreed diabetes guidelines and commissioned the National Institute of Clinical Studies (NICS) to develop a National Diabetes Guidelines Implementation Plan.
Target:	*Quality*: Achievement of work program outlined in the National Institute of Clinical Studies Business Plan 2005-06.	
Result:	Target met.	NICS identified strategies and targets for 11 evidence implementation areas. NICS met all key targets including: • over 40 hospitals participated in implementation programs in venous thromboembolism (target 40) and in mental health care in emergency departments (target 40); • over 50 Divisions of General Practice participated in a joint heart failure program, and major implementation programs were started within 2 networks (target 40); • on-line evidence resources were offered to 14,000 general practitioners (target 10,000); • 8 guides were produced to help health practitioners find and implement evidence (target 6); • a satellite Cochrane Review Group on Effective Practice and Organisation of Care was established; • 5 fellows in evidence implementation, co-sponsored by state government and health professional organisations were appointed (target 4); and • 2 PhD scholarships were awarded (target 1).
Target:	*Quality*: Effective management of international relations in health.	
Result:	Target met.	The Department has continued to strengthen its engagement in the region through activities such as the Pacific Senior Health Officials Network and to ensure that decisions by governing bodies of the Organisation for Economic Cooperation and Development and the World Health Organization (WHO) are consistent with Australia's domestic priorities.
Target:	*Quality*: Contributions to the World Health Organization, paid as per treaty and Memorandum of Understanding arrangements.	
Result:	Target met.	All payments were made on time to the WHO and its subsidiary organisations, the International Agency for Research on Cancer and the International Program for Chemical Safety.

Target:	*Quality*: Improved quality of, and access to, online health information and Australian Government health policy by medical professionals and the Australian public.	
Result:	Target met.	Health*Insite* has proved to be a popular resource for consumers and health providers, as illustrated by the continual rise in the number of users, information resources, topics and information partners. Consumers' ability to access health information via Health*Insite* continues to improve the quality of their health. For example, consumers wanting to know in plain English the explanations for medicines they are taking, or their known side effects, have used Health*Insite* as a source of reliable information. During the 2005-06 reporting period, 1.91 million people accessed Health*Insite*. Over 7,000 consumers in the Northern Territory are receiving improved quality of access to health information by participating in the Shared Electronic Health Record Service. All Tasmanians, when admitted and discharged from hospital now have their information sent to their general practitioners, improving their rehabilitation back into the community. Both services enable health providers to see a more complete picture of a consumer health profile and therefore improve the coordination and quality of care that the consumer receives.
Target:	*Quality*: Access to broadband infrastructure to enable health care providers to better engage with state and national level activity in the implementation of e-Health initiatives (such as HIC Online and Health*Connect*).	
Result:	Target met.	45% of eligible practices connected to broadband – 3,084 out of a total 6,915 number of eligible practices. 89% of Aboriginal Controlled Community Health Organisations (ACCHO) have signed up to the initiative – 145 out of a total 162 ACCHOs. 79% of community pharmacies have signed up – 3,967 out of a total 5,042 number of community pharmacies.
Target:	*Quality*: Establishment of a new agency, the National E-Health Transition Authority, to develop standards and infrastructure needed to build interoperable health information systems.	
Result:	Target met.	The Australian Government, along with State and Territory governments, established the National E-Health Transition Authority on 5 July 2005 as a company limited by guarantee to develop better ways of electronically collecting and securely exchanging health information.
Target:	*Quality*: Achievement of work outlined in the 2005-06 National E-Health Transition Authority work program.	
Result:	Target met.	Since its establishment, the National E-Health Transition Authority has made significant progress in the projects contained in its workplan, in particular: • the development of clinical data specifications and user implementation guidelines for field testing; and • the adoption of Systemised Nomenclature of Medicine as the preferred national solution for clinical terminology as the basis for developing the Australian national domain technologies.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Chronic Disease – Treatment;
- E-Health Implementation;
- Health Information;
- International Policy Engagement;
- Mental Health;
- Palliative Care and Community Assistance;
- Research Capacity;
- Rural Workforce;
- Workforce; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department commissioned research to report on the palliative care needs of people living alone or without a primary carer. This research will inform new policy to address the needs of this group. The Department also commissioned research to investigate the available evidence on bereavement interventions, focusing on the area of complicated grief. This research will inform a policy approach to ensure needs-based access to bereavement services across Australia.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	Outcome 9 funds were underspent by 4.73% of budget due to actual expenditure being less than estimated for Program Group 9.1 – Chronic Disease Treated; Program Group 9.2 – E-Health Implementation; Program Group 9.5 – Mental Health; and Program Group 9.9 – Workforce.

Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	In 2005-06, the Department developed a Funding Agreement for the Consumer Health Forum, Consumer Representatives Recruitment, Training and Support Project 2005-2007. This project provides the Consumer Health Forum with the capacity to train and give ongoing support to consumer representatives on over 200 departmental committees and working groups. Consumer representatives serve on committees or working groups that provide national health and related advice, or policy support linkages, to ensure that there is a considered and credible consumer voice to inform the Australian Government's policy advisory mechanisms. The 2005 Biennial Review of the Medicare Provider Legislation was undertaken by an independent consultant appointed by the Minister for Health and Ageing, with the assistance of a reference group which included representatives of 11 key organisations. The review wrote to key stakeholders seeking submissions and invited submissions from the public through press advertisements. There were also bilateral consultations with key stakeholders. The review received 24 submissions. Consultations with relevant stakeholders were held prior to the WHO Executive Board and World Health Assembly Meetings to inform Australia's position on technical health issues.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	Palliative Care
Timeframe:	Commencement date: 24 March 2005 End date: 30 September 2006

Evaluation/Review:	Quality and Safety Based Initiatives
Timeframe:	Commencement date: 1 July 2006 End date: 30 June 2007

Evaluation/Review:	Biennial Review of the Medicare Provider Number Legislation
Timeframe:	Commencement date: 1 August 2005 End date: 22 December 2005
Related Performance Target:	Improved distribution of the medical workforce as a result of Government programs this year.
URL/Web Address for published results:	<www.health.gov.au/internet/wcms/publishing.nsf/Content/workforce-bienn-05-rpt>

Evaluation/Review:	More Doctors for Outer Metropolitan Areas Program
Timeframe:	Commencement date: 14 July 2005 End date: 21 October 2005
Related Performance Target:	Improved distribution of medical workforce as a result of Government programs.

Evaluation/Review:	Evaluation of the National Suicide Prevention Strategy
Timeframe:	Commencement date: 29 May 2005 End date: 10 May 2006
Related Performance Target:	National and local level National Suicide Prevention Strategy Initiatives are implemented across population settings and targeting at-risk groups, under the direction of the National Advisory Council on Suicide Prevention.

Evaluation/Review:	Review of the National Health Priority Initiative
Timeframe:	A decision has been taken by the Australian Health Development Principal Committee endorsed by the Australian Health Ministers' Advisory Council that the review is no longer required.

Evaluation/Review:	Better Arthritis Care Program
Timeframe:	Commencement date: 31 August 2005 End date: 31 October 2006

Outcome 9: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 9.1: Chronic Disease - Treatment			
Appropriation Bill 1/3/5	25,721	24,043	(1,678)
	25,721	**24,043**	**(1,678)**
Program 9.2: E-Health Implementation			
Appropriation Bill 1/3/5	53,670	46,467	(7,203)
	53,670	**46,467**	**(7,203)**
Program 9.3: Health Information			
Appropriation Bill 1/3/5	6,599	6,348	(251)
	6,599	**6,348**	**(251)**
Program 9.4: International Policy Engagement			
Appropriation Bill 1/3/5	11,575	10,499	(1,076)
	11,575	**10,499**	**(1,076)**
Program 9.5: Mental Health			
Health Care (Appropriation) Act 1998 - Australian Health Care Agreements - Provision of Designated Health Services (p)	29,464	14,125	(15,339)
Total Special Appropriations	29,464	14,125	(15,339)
Appropriation Bill 1/3/5	68,839	66,844	(1,995)
	98,303	**80,969**	**(17,334)**
Program 9.6: Palliative Care and Community Assistance			
Health Care (Appropriation) Act 1998 - Australian Health Care Agreements - Provision of Designated Health Services (p)	3,315	3,307	(8)
Total Special Appropriations	3,315	3,307	(8)
Appropriation Bill 1/3/5	20,572	22,495	1,923
	23,887	**25,802**	**1,915**
Program 9.7: Research Capacity			
Appropriation Bill 1/3/5	225,466	225,270	(196)
	225,466	**225,270**	**(196)**
Program 9.8: Rural Workforce			
Appropriation Bill 1/3/5	101,696	101,538	(158)
	101,696	**101,538**	**(158)**
Program 9.9: Workforce			
Appropriation Bill 1/3/5	23,332	22,342	(990)
	23,332	**22,342**	**(990)**
Total Administered Expenses	**570,249**	**543,278**	**(26,971)**

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Departmental Appropriations			
Output Group 1 - Policy Advice	10,920	16,481	5,561
Output Group 2 - Program Management	32,759	28,806	(3,953)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**43,679**	**45,287**	**1,608**
Total revenue from Government (appropriations) contributing to price of departmental outputs	41,480	43,686	2,206
Total revenue from other sources	2,199	1,601	(598)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**43,679**	**45,287**	**1,608**
Total estimated resourcing for Outcome 9 *(Total price of outputs and administered expenses)*	**613,928**	**588,565**	**(25,363)**
Average Staffing Level (Number)			
Department	**295**	**361**	**66**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

(p) = Part.

OUTCOME **10**

ACUTE CARE

Australians have access to public hospitals, related hospital care, diagnostic services and medical services underpinned by appropriate medical indemnity arrangements

OUTCOME 10
ACUTE CARE

Part 1: Outcome Performance Report

Outcome 10 was managed in 2005-06 by the Acute Care Division.

Major Achievements

- Strengthened radiation oncology workforce in public and private facilities.
- Established the review of Australia's plasma fractionation arrangements, consistent with commitments in the Australia-United States Free Trade Agreement.
- Refined legislative and operational aspects of the Australian Government's medical indemnity package, in order to provide fair and affordable medical indemnity insurance cover for doctors, in a more stable and secure industry framework.
- Improved the range and quality of data collected for reporting on the performance of services for non-inpatient hospital activity.

Challenges

- Extending access to Medicare-eligible Magnetic Resonance Imaging (MRI) services in rural and remote areas.
- Low rates of organ and tissue donation in Australia.

Key Strategic Directions for 2005-06

Provision of Free Public Hospital Services to Public Patients through the Australian Health Care Agreements

During 2005-06, the Department continued to administer the 2003-08 Australian Health Care Agreements (AHCAs). In signing the agreements, State and Territory governments committed to providing equitable access to free public hospital services on the basis of clinical need for all eligible patients, as well as matching the Australian Government's annual cumulative rates of growth in hospital funding. All states and territories qualified for the full amount of funding in 2005-06.

The Department worked collaboratively with the states and territories during 2005-06 to implement a new standardised system for reporting recurrent health expenditure. The new system was agreed between the Australian Government and each state and territory before 30 June 2005, as required by clause 36 of the 2003-08 AHCAs. In 2005-06, the Department achieved bilateral agreement with each state and territory on specific methodologies in advance of the first reporting period, commencing 1 July 2006. The new system will enable a greater level of consistency, comparability and accountability of state and territory expenditure on public hospital services.

In 2006, the Department publicly released the third *The State of our Public Hospitals*[1] report. The report provides a picture of our public hospitals in 2004-05 and shows how services have changed since 1998-99. Key findings of the report were:

- more people were admitted to Australian public hospitals in 2004-05 than in any previous year. Of the 4.3 million admissions to public hospitals, 86 per cent were treated as public patients;
- in 2004-05, 82 per cent of elective surgery admissions were seen within the recommended time. This measure has been declining steadily since 1998-99, when it was 90 per cent; and
- there were over 4 million presentations to public hospital emergency departments in 2004-05. Fifty per cent of people were seen within 25 minutes, but the time varied depending on location.

1 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/health-ahca-sooph-index06.htm>.

As well as promoting greater state and territory accountability for the funds provided through the AHCAs, the report aims to:

- stimulate improvement in service performance and health outcomes;
- facilitate best practice service delivery; and
- increase community understanding of the performance of the public hospital sector, including areas of variation between states and territories.

Contribution to the National Blood Agreement

The National Blood Agreement sets out the primary policy objectives and secondary policy aims of all governments in relation to the Australian blood sector. In 2005-06, the Department contributed to these aims and objectives through:

- ongoing provision of 63 per cent of funding for the supply of blood and blood products and services;
- providing support to the Minister on blood matters via the Jurisdictional Blood Committee;
- reinforcing Australia's self-sufficiency policy of striving to source blood components and plasma from within Australia to meet appropriate clinical demand; and
- assisting in the development of evidence-based clinical practice guidelines to influence the appropriate use of blood products used to treat haemophilia and von Willebrand's disease.

Review of Australia's Plasma Fractionation Arrangements

The Australian Government committed to review arrangements for fractionation of blood plasma collected in Australia, under the Australia-United States Free Trade Agreement. Plasma fractionation is the separation of blood plasma into a number of proteins for medical use. The review terms of reference and membership of the independent Review Committee were announced in February 2006. The Review Committee will report to the Australian Government by 1 January 2007.

During 2005-06, the Department provided administrative and secretariat support to the Review Committee. The Review Committee received 45 written submissions and undertook a national consultation process with stakeholders, including industry, patient and clinician groups and State and Territory governments. The Review Committee and secretariat also consulted with international industry stakeholders, overseas government policy agencies and regulators of plasma products in the conduct of the review.

Improving the Rate of Organ Donation in Australia

In 2005-06, the Department continued to implement a range of programs to improve the rate of organ and tissue donation in Australia. This included:

- work with Medicare Australia to increase the number of legally valid consent registrations on the Australian Organ Donor Register (AODR). The Medicare claim form was redesigned to include direct AODR registration by claimants. From July 2005 to May 2006 there were 783,000 new AODR registrations;
- the Flame for Life initiative was created for Australian Organ Donor Awareness Week 2006 and travelled around Australia to feature in symbolic ceremonies in each capital city; and
- the National Competition for Organ and Tissue Donation was opened to secondary and tertiary students to submit entries to three competitions on the theme of the gift of organ and tissue donation.

In spite of these initiatives, Australia's rate of organ and tissue donation remains low compared to other Organisation for Economic Co-operation and

Development countries. The number of Australian donors per million population (dpmp) in 2005 was 10.0, compared to the United Kingdom at 10.7 dpmp and Canada at 12.8 dpmp. This has been identified by health ministers as a challenge to be addressed as part of a national reform agenda for organ donation.

Increased Number of Medicare-eligible Magnetic Resonance Imaging Units

The Department's activities continued to support improved access to Medicare-eligible MRI units in rural and metropolitan areas. MRI units are highly sophisticated diagnostic tools used for a range of medical-diagnostic purposes. They provide clear, state-of-the-art images of soft tissues such as internal organs, thereby increasing the ability of doctors to diagnose patients and plan treatments.

In 2005-06, an extra 14 Medicare-eligible MRI units became operational in under-serviced communities and hospitals, bringing the total number of Medicare-eligible MRI units across Australia to 100. This includes MRI units for Bendigo, Toowoomba and Bunbury. All providers have committed to ensuring that there are no out-of-pocket costs for pensioners and healthcare cardholders.

In addition, over the last year the Department sought providers for a Medicare-eligible MRI unit in Dubbo and for the trial of a mobile MRI service in Gippsland, Victoria and South Eastern New South Wales. These services were anticipated to become operational in 2005-06, but were delayed due to complicated negotiations between the Department and service providers. These services are expected to begin by the end of 2006.

Accreditation in Radiology Practices

The Department considered ways to implement an accreditation scheme called for under the terms of the 2003-2008 Quality and Outlays Memorandum of Understanding between the Australian Government (as represented by the Department), the Royal Australian and New Zealand College of Radiologists (RANZCR) and the Australian Diagnostic Imaging Association (ADIA). The purpose of an accreditation scheme is to ensure that Medicare benefits are only paid for quality services.

During 2005-06, the Department consulted with the RANZCR and ADIA about the best way to progress the introduction of the scheme. The Department continued to fund the RANZCR to maintain a voluntary accreditation scheme, until such time as a mandatory accreditation scheme is implemented.

Providing Better Access to Radiation Oncology

During 2005-06, the Department implemented several initiatives aimed at increasing radiation oncology workforce numbers, which will ensure the long term sustainability of these services. The Department funded state, territory and private radiation oncology providers to subsidise the salary costs of employing 41 Radiation Therapist Professional Development Year positions and eight Medical Physics Registrar positions which commenced at the beginning of 2006 calendar year.

The Department also provided funding to the Queensland University of Technology; the Royal Melbourne Institute of Technology; the University of Newcastle; the University of South Australia; and the University of Sydney to support the travel expenses of radiation therapy students undertaking clinical placements at radiation oncology facilities. This practical experience is an integral component of the undergraduate course.

In addition, the Department contributed to continuing professional development activities by funding public and private radiation oncology providers to purchase various items, including library resources, presentation equipment, training courses, and computer hardware and software. The Department also provided funding to the professional bodies representing radiation therapists and medical physicists to support individuals continuing professional development. Activities include attendance at local and overseas conferences, seminars and workshops that individual radiation therapists and medical physicists would not normally be able to attend.

Further Development of National Minimum Data Sets

In 2005-06, the Department implemented a new outpatient national minimum data set which will collate data from states and territories on an expanded set of specialist outpatient clinics in public hospitals.

Work to extend the scope of this collection and to better specify information to be collected for services provided to patients attending specialist

outpatient clinics continues under implementation of the Australian Health Care Agreements. Services include allied health and ancillary services – pathology, pharmacy and radiology and organ imaging, rehabilitation and geriatric evaluation and management.

These new developments will allow better monitoring of the performance of non-admitted services, so that as the average length of stay for an episode of acute care decreases and patients are discharged from hospital, they will have timely and appropriate access to services for their recovery.

Implementation of Medical Indemnity Measures

The Department's ongoing work in implementing the Australian Government's package of medical indemnity measures was a major achievement for 2005-06. The work conducted provided fair and affordable medical indemnity insurance cover for doctors within an industry framework which is significantly more stable and secure.

After introducing two new medical indemnity schemes in 2004-05 – the Run-off Cover Scheme (ROCS) and the Premium Support Scheme – the Department continued to improve and refine administrative and operational aspects of the schemes in responding to issues raised in the Department's regular consultations with medical indemnity insurers. For example, the Department implemented a protocol to allow insurers to be paid for their costs in administering the ROCS.

In bringing about an improved competitive basis for the medical indemnity industry (as recommended by the Rogers Report), the Department worked with other Australian Government agencies to put in place measures to address United Medical Protection's competitive advantage that it gained under the Incurred But Not Reported (IBNR) Scheme.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Acute Care Programs, including:

- Alternative Funding for Health Service Provision;
- Blood and Organ Donation Services;
- Chronic Disease - Radiation Oncology;
- Diagnostic Imaging Services;
- Medical Indemnity;
- Pathology Services; and
- Public Hospitals and Information.

Target:	*Quantity*: Number of public patient weighted separations per 1,000 weighted population.	
Result:	Figures for 2005-06 are unavailable until 31 December 2006.	There were 181.4 public patient weighted separations per 1,000 weighted population in 2004-05, an increase from 2003-04 when there were 181.3 public patient weighted separations per 1,000 weighted population.
Target:	*Quantity*: Number of elective surgery patients per 1,000 weighted population.	
Result:	Figures for 2005-06 are unavailable until 31 December 2006.	There were 27 elective surgery patients per 1,000 weighted population in 2004-05, an increase from 2003-04 when there were 26 elective surgery patients per 1,000 weighted population.

Target:	*Quantity*: Number of emergency department patients per 1,000 weighted population.	
Result:	Figures for 2005-06 are unavailable until 31 December 2006.	There were 207 emergency department patients per 1,000 weighted population in 2004-05, an increase from 2003-04 when there were 202 emergency department patients per 1,000 weighted population.
Target:	*Quality*: Proportion of emergency department patients seen within the recommended timeframe.	
Result:	Figures for 2005-06 are unavailable until 31 December 2006.	68% of emergency department patients were seen within the recommended timeframe in 2004-05, a decrease from 2003-04 when 69% of emergency department patients were seen within the recommended timeframe.
Target:	*Quality*: Proportion of people admitted for elective surgery within the clinically appropriate timeframe.	
Result:	Figures for 2005-06 are unavailable until 31 December 2006.	82% of people were admitted for elective surgery within the clinically appropriate timeframe in 2004-05, a decrease from 2003-04 when 84% of people were admitted for elective surgery within the clinically appropriate timeframe.
Target:	*Quality*: Change in numbers of practitioners in high risk areas of practice including obstetricians and neurosurgeons. The number of practitioners in 2003-04 was 3,352, an increase of 89 over 2002-03.	
Result:	Not applicable.	The scheme for which this performance measure was developed has been superseded by the Premium Support Scheme, which has wider eligibility criteria than just high risk specialties. See target and result below.
Target:	*Quantity*: The number of doctors participating in the Premium Support Scheme. The number of participating doctors in 2004-05 was 4,441.	
Result:	Decrease on previous year.	The number of doctors that received premium support payments in 2005-06 was 4,139. A levelling out or reduction of participation may be expected over time as a result of modest, but widespread, premium reductions by most insurers.
Target:	*Quality*: Maintain the number of whole blood donors per annum donating blood to the Australian Red Cross Blood Service (ARCBS).	
Result:	Decrease from previous year of 2.1%.	The number of whole blood donors for 2005-06 was 471,172 compared to 481,188 in 2004-05.[2]
Target:	*Quality*: Maintain the number of apheresis (plasma) donors per annum donating blood to the ARCBS.	
Result:	Increase from previous year of 33.8%.	The number of apheresis (plasma) donors for 2005-06 was 33,738 compared to 25,218 in 2004-05.[3]

2,3 Figures reported for 2004-05 are final numbers. There is a slight difference between figures originally reported in the *2004-05 Department of Health and Ageing Annual Report* which were only estimates.

Target:	*Quality*: Increase in the rate of organ donations from 9.0 per million population in 2003.	
Result:	Target met.	In 2005, the rate of organ donation in Australia was 10.0 per million population.
Target:	*Quality*: Maintain Australian Refined Diagnosis Related Groups (AR-DRG) classification and National Hospital Cost and benchmarking data for costing and reporting hospital activity.	
Result:	Target met.	Work continues on maintaining and updating the next version of the AR-DRG classification system. 4 acute care data collection reports were released during 2005-06.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Alternative Funding for Health Service Provision;
- Blood and Organ Donation Services;
- Chronic Disease - Radiation Oncology;
- Diagnostic Imaging Services;
- Medical Indemnity;
- Pathology Services;
- Public Hospitals and Information; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely, evidence-based policy research.	
Result:	Target met.	The Department continued to provide, within requested timeframes, high quality and timely evidence-based research and analysis to inform the Australian Government, and to use in consultation with stakeholders. For example, in 2005-06 the Department administered a program to provide sufficient evidence to enable the Australian Government to make long-term decisions regarding the role of positron emission tomography in Australia.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	Budget predictions and actual expenses were 1% less than budgeted expenses. Variation is primarily due to less than expected expenditure under the various medical indemnity schemes.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	Representatives of all State and Territories governments worked with the Department towards agreement on new indicators for measuring performance in delivery of emergency department and rehabilitation and geriatric evaluation management services, as required under the Australian Health Care Agreements.

Performance Assessment: Evaluations and Reviews

Evaluation/Review:	2005 Policy Review Working Party
Timeframe:	Commencement date: 1 December 2005 End date: Ongoing
Related Performance Target:	The Medical Indemnity Policy Review Panel met in 2005-06 and is expected to report to the Government in the first quarter of 2006-07 financial year.

Evaluation/Review:	Review of Competitive Neutrality in the Australian Medical Indemnity Market
Timeframe:	Commencement date: 7 December 2004 End date: 15 March 2005
Related Performance Target:	The review of competitive neutrality in the Australian medical indemnity market was conducted in the 2004-05 financial year. The inquiry reported to Government on 15 March 2005 and the Government announced its response on 13 May 2005.
URL/Web Address for published results:	<www.health.gov.au/internet/wcms/publishing.nsf/Content/health-medicalindemnity-competitiveneutrality>

Evaluation/Review:	Review of Australia's Plasma Fractionation Arrangements
Timeframe:	Commencement date: 17 February 2006 End date: 1 January 2007

Outcome 10: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 10.1: Alternative Funding for Health Service Provision			
Appropriation Bill 1/3/5	5,512	4,421	(1,091)
Appropriation Bill 2/4/6	684	300	(384)
	6,196	**4,721**	**(1,475)**
Program 10.2: Blood and Organ Donation Services			
National Blood Authority Act 2003 to National Blood Authority	361,314	338,692	(22,622)
Total Special Appropriations	361,314	338,692	(22,622)
Appropriation Bill 1/3/5	9,698	8,401	(1,297)
Appropriation Bill 2/4/6	5,478	2,672	(2,806)
	376,490	**349,765**	**(26,725)**
Program 10.3: Chronic Disease - Radiation Oncology			
Appropriation Bill 1/3/5	80,583	53,533	(27,050)
Appropriation Bill 2/4/6	1,141	1,141	-
	81,724	**54,674**	**(27,050)**
Program 10.4: Diagnostic Imaging Services			
Appropriation Bill 1/3/5	10,213	4,940	(5,273)
Appropriation Bill 2/4/6	1,000	1,000	-
	11,213	**5,940**	**(5,273)**
Program 10.5: Medical Indemnity			
Medical Indemnity Act 2002	116,669	32,214	(84,455)
Total Special Appropriations	**116,669**	**32,214**	**(84,455)**
Program 10.6: Pathology Services			
Appropriation Bill 1/3/5	9,130	4,504	(4,626)
	9,130	**4,504**	**(4,626)**
Program 10.7: Public Hospitals and Information			
Health Care (Appropriation) Act 1998 - Australian Health Care Agreements - Provision of Designated Health (p)	8,333,066	8,331,986	(1,080)
Total Special Appropriations	**8,333,066**	**8,331,986**	**(1,080)**
Total Administered Expenses	**8,934,488**	**8,783,804**	**(150,684)**

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Departmental Appropriations			
Output Group 1 - Policy Advice	8,040	14,515	6,475
Output Group 2 - Program Management	24,120	18,648	(5,472)
Total price of departmental outputs			
(Total revenue from Government and other sources)	**32,160**	**33,163**	**1,003**
Total revenue from Government (appropriations) contributing to price of departmental outputs	32,160	32,729	569
Total revenue from other sources	-	434	434
Total price of departmental outputs			
(Total revenue from Government and other sources)	**32,160**	**33,163**	**1,003**
Total estimated resourcing for Outcome 10			
(Total price of outputs and administered expenses)	**8,966,648**	**8,816,967**	**(149,681)**
Average Staffing Level (Number)			
Department	**246**	**223**	**(23)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

(p) = Part.

OUTCOME **11**

HEALTH AND MEDICAL RESEARCH

Australia's health system benefits from high quality health and medical research conducted at the highest ethical standard, well-developed research capabilities and sound evidence-based advice that informs health policy and practice

OUTCOME 11

HEALTH AND MEDICAL RESEARCH

Part 1: Outcome Performance Report

Outcome 11 was managed in 2005-06 by the National Health and Medical Research Council (NHMRC).

Major Achievements

- Funding for a new Australian Fellowship Scheme and an additional $500 million over four years from 2006-07 for health and medical research.
- Implemented transitional arrangements that enabled the NHMRC to become an independent statutory agency within the Health and Ageing portfolio from 1 July 2006.
- Released the National Ethics Application Form which has streamlined and enhanced the efficiency of multi-centre ethical review.
- Established the Human Genetics Advisory Committee.
- Provided a rapid, targeted research response to inform the Australian Government's pandemic planning, with funding awarded to 33 new research grants.

Key Strategic Directions for 2005-06

Oversighting of the Research Committee, Health Advisory Committee and Australian Health Ethics Committee

Through the Centres for Research Management and Policy and Health Advice Policy and Ethics, the NHMRC has provided secretariat, research and project management support to the work of the Research Committee, Health Advisory Committee and the Australian Health Ethics Committee. This support facilitated the high quality outputs from the committees and ensured consideration of the perspectives of individual members, stakeholders, consumers and the secretariat.

To more effectively demonstrate the outcomes of the Australian Government's investment in health and medical research and taking into account the recommendations of the 2004 Investment Review, the Research Committee undertook a substantial review of its activities in 2005-06. It identified the need for the NHMRC to structure its research framework in such a way as to: improve responsiveness to community and government needs; allow greater flexibility in directing funds to priority areas; and improve reporting functionality. Included in this restructure was the streamlining of funding schemes and peer review processes.

The establishment of the Human Genetics Advisory Committee (HGAC) was one of the key recommendations from the joint Australian Law Reform Commission/Australian Health Ethics Committee review of the protection of human genetic information. The HGAC was established in January 2006 as a Principal Committee of the NHMRC to provide advice on how the developments in human genetics and related technologies might best benefit Australians. The HGAC will consider the many complex social, legal, ethical and scientific issues that might arise from these technologies. Activities for 2005-06 included the establishment of four working groups to consider the recommendations from the review and the Australian Government's response to those recommendations.

Responding Effectively to Stakeholder Needs

The NHMRC became a separate statutory agency with clearer lines of responsibility from 1 July 2006. This was the major component of the Government's responses to the Australian National Audit Office audit report in 2003, and the 2004 report *Sustaining the Virtuous Cycle for a Healthy, Competitive Australia – Investment Review of Health and Medical Research*. This revision of the NHMRC's governance arrangements included clarification of the role and

responsibilities of the Chief Executive Officer in reporting directly to the Minister, in accordance with government guidelines for all agencies subject to the *Financial Management and Accountability Act 1997*.

The NHMRC's commitment to consumer needs was demonstrated in 2005-06 by the development of a *Guide on the Effective Engagement of Consumers and the Community in the Development and Dissemination of Health Advice*. This provides practical advice for individuals and organisations involved in developing, evaluating and disseminating health information. Consumer needs were also addressed through the development of a guide *Making Decisions about Tests and Treatments,* which is aimed at improving communication between healthcare consumers and health professionals.

The NHMRC's strategic research initiatives in 2005-06 included the promotion of multidisciplinary investigation of major health issues in collaboration with other Australian Government agencies. The NHMRC is the lead agency for the Promoting and Maintaining Good Health National Research Priority, and this year recommended funding for cross disciplinary research teams through programs with the priority goals of Preventive Healthcare and Strengthening Australia's Social and Economic Fabric. In collaboration with the Australian Research Council, the NHMRC recommended funding for research through the Ageing Well, Ageing Productively program and the Frontier Technology (Thinking Systems) program.

With the support of the Australian Research Council and the Australian Vice-Chancellors' Committee, a key achievement of the NHMRC in 2005-06 was the finalisation of the web-based National Ethics Application Form (NEAF). NEAF is a web-based tool that assists researchers in all disciplines to complete research ethics proposals for submission to Human Research Ethics Committees. It enhances the efficiency and quality of the ethical review process. Positive feedback has been received following information sessions on the form, conducted throughout Australia in 2005-06. Approximately 300 stakeholders and community members attended these sessions.

On 28 September 2005, the Minister for Health and Ageing announced that the NHMRC's Research Committee had set aside funds for urgent research into a potential avian influenza-induced pandemic. In October 2005, the NHMRC implemented a rapid peer review and administrative process to meet this need. A total of 131 expressions of interest were received and, following robust review, 44 applicants were invited to submit full proposals. Expert assessment of the full proposals led to 33 projects being awarded funding by the end of December. All projects are expected to produce results of significance within 6 to 18 months.

NHMRC investment in Aboriginal and Torres Strait Islander health research continues to grow. In 2005-06, the NHMRC expended $21.2 million in research on Aboriginal and Torres Strait Islander health, a marked increase from the $6.2 million investment made in 2002-03.

Promotion of a Research Culture

The NHMRC is working on a number of fronts to increase the uptake of research by industry, governments and the broader community. In 2005-06, more than $11.7 million in research funding was provided by the NHMRC to enable Australian researchers to develop closer links with industry and to gain experience in the commercial development of research findings. This represents an 80 per cent increase in allocation over the 2003-2006 triennium (from $6.5 million in 2002-03).

NHMRC end of grant report data received in 2005-06 showed that 17 out of 18 Chief Investigators from recently completed Development Grants (a proof of concept commercialisation scheme) anticipated a commercial outcome from their research.

The funding provided through a development grant titled 'Development and Evaluation of a New Cochlear Implant Sound Processing Strategy Utilising a Spike-based Temporal Auditory Representation' is an example of how NHMRC-funded research may have a future positive impact for the community. The grant will fund research by the Bionic Ear Institute that aims to improve bionic ear users' perception of speech, particularly in noisy environments.

Medical Research Benefits, Health Standards and Health Policy

The achievements of the Department and the NHMRC in increasing community and stakeholder awareness of the benefits of health and medical research was recognised in the May 2006 Federal Budget, by the allocation of funding for a new Australian Fellowship Scheme and by providing an additional $500 million over four years from 2006-07 for health and medical research, to be administered by the NHMRC.

Major achievements in 2005-06 are outlined below.

Research Grants

The NHMRC increased awareness of the potential benefits of health and medical research through Ministerial announcements of successful recipients of grants and the research topics funded. The NHMRC awarded 981 new grants in 2005-06. Awareness activities included media releases and information on the NHMRC web site,[1] and highlights in the NHMRC's annual report.

Through an NHMRC enabling grant, an Australian and New Zealand Clinical Trials Registry commenced operation in July 2005 at the University of Sydney. The Registry collates important information about clinical trials being conducted in Australia in all areas of health and medicine, which is available to the public. Details of more than 1,000 clinical trials are held on the database.

During the year, the NHMRC also released its publication *10 of the Best*, which showcases to the public the benefits of 10 of the best projects funded by the NHMRC, which have now concluded.

Research Workforce

The NHMRC supports increased awareness of health and medical research in universities, medical research institutes and hospitals through promoting funding schemes that assist training and development of postgraduate students and postdoctoral researchers. The number of individual researchers supported in 2006 increased by 39 per cent over that for 2005 (from 1,054 to 1,470).

Ethics

During 2005-06, the NHMRC raised awareness of ethical issues in health and medical research through the public consultation stages of its current review of the *National Statement on Ethical Conduct in Research Involving Humans*, the primary source of ethical guidance for human research in Australia. Some of the issues discussed received media attention. The Australian Research Council and the Australian Vice-Chancellors' Committee are actively involved in the review. A second round of community consultation concluded in March 2006 and generated 185 submissions, all of which are publicly available on the NHMRC web site.

Human Genetics

The Human Genetics Advisory Committee held its first public meeting with the community and stakeholders in Melbourne on 8 June 2006. This resulted in clear messages to the committee about priorities and issues in human genetics. A model of community and stakeholder engagement is being drafted by the committee as a result of the meeting.

Embryo Licensing

The Embryo Licensing Committee held two one-day workshops in 2005-06:

- the first was a scientific workshop in Sydney on 7 March 2006 to discuss the committee's recent discussion paper entitled *Human Embryo – A Biological Definition*. The workshop was attended by approximately 100 professionals, including scientists, genetic counsellors, academics, fertility nurses and NHMRC Committee members, who generated productive commentary on the definition. The discussion paper is available for comment on the NHMRC web site; and
- the second workshop was held in Sydney on 30 May 2006 and focused on consumer related issues. The objectives of the workshop were to facilitate communication between the Licensing Committee and relevant organisations and individuals, and to improve policy guidelines and

1 Accessible at: <www.nhmrc.gov.au>.

procedures in relation to embryo donation for research purposes. The 28 participants included professionals working in the assisted reproductive technology field and representatives of consumer and disability organisations. The workshop was highly productive as the discussion generated excellent ideas for refining the relationship between the Licensing Committee and *in-vitro* fertilisation (IVF) consumers.

High Quality Health Advice

The NHMRC has continued to develop health advice based on the best available evidence for the Minister, governments, practitioners, and the community. Further, the NHMRC has continued its program of support for external guideline developers thus ensuring a greater spread of evidence based clinical practice guidelines addressing health issues of concern to the community. Seventeen new guidelines or advisory reports were issued or endorsed by the NHMRC in 2005-06.

Major health advice initiatives for the NHMRC for 2005-06 included:

- commissioning the development of new health guidelines and information in identified priority areas, including cardiac rehabilitation in Indigenous communities;
- increasing cultural competencies for healthier living through the development and dissemination of strategies for communicating health messages to culturally and linguistically diverse communities;
- improving communication between health professionals and consumers about diagnostic and therapeutic interventions;
- updating existing NHMRC guidelines such as nutrient reference values, recreational water and drinking water treatment chemicals;
- developing an electronic decision support tool for the management of water quality in small rural and remote communities; and
- supporting the Guidelines Assessment Register for the identification, development, review and endorsement of clinical care guidelines and health advice.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Health and Medical Research Program:

- Medical Research.

Target:	*Quality*: Increased research effort in the National Research Priority areas, the national health priority areas, and other priority areas as identified in the NHMRC's Strategic Plan 2003-06.	
Result:	Target met.	The NHMRC grant payments for strategic awards in National Research Priority Areas, the national health priority areas, and other priority areas as identified in the NHMRC's Strategic Plan 2003-06, have increased steadily over the triennium from $19.7 million in 2003-04 to $26.0 million in 2004-05 and $35.3 million in 2005-06.
Target:	*Quality*: Compliance with the *National Statement on Ethical Conduct in Research Involving Humans* by registered Human Research Ethics Committees.	
Result:	Target met.	Of the 230 Human Research Ethics Committees registered with the NHMRC in 2005-06, all were assessed as compliant with the *National Statement on Ethical Conduct in Research Involving Humans*.
Target:	*Quality*: Compliance with the requirements of the *Research Involving Human Embryos Act 2002* and the *Prohibition of Human Cloning Act 2002*.	
Result:	Target met.	The NHMRC monitored compliance with the Acts through inspections of institutions licensed to conduct research under the *Research Involving Human Embryos Act 2002*. All institutions were found to be compliant with the two Acts.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Medical Research; and
- 2005-06 Budget measures.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Timely production of evidence-based advice.	
Result:	Target met.	The NHMRC supported the timely production of evidence-based policy research in accordance with its legislation and Strategic Plan for 2003-06. 17 publications were released during the year under Sections 13 and 14 of the NHMRC Act (see Appendix XV – Guidelines and Publications of the NHMRC's 2005 Annual Report for a list of the publications released).[2]
Target:	*Quality*: Provision of opportunity for relevant stakeholders to participate in the development of evidenced-based advice.	
Result:	Target met.	There is a legislative requirement under the NHMRC Act for the NHMRC to consult and have consumer representation on the Council and Principal Committees. Consumer representation is held on the Council, the Health Advisory Committee, Research Committee, Licensing Committee, Human Genetics Advisory Committee and the Australian Health Ethics Committee. In the past 12 months, the NHMRC held public consultations for 9 separate important public health and ethical research issues resulting in more that 480 separate submissions (see Appendix XIV – Meetings, Public Consultations and Public Forums of the NHMRC's 2005 Annual Report).
Target:	*Quality*: Timely production of ethics advice.	
Result:	Target met.	The NHMRC continued to issue timely advice to Human Research Ethics Committees (HRECs) and researchers, as needed on ethical issues as they arose. In 2005-06, this was done via the NHMRC web site, through the Winter and Spring 2005 issues of the *HREC Bulletins* and since February 2006, through the bulletin's replacement, *HREC Alert*.[3]

2 Accessible at: <www.nhmrc.gov.au/publications/_files/nh73.pdf>.
3 Accessible at: <www.nhmrc.gov.au/ethics/human/hrecs/hrecalerts.htm>.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	Administered budget predictions were not met. Actual expenses varied by 2.6% from budgeted expenses. This outcome is a result of the NHMRC funding process where grants announced during the year are paid to institutions over a 3 to 5 year period. Unexpended funds are held to meet future commitments.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The NHMRC provided opportunities for stakeholders to participate in program development through 2 rounds of consultation relating to the revision of *Joint NHMRC/AVCC Statement and Guidelines on Research Practice 1997*. An Australia-wide road show was also conducted to enable stakeholders to provide input to the NHMRC's re-engineering of health and medical research for the coming triennium. Public consultation was undertaken on a number of issues. Full details area contained in Appendix XIV – Meetings, Public Consultations and Public Forums of the NHMRC's 2005 Annual Report.
Target:	*Quality*: Development and management of contracts comply with procurement and accountability guidelines.	
Result:	Target met.	Contracts and consultancies awarded during 2005-06 were developed and managed in accordance with best practice Commonwealth procurement and funding guidelines.
Target:	*Quality*: Effective implementation of legislative reviews and compliance with legislation.	
Result:	Target met.	During 2005-06, the NHMRC complied with all aspects on the NHMRC Act, the *Prohibition of Human Cloning Act 2002* (PHC Act) and the *Research Involving Human Embryos Act 2002* (RIHE Act). Independent reviews of the PHC Act 2002 and RIHE Act 2002 were completed during 2005-06. The reviews (the Lockhart Reviews) are a statutory requirement of both Acts. The reports of the reviews[4] were tabled in both Houses of Parliament and provided to the Council of Australian Governments on 19 December 2005. In accordance with Section 19(3) of the RIHE Act, the NHMRC tabled biannual reports on the operation of the Act and licences issued under the Act. In 2005-06, reports were tabled for the periods 1 April 2005 to September 2005 and 1 October 2005 to 31 March 2006.

4 Available at: <www.nhmrc.gov.au/embryos/review/index.htm>.

Outcome 11: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 11.1: Medical Research			
Appropriation Bill 1/3/5	448,964	437,370	(11,594)
Total Administered Expenses	**448,964**	**437,370**	**(11,594)**
Departmental Appropriations			
Output Group 1 - Policy Advice	6,571	6,920	349
Output Group 2 - Program Management	15,331	16,146	815
Total price of departmental outputs			
(Total revenue from Government and other sources)	**21,902**	**23,066**	**1,164**
Total revenue from Government (appropriations) contributing to price of departmental outputs	21,600	22,660	1,060
Total revenue from other sources	302	406	104
Total price of departmental outputs			
(Total revenue from Government and other sources)	**21,902**	**23,066**	**1,164**
Total estimated resourcing for Outcome 11			
(Total price of outputs and administered expenses)	**470,866**	**460,436**	**(10,430)**
Average Staffing Level (Number)			
Department	**189**	**180**	**(9)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

OUTCOME 12

BIOSECURITY AND EMERGENCY RESPONSE

Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters

OUTCOME 12

BIOSECURITY AND EMERGENCY RESPONSE

Part 1: Outcome Performance Report

The Australian Government created Outcome 12 in December 2005 to better focus attention on the increasing risk to Australia from emerging and re-emerging infectious diseases, the increased threat of global terrorist attacks, and the ever present threat of natural disasters.

Outcome 12 was managed in 2005-06 by the Office of Health Protection, a new division in the Department, responsible for the development of national biosecurity and response initiatives to protect the health and well-being of all Australians.

Major Achievements

- Established the Office of Health Protection to expand the Department's capacity to respond to national and international health emergencies and threats such as pandemic influenza.
- Further strengthened Australia's preparedness for an influenza pandemic through release of the revised Australian Health Management Plan for Pandemic Influenza and the selection of the Victorian Infectious Diseases Reference Laboratory as the new host of the World Health Organization (WHO) Collaborating Centre for Reference and Research on Influenza.
- Established the Royal Darwin Hospital as a National Critical Care and Trauma Response Centre, to be activated when required for major emergencies such as the Bali bombings.
- Provided assistance with medical evacuations and national health resources following civil unrest in East Timor in May 2006, and deployed medical teams to Java following the May 2006 earthquake.

Challenges

- Technical obstacles, as faced by manufacturers worldwide, have seen delays in the development of effective prototype pandemic vaccines.
- Establishment of a laboratory register for the control of biologically hazardous materials deferred to align with the Council of Australian Governments Review of Hazardous Biological Materials, which is yet to be finalised.

Key Strategic Directions for 2005-06

Ensuring the Security of the Australian Population against Biosecurity and Disease Threats

Office of Health Protection

The Department established the Office of Health Protection in December 2005 to expand its health emergency response capacity. The Department, through the Office of Health Protection, is driving operations in three key areas: improved provision of information on disease patterns and disaster events to support decision making; enhanced networks to effect responses; and tools to provide the most comprehensive responses.

The Department works to keep diseases out of Australia and to ensure that the nation can manage any diseases which might breach that first line of defence.

Pandemic Planning

The Department completed the review of the Australian Management Plan for Pandemic Influenza 2005 in May 2006 and made significant contributions to work on the parallel National Action Plan prepared for the Council of Australian Governments. The revised Australian Health Management Plan for Pandemic Influenza was launched by the Minister for Health and Ageing on 30 May 2006, after extensive community and expert consultations.

It is a detailed, plain English national health action plan that will guide Australia's response to pandemic influenza. The plan is available on the internet and in hard copy on request.[1] The strategies are based on epidemiological modelling which suggests that containment strategies could buy time until a vaccine becomes available.

The plan gives the community the information it needs to start to prepare for a pandemic and flags the actions, including the proposed communication strategy, which will come into operation should the pandemic threat escalate. The Department has been working with health providers and manufacturers to ensure that stakeholders have the necessary information to assist in their business continuity planning.

During 2005-06, the Department began preparing a major simulation exercise for responding to a pandemic. The exercise is planned to take place in October 2006, with lessons learnt feeding into planning refinements.

The Department is producing a series of annexes to the plan, which provide the detailed guidance on pandemic influenza sought by professional groups, using advice from expert working groups under the National Influenza Pandemic Advisory Committee. The Interim Infection Control and Clinical Care Annexes were released by the Department in June 2006; the Primary Care and Funeral Industry Annexes are in progress and are due for release in late 2006.

During 2005-06, the Department conducted the selection process which resulted in the Victorian Infectious Diseases Reference Laboratory becoming the new host of the WHO Collaborating Centre for Reference and Research on Influenza in Australia. The new host will take over the operation of the Centre from its existing host, CSL Ltd, later in 2006. As one of five global WHO collaborating centres for influenza, the Centre is an important source of flu expertise in Australia and the southern hemisphere. The Centre has direct access to the WHO global network and early warning systems, and is regarded by the Australian Government as a significant asset to Australia's pandemic preparedness and response activities.

During 2005-06, the Department substantially increased the range and number of items in the National Medical Stockpile for use in an emergency or an outbreak of pandemic influenza. In the event of a pandemic, over 4 million courses of antivirals are available. By mid 2007, the stockpile will hold 8.75 million courses of antiviral drugs. Further purchases in 2005-06 by the Department for the stockpile included 50 million needles and syringes with support equipment for administering a vaccine when developed, and 40 million surgical masks to add to the existing 2 million P2 respirator masks. Twenty five thermal imaging scanners, personal protective equipment for border workers and 314 respiratory ventilators have also been stockpiled in 2005-06. The Department is currently in the process of purchasing personal protective equipment for workers at high risk of infection and negative pressure units to isolate patients in treatment centres and minimise risk of infection for other patients.

The Department provided funds in 2005-06 to enable CSL Ltd to fast track its development of a prototype pandemic vaccine for supply to the Australian population.

CSL's accelerated program aimed to submit a prototype pandemic vaccine to the Therapeutic Goods Administration (TGA) in September 2006 for registration, 16 months ahead of time. CSL's first phase clinical trials to select the prototype pandemic vaccine formulation commenced in 2005. Preliminary results released in February 2006 indicated that the prototype vaccine was well tolerated and demonstrated some efficacy. However, the doses trialled did not generate the level of immune response required by the TGA when assessed against the usual seasonal influenza vaccine criteria. A second phase of clinical trials will test higher doses of the vaccine to establish dosage and efficacy and

1 Available at: <www.health.gov.au> or printed copy on request to: <pandemicplan@health.gov.au>.

expand the trial cohort to include children and the elderly. It is now expected that CSL will submit a core pandemic vaccine dossier to the TGA in early 2007.

Communicable Disease Surveillance

The Department's international surveillance effort is Australia's forward defence in health protection, providing early warning of communicable disease threats worldwide. In 2005-06, the Department led the development of the Biosecurity Surveillance System and Syndromic Surveillance System, to improve the detection and response to national communicable disease outbreaks, including pandemic influenza. The first component of these systems, the Health Alert Network, commenced operating in June 2006 and provides a secure communication system for the public health community to share information on communicable disease outbreaks and public health emergency events. The Department expects to fully implement the remaining components of these systems, including a national outbreak management system and improvements to the National Notifiable Diseases Surveillance System, by 2008.

The Department has produced and distributed 182 international avian influenza situation reports since July 2005, with a total of 400 since the start of the H5N1 outbreak in late 2003. These reports have summarised human and animal cases of the highly pathogenic avian influenza H5N1 and recently detailed the limited human-to-human transmission of the infection in Indonesia.

During 2005-06, the Department provided advice on international disease outbreaks to a number of government departments, including the Department of Foreign Affairs and Trade travel advisories. The Department also provided expert advice on building regional capacity to detect and control infectious diseases to AusAID (Australia's development assistance program), thus reducing the threat posed to Australian health.

Biosecurity

Of particular concern to Australia's security is the potential for deliberate misuse by terrorists of chemical, biological, radiological, or nuclear (CBRN) materials. The Department drew on advice from agencies such as the Office of Chemical Safety, the Australian Radiation Protection and Nuclear Safety Agency and the Office of the Gene Technology Regulator to contribute to the Council of Australian Governments Review of Hazardous Materials, which has continued throughout 2005-06. Implementation of review recommendations is expected to result in higher standards of security in all facilities handling CBRN materials. The Department will have a major role in the implementation of security measures for biological hazards. The review of this is being managed by the Department of the Prime Minister and Cabinet and is due to be taken to the Council of Australian Governments in late 2006.

In 2005-06, the Department continued work on the Australian Government's 2004-05 Budget initiative to develop a register of laboratories that store high risk biological agents. Finalisation of the register will take account of the recommendations of the Review of Hazardous Biological Materials after consideration by the Council of Australian Governments; however this will not occur before the end of 2006. The register scheme will drive better laboratory biosecurity and biosafety measures to help prevent both deliberate and accidental release of harmful pathogens and materials.

The Department also managed the development of Chemical Treatment Guidelines and Radiological Treatment Guidelines, under the direction of the Australian Health Protection Committee (AHPC). These will assist clinicians to treat people who may be affected by a CBRN incident. The Department intends to distribute the guidelines in late 2006.

To keep Australia free from disease entry at the border and to reduce the risk of the introduction of potentially harmful biological materials into the community, the Department provides human quarantine policy advice to the Australian Quarantine and Inspection Service (AQIS). The Department also conducts human health risk assessments relating to requests for the importation of human biological materials. In 2005-06, the Department received twice as many referrals from AQIS for assessment than in the previous year. The Department also provided advice to AQIS on the importation of human remains, managed the quarantine hotline[1] and liaised with AQIS, the Australian Customs Service, the Department of Transport and Regional Development, the Department of Immigration and Multicultural Affairs and other Australian Government agencies on quarantine issues.

1 The telephone number for the quarantine hotline is (02) 6289 8638.

Emergency Responses

The Department finalised arrangements in March 2006 to establish the Royal Darwin Hospital over the next four years as a National Critical Care and Trauma Response Centre. The centre will be activated when action is required beyond the normal capacity of local health agencies. The Royal Darwin Hospital has recruited staff members for the centre. Significant facilities, including up to 10 operating theatres, are available for use by the hospital in an emergency. The hospital has commenced several detailed reviews of key capabilities and plans are well advanced for formalising partnership arrangements with key agencies and upgrading facilities and training. Two Clinical Chair positions, one in Trauma and Critical Care, and the other in Emergency Preparedness and Response, have been established by the hospital and recruitment to the positions has commenced.

The Department's response to the violence in East Timor in May 2006 and the earthquake in Indonesia that same month clearly demonstrated that the Department's emergency response capacity continues to mature. Working with the AHPC in coordinating national health resources, the National Incident Room, which is located in the Department, was able to quickly organise 15 essential medical evacuations from Dili to Darwin, and then subsequent movements to Adelaide and Brisbane. The Department also worked with the AHPC to assist AusAID and Emergency Management Australia, the national response agency within the Attorney-General's Department, in deploying two Australian medical assistance teams to Java, following the earthquake.

The Department also funded relief environmental health staff as part of the response to two other emergency events in 2005-06 – flooding and Cyclone Monica in the Northern Territory.

Part 2: Performance Information

Performance Information for Administered Items

Administered Funding – Health Protection, Surveillance and Emergency Response Programs:

- Health Emergency Planning and Response; and
- Surveillance.

Target:	*Quality*: Development and support of mechanisms to promote evidence-based policy and programs for disease prevention.	
Result:	Target met.	In 2005-06, the Department supported the National Health and Medical Research Council program for urgent research to provide information needed for influenza pandemic planning. The Department also continued its use of expert advisory committees to assess current scientific evidence for sound policy development. This included the National Influenza Pandemic Advisory Committee. There are several other disease specific committees advising the Department, for example, in 2005-06 the Department used expert technical advice on: • polio to assist in the detection of potential wild or vaccine-associated cases; • Creutzfeldt-Jakob Disease (CJD) to provide advice on prevention of transmission; • malaria and arboviruses to assist in the detection, management and control of real or potential outbreaks of arboviral disease; • antibiotic utilisation and antimicrobial resistance; and • environmental health issues and environmental standards to protect human health.

Target:	*Quality*: Timely recognition and development of appropriate responses to emerging threats to human health.	
Result:	Target met.	The Department is alert to possible fresh outbreaks of infectious diseases and terrorist threats to health through its lead role in national surveillance and diagnostic networks. Timely national health emergency preparation and response initiatives for 2005-06 included: • managing the National Medical Stockpile with new acquisitions of personal equipment and ventilators; • coordinating the immediate national and departmental response to health emergencies through the National Incident Room; • enhancing laboratory capability and capacity for responding to major disease outbreaks and other biological threats by purchasing stockpiles of diagnostic test kits and laboratory equipment; • supporting and strengthening critical health infrastructure for counterterrorism, for example by providing a Risk Statement to laboratory stakeholders on the terrorist threat to Australian laboratories holding human risk pathogens and by supporting the Health Infrastructure Assurance Advisory Group's work to safeguard the supply chain for key health products; • funding pandemic influenza vaccine development by CSL Ltd; • providing significant financial assistance, in response to the identification of disease-carrying mosquitoes in the Northern Territory which successfully eliminated, in 2005-06, an exotic incursion in Tennant Creek, and in Queensland for an ongoing Torres Strait program; and • ensuring supply of antivenom to meet the need to treat 600-700 cases per year in Australia.
Target:	*Quality*: Incidence of communicable disease outbreaks are monitored to ensure outbreaks are actioned and contained.	
Result:	Target met.	During 2005-06, all outbreaks were actioned and contained by states and territories using the national system managed by the Department. The Department continued the daily collection of data on the incidence of communicable diseases in Australia from states and territories into the Department's National Notifiable Disease Surveillance System. The Department reported these data fortnightly to the Communicable Diseases Network of Australia (CDNA). The CDNA coordinated the national response to a multi-jurisdictional outbreak of measles from April to June 2006, in which more than 80 cases of measles were detected and in excess of 500 contacts traced nationally. Using international surveillance information, the Department supported regional outbreak containment through placement of, and liaison with, World Health Organization epidemiologists in Indonesia and Vietnam. Other data gathering involved the cases of acute flaccid paralysis within Australia reported by the Polio Expert Committee to the Department and to the World Health Organization as part of the global polio eradication initiative, and the suspected cases of CJD reported to the Department by the National Creutzfeldt-Jakob Disease Registry.

Target:	*Quality*: Initiatives provide for enhanced surveillance of foodborne illness, and improve food safety.	
Result:	Target met.	The departmental initiative OzFoodNet continued its role in enhanced surveillance as a national network of epidemiologists who undertake surveillance, prevention and control of foodborne illness. The network enables multi-jurisdictional investigation not otherwise possible. During 2005-06, OzFoodNet coordinated at least 5 national outbreak investigations into potentially contaminated food. Initiatives undertaken to improve food safety included production and distribution of tools such as checklists to help delivered meals organisations, school canteens, and sectors of the seafood industry meet the national Food Safety Standards. The Department also financially supported the Food Safety Information Council and the Australian Food Safety Centre of Excellence.
Target:	*Quality*: Government programs to prevent and detect disease are implemented in accordance with a sound evidence base and with responsiveness to new and emerging trends.	
Result:	Target met.	The action taken by the Department in response to emerging disease trends has been based on up-to-date research. For example: • decisions about the National Medicines Stockpile have been based on research into treatments and public health interventions for influenza; • laboratory capacity and security improvement projects are a response to trends in global disease and terrorist trends; • surveillance of Creutzfeld-Jakob Disease is based on up-to-date understanding of infectiousness of disease agents; and • initiatives through the enHealth Council to document evidence for health effects of environmental hazards have been based on literature reviews.
Target:	*Quality*: Social marketing initiatives improve knowledge, attitude and behaviours in relation to communicable diseases and possible health emergencies through targeted information campaigns.	
Result:	Target met.	The Department prepared and tested a comprehensive communications strategy for informing and advising the general public, businesses and key health stakeholders during an influenza pandemic which can be implemented in the event of a pandemic.

Performance Information for Departmental Outputs

Output Group 1. Policy Advice, including:

- Health Emergency Planning and Response; and
- Surveillance.

Target:	*Quality*: Ministers' satisfaction with the quality, relevance and timeliness of our advice for Australian Government decision making.	
Result:	Target met.	Ministers were satisfied with the quality, relevance and timeliness of advice provided for Australian Government decision making.
Target:	*Quality*: Production of timely evidence-based policy research.	
Result:	Target met.	The Department commissioned research on a wide range of topics that include the cost of foodborne illness in Australia, levels of antibiotic resistance, and prevalence of Salmonella and Campylobacter in the food supply. The Department also commissioned timely research to better define communicable disease vulnerabilities for Australia prior to disease outbreaks and to advance understanding of influenza prevention and treatments.

Output Group 2. Program Management, including:

- financial management and reporting;
- development and management of grants and contracts; and
- administration and revision of legislation as required.

Target:	*Quality*: Administered budget predictions are met and actual expenses vary less than 0.5% from budgeted expenses.	
Result:	Target not met.	The variation between budget predictions and actual expenditure was greater than 0.5%. With the formation of the Office of Health Protection in the second half of the year, the Department experienced delays in filling vacant positions and delays in contract tendering processes, which resulted in payments not being made.
Target:	*Quality*: Opportunity for stakeholders to participate in program development.	
Result:	Target met.	The Department held a number of industry forums during 2005-06 that provided stakeholders with information about Australian Government activities in pandemic planning and business continuity. Expert professionals participated in the work of advisory groups such as the National Influenza Pandemic Action Committee and its working groups.

Outcome 12: Financial Resources Summary

	(A) Budget Estimate* 2005-06 $'000	(B) Actual 2005-06 $'000	Variation (Column B minus Column A) $'000
Administered Expenses			
Program 12.1: Health Emergency Planning and Response			
Appropriation Bill 1/3/5	28,184	12,989	(15,195)
Appropriation Bill 2/4/6	22,994	22,994	-
	51,178	**35,983**	**(15,195)**
Program 12.2: Surveillance			
Appropriation Bill 1/3/5	4,621	4,133	(488)
Appropriation Bill 2/4/6	822	822	-
	5,443	**4,955**	**(488)**
Total Administered Expenses	**56,621**	**40,938**	**(15,683)**
Departmental Appropriations			
Output Group 1 - Policy Advice	7,901	7,622	(279)
Output Group 2 - Program Management	11,852	11,433	(419)
Total price of departmental outputs *(Total revenue from Government and other sources)*	**19,753**	**19,055**	**(698)**
Total revenue from Government (appropriations) contributing to price of departmental outputs	19,753	19,019	(734)
Total revenue from other sources	-	36	36
Total price of departmental outputs *(Total revenue from Government and other sources)*	**19,753**	**19,055**	**(698)**
Total estimated resourcing for Outcome 12 *(Total price of outputs and administered expenses)*	**76,374**	**59,993**	**(16,381)**
Average Staffing Level (Number)			
Department	**132**	**121**	**(11)**

The 2006-07 budget has not been provided. The Department of Health and Ageing moved to a new outcome structure for 2006-07 and is no longer appropriated under the 2005-06 outcome structure. Accurate allocation of 2006-07 funding against the 2005-06 outcome structure is not available and inclusion of notional allocations could be misleading to the reader.

* Budgeted appropriations taken from the *2006-07 Health and Ageing Portfolio Budget Statements* and re-aligned to the 2005-06 outcome structure.

PART 03

FINANCIAL STATEMENTS

Department of Health and Ageing

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2005-06 FINANCIAL PERFORMANCE

Operating Result – Departmental

The Department recorded a consolidated operating surplus for 2005-06

The Department of Health and Ageing achieved a consolidated 2005-06 operating surplus of $2.1 million.

The operating result was primarily driven by:

- a $5.6 million operating surplus by the core Department;
- a $0.9 million operating surplus by the Office of the Gene Technology Regulator;
- a $0.4 million operating surplus by the National Industrial Chemicals Notification and Assessment Scheme; and
- a $4.8 million operating deficit by the Therapeutic Goods Administration (TGA).

The 2005-06 core Department $5.6 million operating result is primarily a result of slower than expected staff recruitment for 2005-06 Budget initiatives and the associated flow on impact for managing other expenditure.

The operating loss reported by the TGA was largely due to a carry forward to 2005-06 of infrastructure costs associated with the development of the joint regulatory scheme for therapeutic products with New Zealand and one-off costs associated with the separation of its IT network from the Department.

Agency Transfer and New Funding Arrangement

Agency transfers and change in funding arrangements during 2005-06

The Department's aged care payment function administered within the Ageing and Aged Care Division transferred to Medicare Australia on 20 October 2005. The transfer of this function resulted from regulations made under the *Medicare Australia Act 1973*.

As a consequence of this transfer, the Department now makes monthly payments to Medicare Australia for the services provided for the performance of that function. The associated expenses are now classified as supplier, whereas whilst the function was performed in the Department these were primarily reported as employee expenses. The Department continues to retain the appropriation revenue.

Revenue and Expenses – Departmental

Total departmental revenue decreased by 1 per cent for 2005-06

During 2005-06, total revenue for the consolidated departmental entity decreased by 1 per cent ($6.8 million) from $575.5 million in 2004-05 to $568.7 million. This decrease was largely attributable to:

- the transfer of CRS Australia to the Department of Human Services on 26 October 2004 in accordance with Administrative Arrangement Orders. No revenue has been recognised for CRS Australia in 2005-06 compared with $56.0 million in 2004-05;
- the core Department received an additional $54.6 million in Revenues from Government. The increase is primarily due to $48.3 million in new measures funding. The major new funding is for Biosecurity and Emergency Response ($6.9 million), Strengthening Cancer Care ($5.5 million), Pharmaceutical Benefits Scheme ($5.0 million), the Community Pharmacy Agreement ($4.3 million), Indigenous Health ($3.4 million) and Prudential Regulation of Aged Care Facilities ($2.7 million); and
- the TGA reported a net decline of $4.8 million in Revenues from Government due to the cessation of funding totalling $6.2 million for the Trans Tasman Group offset by interest supplementation of $1.1 million.

Total departmental expenses increased by 1 per cent for 2005-06

Operating expenses increased by 1 per cent ($6.0 million) during 2005-06 to $566.6 million (2004-05: $560.6 million). This change is largely attributable to:

- the transfer of CRS Australia to the Department of Human Services. Expenses totalling $53.7 million were incurred for CRS Australia during 2004-05;
- other variances, including:
  - an increase in core Department supplier expenses of $37.6 million;
  - an increase in core Department employee expenses of $12.8 million following salary increases resulting from the 2004-2007 Certified Agreement and an overall increase of 103.7 in average staff levels;
  - an increase of $3.0 million in TGA employee expenses; and
  - an increase of $2.9 million in TGA supplier expenses.

Assets and Liabilities – Departmental

Total departmental assets increased by $48.3 million

Total assets have increased by $48.3 million to $211.7 million (2004-05: $163.4 million).

Major assets at 30 June 2006 are:

- appropriation receivable (operational) of $103.6 million;
- appropriation receivable (equity injection – primarily related to undrawn capital appropriation for the Aged Care New Payment System) of $16.0 million;
- land and buildings of $32.0 million; and
- intangibles of $26.8 million.

Total departmental liabilities increased by $27.9 million

Total liabilities have increased by $27.9 million to $174.6 million (2004-05: $146.7 million).

Major liabilities at 30 June 2006 are:

- employee provisions of $92.5 million; and
- suppliers' provisions of $63.6 million.

ADMINISTERED ITEMS – SIGNIFICANT REPORTING ISSUES

Administered Revenues

Revenues administered on behalf of Government

In 2005-06, an amount of $38.5 million was recorded under the classification of taxation revenue. Taxation revenue relates to the levy imposed under the United Medical Protection Support Payment and Run off Cover Scheme Support Payment arrangements on eligible medical practitioners to raise revenue towards the Claims Incurred But Not Reported liability.

In 2005-06, an amount of $186.7 million was recorded as revenue from the Private Health Insurance Administration Council (PHIAC) representing Private Health Insurance Administration levies. As PHIAC is a Government entity within the Health and Ageing portfolio, its administered receipts are transferred to the Department, and then forwarded to the Official Public Account.

Administered Expenses

Total administered expenses increased by $2,219.6 million

For the 2005-06 reporting period:

- Personal Benefits expense increased by 7 per cent to $20.3 billion ($19.1 billion in 2004-05) which included a $116.8 million overspend for 2005-06 when compared to the estimated budget outcome disclosed in the *2006-07 Health and Ageing Portfolio Budget Statements* (PBS), $20.2 billion;
- Grants expense increased by 6 per cent to $13.0 billion, ($12.2 billion in 2004-05) which included a $53.4 million underspend when compared to the estimated budget outcome disclosed in the 2006-07 PBS, $13.0 billion; and
- Subsidy expense increased by 4 per cent to $5.1 billion, ($4.9 billion in 2004-05). The Subsidy expense was slightly higher than the estimated budget outcome disclosed in the 2006-07 PBS, $5.1 billion.

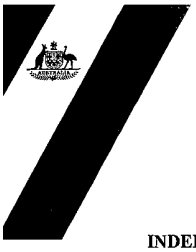
Assets and Liabilities – Administered

Total administered assets decreased by $59.3 million

Total administered assets decreased by $59.3 million to $373.5 million ($432.9 million in 2004-05). The major movement in administered assets is attributed to prepayments decreasing to $57.6 million, ($111.2 million in 2004-05) offset by inventories increasing to $150.1 million, ($116.4 million in 2004-05).

Total administered liabilities decreased by $93.3 million

During 2005-06, administered liabilities decreased by 4 per cent to $2.4 billion, ($2.5 billion in 2004-05). The major movement in administered liabilities is attributed to grants liabilities decreasing by $70.6 million to $600.4 million ($671.0 million in 2004-05).



Auditor-General for Australia

INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Health and Ageing for the year ended 30 June 2006. The Secretary of the Department of Health and Ageing is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Financial Officer;
- Income Statement, Balance Sheet and Cash Flow Statement;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Health and Ageing for the year ended 30 June 2006.

The Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Health and Ageing, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* Accounting Standards and other mandatory financial reporting requirements in Australia. The Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Health and Ageing:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(b) give a true and fair view of the Department of Health and Ageing's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:

  (i) the matters required by the Finance Minister's Orders; and

  (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Ian McPhee

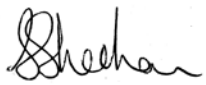
Canberra
14 August 2006

DEPARTMENT OF HEALTH AND AGEING
STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Jane Halton
Secretary
Department of Health and Ageing

14 August 2006



Stephen Sheehan
Chief Financial Officer
Department of Health and Ageing

14 August 2006

DEPARTMENT OF HEALTH AND AGEING
INCOME STATEMENT
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
INCOME			
Revenue			
Revenues from Government	4	**480,223**	431,737
Goods and services	5	**83,437**	139,378
Other revenues		**4,318**	3,624
Total revenue		**567,978**	574,739
Gains			
Other gains	6	**708**	748
Total gains		**708**	748
Total income		**568,686**	575,487
EXPENSES			
Employees	7	**351,084**	370,331
Suppliers	8	**201,513**	177,154
Depreciation and amortisation	9	**13,538**	12,337
Finance cost	10	**-**	24
Write-down and impairment of assets	11	**341**	798
Net losses from the sale of assets	12	**80**	-
Total expenses		**566,556**	560,644
Operating result before income tax		**2,130**	14,843
Income tax equivalent expense		**-**	307
Operating result		**2,130**	14,536

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
BALANCE SHEET
as at 30 June 2006

	Notes	2006 $'000	2005 $'000
ASSETS			
Financial assets			
Cash and cash equivalents	14	**4,695**	4,238
Receivables	15	**138,854**	99,878
Total financial assets		**143,549**	104,116
Non-financial assets			
Land and buildings	16	**32,037**	24,508
Infrastructure, plant and equipment	16	**6,084**	5,658
Intangibles	17	**26,768**	26,156
Inventories	18	**394**	410
Other non-financial assets	19	**2,901**	2,513
Total non-financial assets		**68,184**	59,245
Total assets		**211,733**	163,361
LIABILITIES			
Payables			
Suppliers	20	**63,564**	39,045
Other payables	21	**11,084**	16,796
Total payables		**74,648**	55,841
Provisions			
Employees provisions	22	**92,546**	87,361
Other provisions	23	**7,365**	3,496
Total provisions		**99,911**	90,857
Total liabilities		**174,559**	146,698
NET ASSETS		**37,174**	16,663
EQUITY			
Contributed equity		**24,405**	5,909
Reserves		**10,848**	10,848
Retained surpluses/(accumulated deficits)		**1,921**	(94)
TOTAL EQUITY		**37,174**	16,663
Current assets		**146,844**	107,039
Non-current assets		**64,889**	56,322
Current liabilities		**110,629**	83,419
Non-current liabilities		**63,930**	63,279

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
STATEMENT OF CASH FLOWS
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**82,396**	141,520
Appropriations		**457,414**	476,423
Net GST received from the ATO		**21,713**	27,254
Cash received from the OPA		**1,000**	-
Other		**6,050**	4,453
Total cash received		**568,573**	649,650
Cash used			
Employees		**350,274**	373,904
Suppliers		**195,083**	203,726
Financing costs		**-**	24
Income tax equivalent		**-**	1,364
Cash transferred to CRS Australia		**-**	47,728
Cash transferred to the OPA		**-**	9,000
Total cash used		**545,357**	635,746
Net cash from or (used by) operating activities	25	**23,216**	13,904
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**121**	-
Total cash received		**121**	-
Cash used			
Purchase of property, plant and equipment		**24,978**	19,157
Total cash used		**24,978**	19,157
Net cash from or (used by) investing activities		**(24,857)**	(19,157)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		**2,098**	-
Acquisition of operations		**-**	67
Total cash received		**2,098**	67
Cash used			
Repayment of debt		**-**	3,600
Disposal of operations		**-**	15,583
Total cash used		**-**	19,183
Net cash from or (used by) financing activities		**2,098**	(19,116)
Net increase or (decrease) in cash held		**457**	(24,369)
Cash at the beginning of the reporting period		**4,238**	28,607
Cash at the end of the reporting period	14	**4,695**	4,238

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Accumulated results		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous period	**(94)**	(1,057)	**10,848**	9,956	**5,909**	33,974	**16,663**	42,873
Adjustment for errors	**-**	-	**-**	-	**-**	-	**-**	-
Adjustment for changes in accounting policy	**(110)**	-	**-**	-	**-**	-	**(110)**	-
Adjusted opening balance	**(204)**	(1,057)	**10,848**	9,956	**5,909**	33,974	**16,553**	42,873
Income and expense								
Revaluation	**-**	-	**-**	3,219	**-**	-	**-**	3,219
Subtotal income and expenses	**-**	-	**-**	3,219	**-**	-	**-**	3,219
Net operating result	**2,130**	14,536	**-**	-	**-**	-	**2,130**	14,536
Total income and expenses	**2,130**	14,536	**-**	3,219	**-**	-	**2,130**	17,755
Transactions with owners								
Distributions to owners								
Returns of Capital								
Restructuring	**-**	-	**-**	-	**-**	(43,547)	**-**	(43,547)
Contributions by owners								
Appropriation (equity injection)	**-**	-	**-**	-	**18,088**	-	**18,088**	-
Restructuring (Note 24)	**-**	(15,900)	**-**	-	**403**	15,482	**403**	(418)
Other	**-**	-	**-**	-	**-**	-	**-**	-
Subtotal transactions with owners	**-**	(15,900)	**-**	-	**18,491**	(28,065)	**18,491**	(43,965)
Transfers between equity components	**(5)**	2,327	**-**	(2,327)	**5**	-	**-**	-
Closing balance as at 30 June	**1,921**	(94)	**10,848**	10,848	**24,405**	5,909	**37,174**	16,663

The above statement should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF COMMITMENTS
as at 30 June 2006

	2006 $'000	2005 $'000
BY TYPE		
Capital commitments		
Land and buildings	**-**	8,307
Infrastructure, plant and equipment	**98**	1,586
Intangibles	**6,033**	400
Total capital commitments	**6,131**	10,293
Other commitments		
Operating leases [1]	**316,757**	345,854
Other	**83,397**	30,635
Total other commitments	**400,154**	376,489
Commitments receivable [2]	**(34,850)**	(34,950)
Net commitments by type	**371,435**	351,832
BY MATURITY		
Capital commitments		
One year or less	**3,848**	10,241
From one to five years	**2,283**	52
Over five years	**-**	-
Total capital commitments	**6,131**	10,293
Operating lease commitments		
One year or less	**72,308**	66,064
From one to five years	**167,195**	199,584
Over five years	**77,254**	80,206
Total operating lease commitments	**316,757**	345,854
Other commitments		
One year or less	**49,600**	14,862
From one to five years	**33,797**	15,773
Over five years	**-**	-
Total other commitments	**83,397**	30,635
Commitments receivable	**(34,850)**	(34,950)
Net commitments by maturity	**371,435**	351,832

Commitments are GST inclusive where relevant.

[1] Operating leases included are effectively non-cancellable and comprise:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	Lease payments are subject to reviews in accordance with the lease agreement. The reviews range from annually to bi-annually over the lease term and are either a predetermined increase or reviewed against market rentals at the time. Where offered, lease renewal options range from three to five years. A number of the Department's office accommodation leases contain lease payments that are subject to increases in accordance with movements in market rents. These contingent rent payments are not included in the commitment schedule as their value cannot be reliably estimated.
Computer equipment leaseback	The Department has entered into a contractual arrangement to lease computer equipment from 1 July 2004 to 30 June 2009. As part of this contract IT infrastructure was refreshed based on a lease period of three years for desktop equipment and five years for mainframe and midrange equipment.

[2] Commitments receivable relate to the GST on future commitments.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF CONTINGENCIES
as at 30 June 2006

	Guarantees		Claims for damages/costs [1]		Total	
	$'000		$'000		$'000	
Contingent liabilities	**2006**	2005	**2006**	2005	**2006**	2005
Balance from previous period	**953**	-	**104**	-	**1,057**	-
New	**-**	953	**-**	104	**-**	1,057
Remeasured	**-**	-	**-**	-	**-**	-
Liabilities crystallised	**-**	-	**-**	-	**-**	-
Obligations expired	**(953)**	-	**-**	-	**(953)**	-
Total contingent liabilities	**-**	953	**104**	104	**104**	1,057
	Guarantees		**Claims for damages/costs**		**Total**	
	$'000		**$'000**		**$'000**	
Contingent assets	**2006**	2005	**2006**	2005	**2006**	2005
Balance from previous period	**-**	-	**84**	580	**84**	580
New	**-**	-	**-**	-	**-**	-
Remeasured	**-**	-	**-**	-	**-**	-
Assets crystallised	**-**	-	**-**	(496)	**-**	(496)
Expired	**-**	-	**-**	-	**-**	-
Total contingent assets	**-**	-	**84**	84	**84**	84
Net contingent assets/(liabilities)	**-**	(953)	**(20)**	(20)	**(20)**	(973)

Quantifiable contingencies
[1] The Department is in dispute with a service provider regarding a breach of contract. This dispute is before the courts and, in accordance with Accounting Standard AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets,* the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcome of the case.

Unquantifiable contingencies
At 30 June 2006, the Department was involved in a number of litigation cases before the courts. The Department has been advised by its solicitors that it is not possible to estimate the amounts of any eventual payment or receipt relating to these cases. Therefore, in accordance with Accounting Standard AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets,* the information usually required by the Standard is not disclosed on the grounds that it may seriously prejudice the outcome of these cases.

Remote contingencies
The Department does not have any contingencies regarded as remote.

The above schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Income administered on behalf of Government			
Revenue			
Taxation			
Other indirect taxes, fees and fines	30 (i)	**38,463**	42,052
Total taxation revenue		**38,463**	42,052
Non-taxation			
Interest	30 (i)	**-**	1,026
Dividends	30 (i)	**-**	3,387
Recoveries	30 (i)	**35,203**	24,910
Other sources of non-taxation revenue	30 (i)	**331,289**	278,955
Total non-taxation revenue		**366,492**	308,278
Total revenues administered on behalf of Government		**404,955**	350,330
Total income administered on behalf of Government		**404,955**	350,330
Expenses administered on behalf of Government *for the year ended 30 June 2006*			
Personal benefits	30 (ii)	**20,332,196**	19,082,812
Grants	30 (ii)	**12,975,586**	12,185,350
Subsidies	30 (ii)	**5,061,027**	4,883,591
Suppliers	30 (ii)	**6,980**	4,636
Write-down/(write back) and impairment of assets	30 (ii)	**-**	(179)
Total expenses administered on behalf of Government		**38,375,789**	36,156,210

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS
as at 30 June 2006

	Notes	**2006** **$'000**	2005 $'000
Assets administered on behalf of Government			
Financial assets			
Cash	30 (iii)	**65,658**	117,368
Receivables	30 (iii)	**85,295**	77,375
Total financial assets		**150,953**	194,743
Non-financial assets			
Prepayments	30 (iii)	**57,603**	111,213
Investments	30 (iii)	**14,913**	10,461
Inventories	30 (iii)	**150,067**	116,441
Total non-financial assets		**222,583**	238,115
Total assets administered on behalf of Government		**373,536**	432,858
Liabilities administered on behalf of Government *as at 30 June 2006*			
Payables			
Personal benefits	30 (iv)	**1,710,884**	1,740,588
Grants	30 (iv)	**600,419**	671,022
Subsidies	30 (iv)	**53,128**	45,467
Suppliers	30 (iv)	**928**	344
Other payables	30 (iv)	**1,376**	2,568
Total liabilities administered on behalf of Government		**2,366,735**	2,459,989
Net assets administered on behalf of Government	30 (v)	**(1,993,199)**	(2,027,131)
Current assets		**208,556**	305,956
Non-current assets		**164,980**	126,902
Current liabilities		**1,940,289**	2,001,788
Non-current liabilities		**426,446**	458,201

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
Cash flows administered on behalf of Government			
Operating activities			
Cash received			
Other taxes, fees and fines		**41,918**	44,093
Interest		**-**	1,026
Recoveries		**35,203**	19,288
Dividends		**-**	3,387
Private Health Insurance Administration Council (PHIAC) receipts		**186,670**	167,444
Grant repayments in relation to coordinated care trials		**25,117**	-
Medical indemnity competitive neutrality		**56,000**	-
Other - GST received from the ATO		**190,446**	181,864
Other		**57,403**	20,989
Total cash received		**592,757**	438,091
Cash used			
Personal benefits		**20,336,940**	18,754,835
Grant payments		**13,210,038**	12,248,480
Subsidies paid		**5,054,997**	4,880,429
Suppliers		**41,629**	5,259
Total cash used		**38,643,604**	35,889,003
Net cash from/(used in) operating activities		**(38,050,847)**	(35,450,912)
Financing activities			
Cash received			
GST appropriations		**231,629**	152,323
Other		**14,265**	15,447
Total cash received		**245,894**	167,770
Cash used			
Return of GST to Department		**14,265**	16,769
Return of GST appropriations to the OPA		**190,533**	191,371
Other		**1,178**	-
Total cash used		**205,976**	208,140
Net cash from/(used in) financing activities		**39,918**	(40,370)
Net increase/(decrease) in cash held		**(38,010,929)**	(35,491,282)
Cash at the beginning of the reporting period		**117,368**	59,735
Cash from the OPA for:			
- Appropriations		**38,314,247**	35,819,306
- Special accounts		**445,213**	1,233,077
- Capital appropriation		**34,238**	5,728
		38,793,698	37,058,111
Cash to the OPA for:			
- Special accounts		**445,213**	1,235,531
- Other		**389,266**	273,665
		834,479	1,509,196
Cash at end of reporting period	30 (iii)	**65,658**	117,368

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS
as at 30 June 2006

	2006 $'000	2005 $'000
Commitments administered on behalf of Government		
BY TYPE		
Other commitments	**24,277,081**	34,039,203
Total other commitments	**24,277,081**	34,039,203
Commitments receivable	**(226,424)**	(180,726)
Net commitments by type	**24,050,657**	33,858,477
BY MATURITY		
Other commitments		
One year or less	**11,808,917**	10,902,684
From one to five years	**12,467,536**	23,136,381
Over five years	**628**	138
Commitments by maturity	**24,277,081**	34,039,203
Commitments receivable	**(226,424)**	(180,726)
Net commitments by maturity	**24,050,657**	33,858,477

NB: All commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

DEPARTMENT OF HEALTH AND AGEING
SCHEDULE OF ADMINISTERED ITEMS
as at 30 June 2006

Administered contingencies

	Guarantees		Indemnities [a)]		Claims for damages/costs [b)]		Total	
	$'000		$'000		$'000		$'000	
Contingent liabilities	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Balance from previous period [1]	-	-	1,000	-	**170**	-	**1,170**	-
New [2]	**5,000**	-	-	1,000	-	170	**5,000**	1,170
Remeasured	-	-	-	-	-	-	-	-
Liabilities crystallized	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-
Total contingent liabilities	**5,000**	-	**1,000**	1,000	**170**	170	**6,170**	1,170

	Guarantees		Indemnities [a)]		Claims for damages/costs [b)]		Total	
	$'000		$'000		$'000		$'000	
Administered contingent assets	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Balance from previous period [3]	-	-	**10,000**	10,000	-	-	**10,000**	10,000
New	-	-	-	-	-	-	-	-
Remeasured	-	-	-	-	-	-	-	-
Liabilities crystallized	-	-	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-	-	-
Total contingent assets	-	-	**10,000**	10,000	-	-	**10,000**	10,000
Net contingent assets/(liabilities)	**(5,000)**	-	**9,000**	9,000	**(170)**	(170)	**3,830**	8,830

Quantifiable administered contingencies

[1] The total contingency is represented by both a) indemnities and b) disputed funding agreements.

a) The Department of Health and Ageing has provided indemnity to a postgraduate medical research scholarship funds provider for the administration of a medical research endowment. Under this agreement the Australian Government has agreed to administer the endowment jointly with the funds provider and has provided indemnity for any possible breach of its administrative obligations. This indemnity is currently capped to an aggregate value of $1.0m.

b) The Department of Health and Ageing is in dispute with a service provider regarding a Funding Agreement. This dispute is before the courts and in accordance with Accounting Standard AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets,* the information usually required by that Standard is not disclosed on the grounds it may seriously prejudice the outcome of the case.

[2] The Australian Government will provide $5m to the Royal Flying Doctor Service (RFDS) (South Eastern Section), as a contribution to the purchase of aircraft. The Royal Flying Doctor Service (South Eastern Section) is undertaking a capital fundraising appeal, called 'Friends of the RFDS', to raise $10m for the purchase of two King Air B200 aircraft for the delivery of medical services in rural and remote parts of New South Wales. The Australian Government contribution is contingent on the Royal Flying Doctor Service (South Eastern Section) also raising $5m.

[3] This indemnity is against systems data loss and forms part of the conceptual framework of Managed Services for Home and Community Care, Minimum Data Sets and National Data Repository as at 30 June 2006 and represents the worst possible scenario. The probability of such loss is less then remote and the material amount more than covers any consequential data restoration.

Unquantifiable contingencies

As at 30 June 2006, the Department had a number of legal claims against it and was seeking recovery for the overpayment of benefits paid under Medicare, the Pharmaceutical Benefits Scheme, and the 30% Rebate Scheme for Private Health Insurance. It is not possible to estimate the amounts of any eventual payments or receipts in relation to these claims. The Department has procedures in place to identify and recover benefit overpayments.

Medical Indemnity

Medicare Australia administers the Incurred But Not Reported (IBNR) Scheme on behalf of the Australian Government. Eligibility for claim payments under this scheme is dependent on whether the Medical Indemnity Insurer (MII) is deemed to be a participating Medical Defence Organisation under the *Medical Indemnity Act 2002* . At this stage there are two MIIs for which a determination has not yet been made by the Minister for Health and Ageing. The determinations will depend on whether the MIIs have a level of unfunded IBNR liabilities that necessitate financial assistance from the Australian Government. In the future if the Minister determines that these MIIs should be eligible for claim payments under the IBNR Scheme, the Department will have a liability to make administered payments.

Medicare Australia also administers the Exceptional Claims Scheme (ECS) on behalf of the Australian Government. Under this scheme, the Australian Government will be liable for the cost of medical indemnity claims that exceed certain thresholds. The Consolidated Revenue Fund is appropriated to make payments under this scheme. To be covered by the ECS, practitioners must have medical indemnity insurance cover to at least a threshold of $15m for claims arising from incidents notified between 1 January to 30 June 2003 and $20m for claims notified from 1 July 2003. At 30 June 2006, 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.

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.

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 or damages suffered by a recipient of certain blood products.

Vaccines

Under certain conditions the Australian Government has provided an indemnity for the supply of certain vaccines to the suppliers of the vaccines.

Human Pituitary Hormone Program

The Australian Government has provided an indemnity to a review of certain matters in relation to the Australian Human Pituitary Hormone Program. The indemnity provides certain specified members of the review the same level of indemnity as Australian Government officers for the purpose of the review.

Administrators

An administered contingent liability exists in relation to the indemnity provided by the Australian Government to the administrators of certain health care providers against action from third parties in relation to their administrator duties under the *Corporations Act 2001*.

Unquantifiable contingent assets

Remote administered contingencies

As at 30 June 2006, the Department is involved in personal injury litigation which is currently before the courts. Solicitors representing the Australian Government have advised that the Department has a remote possibility of paying compensation. In accordance with Accounting Standard AASB 1044 Provisions, Contingent Liabilities and Contingent Assets, the information usually required by that Standard is not disclosed on the grounds it may seriously prejudice the outcome of these cases.

This schedule should be read in conjunction with the accompanying notes.

Note	Description
1	Summary of significant accounting policies
2	The impact of the transition to adoption of Australian Equivalents to International Financial Reporting Standards from previous Australian Generally Accepted Accounting Principles
3	Events occurring after reporting date
4	Revenues from Government
5	Goods and services
6	Other gains
7	Employee expenses
8	Supplier expenses
9	Depreciation and amortisation
10	Finance costs
11	Write down and impairment of assets
12	Net loss from sale of assets
13	Business operations
14	Cash and cash equivalents
15	Receivables
16	Property, plant and equipment
17	Intangible assets
18	Inventories
19	Other non-financial assets
20	Supplier payables
21	Other payables
22	Employee provisions
23	Other provisions
24	Restructuring
25	Cash flow reconciliation
26	Executive remuneration
27	Remuneration of auditors
28	Financial instruments
29	Administered financial instruments
30	Administered items
31	Appropriations
32	Receipts and expenditure of special accounts
33	Assets held in trust
34	Reporting of outcomes
35	Specific payment disclosures
36	Average staffing levels

Note 1: Summary of significant accounting policies

1.1 Objectives of the Department of Health and Ageing

The objective of the Department of Health and Ageing is to lead the development of Australia's health and ageing programs to achieve a world class health and ageing system for all Australians.

The Department of Health and Ageing (the Department) is structured to meet twelve outcomes:

Outcome 1:	Population Health	-	The incidence of preventable mortality, illness and injury in Australians is minimised.
Outcome 2:	Medicines and Medical Services	-	Australians have access through Medicare to cost-effective medicines and medical services.
Outcome 3:	Aged Care and Population Ageing	-	Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported.
Outcome 4:	Primary Care	-	Australians have access to high quality, well-integrated and cost-effective primary care.
Outcome 5:	Rural Health	-	Improved health outcomes for Australians living in regional, rural and remote locations.
Outcome 6:	Hearing Services	-	Australians have access through the Hearing Services program to hearing services and devices.
Outcome 7:	Indigenous Health	-	Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs.
Outcome 8:	Private Health	-	A viable private health industry to improve the choice of health services for Australians.
Outcome 9:	Health System Capacity and Quality	-	The capacity and quality of the health care system meet the needs of Australians.
Outcome 10:	Acute Care	-	Australians have access to public hospitals, related hospital care, diagnostic services and medical services underpinned by appropriate medical indemnity arrangements.
Outcome 11:	Health and Medical Research	-	Australia's health system benefits from high quality health and medical research conducted at the highest ethical standard, well-developed research capabilities and sound evidence-based advice that informs health policy and practice.
Outcome 12:	Biosecurity and Emergency Response	-	Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters.

Agency activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the agency, on behalf of the Government, of items controlled or incurred by the Government.

1.1 Objectives of the Department of Health and Ageing (continued)

Departmental activities

Departmental activities are identified under three Outputs:

1. Policy Advice;
2. Program Management; and
3. Agency Specific Service Delivery.

Outcome 1 is identified under Outputs 1, 2 and 3, where all other outcomes are only identified under Outputs 1 and 2.

Economic dependency

The continued existence of the Department in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and programs.

1.2 Basis of preparation of the financial statements

The financial statements are required by Section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005)*);
- Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period; and
- interpretations issued by the AASB and Urgent Issues Group that apply for the reporting period.

This is the first financial report to be prepared in compliance with Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The financial report is presented in Australian dollars and values are rounded to the nearest thousand dollars unless disclosure of the full amount is specifically required.

The Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are reported at fair value or amortised cost. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Unless alternative treatment is specifically required by an accounting standard, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised or unquantifiable are reported in the Schedule of Commitments and the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, revenues and expenses are recognised in the Income Statement when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted on the same basis and using the same policies as Departmental items, except where otherwise stated at Note 1.27.

Principles of consolidation

The Department's consolidated financial statements include the financial statements of CRS Australia (up to 26 October 2004), the Therapeutic Goods Administration (TGA), and the two departmental special accounts of the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). Where accounting policies differ between the Department and CRS Australia, TGA, OGTR, or NICNAS, adjustments are made on consolidation to bring any dissimilar accounting policies into alignment with the Department's accounting policies.

All transactions between these organisations have been eliminated from the consolidated financial statements. Where necessary, account balances of the individual reporting entities have been aligned in the consolidation to ensure consistency in the consolidated financial statements.

Administered investments in controlled entities are not consolidated on a line-by-line basis because their consolidation is only relevant at the whole-of-government level (see Note 1.27).

1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the Department has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been deemed not to be materially different to the fair value assessed by an independent valuer in July 2004.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AEIFRS). Australian Accounting Standards require the Department to disclose Australian Accounting Standards that have not been applied, for standards that have been issued but are not yet effective. The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example, 2005-1 indicates amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the Department in the future. The nature of the impending change within the table has been, out of necessity, abbreviated and users should consult the full version available on the AASB's web site to identify the full impact of the change. The expected impact on the financial report of adoption of these standards is based on the Department's initial assessment at this date, but may change. The Department intends to adopt all of the standards upon their application date.

Title	Standard Affected	Application Date*	Nature of Impending Change	Impact Expected on Financial Report
2005-4	AASB 139, 132, 1, 1023 and 1038	1 January 2006	Amends AASB 139, AASB 1023 and AASB 1038 to restrict the option to fair value through profit or loss and makes consequential amendments to AASB 1 and AASB 132.	No expected impact.
2005-5	AASB 1 and 139	1 January 2006	Amends AASB 1 to allow an entity to determine whether an arrangement is, or contains, a lease. Amends AASB 139 to scope out a contractual right to receive reimbursement (in accordance with AASB 137) in the form of cash.	No expected impact.
2005-9	AASB 4, 1023, 139 and 132	1 January 2006	Amended standards in regard to financial guarantee contracts.	No expected impact.
2005-10	AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038	1 January 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB7 Financial Instruments: Disclosures	1 January 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown.

1.5 Revenue

Revenues from Government

Amounts appropriated for departmental outputs for the financial year (adjusted for any formal additions and reductions) are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other revenue

Revenue from the sale of goods or services is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the seller retains no managerial involvement nor effective control over the goods;
- the revenue and transaction costs incurred for the transaction can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transactions costs incurred can be reliably measured; and
- the probable economic benefits with the transaction have flowed to the entity.

Receivables for goods and services, which have 30 day settlement terms, are recognised at the nominal amounts due less any provisions for bad and doubtful debts. Collectability of debts is reviewed at balance date. A provision is made when the collectability of a debt is no longer probable.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the purchaser.

1.6 Gains

Resources received free of charge

Services received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of an administrative arrangement (refer to Note 1.7).

Other gains

Gains from disposal of non-current assets are recognised when control of the asset has passed to the purchaser.

1.7 Transactions by the Government as owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a financial year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that financial year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against Contributed Equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to Contributed Equity unless it is in the nature of a dividend.

1.8 Employee benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for short term employee benefits (e.g. wages and salaries and annual leave entitlements expected to be settled within 12 months of the reporting date) are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as present values of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation and is based on actuarial work performed during 2004-05.

Separation and redundancy

Provision is made for separation and redundancy payments in circumstances where the Department has formally identified positions as excess to requirements and where employees are unable to make changes necessary for the future direction of the Department and a reliable estimate of the amount of the payments can be determined.

Provision is made for separation and redundancy benefit payments. The Department has developed a detailed formal plan for the termination and has informed those employees affected that it will carry out the termination.

Superannuation

On-going employees of the Department are members of the Commonwealth Superannuation Scheme and the Public Sector Superannuation (PSS) Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Department makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Department's employees.

Non-ongoing employees are members of industry and other superannuation schemes including the Australian Government Employees Superannuation Trust (AGEST).

New employees (from 1 July 2005) are eligible to join the new PSS Accumulation Plan, which is a defined contribution scheme, but may also choose to contribute to their own superannuation scheme.

The liability for superannuation recognised as at 30 June 2006 represents outstanding employer contributions for the final two days of the financial year.

1.9 Leases

Operating leases

Leases of non-current assets, where substantially all the risks and benefits incidental to ownership effectively remain with the lessor, are classified as operating leases. Operating lease payments are expensed on a basis that is representative of the pattern of benefits derived from the leased assets.

Surplus lease space

The net present value of future net outlays in respect of surplus space under non-cancellable lease agreements is expensed in the period in which the space is identified as becoming surplus.

Lease incentives

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. These liabilities are reduced on a straight-line basis by allocating lease payments between rental expense and reduction of the lease incentive liability.

Provision for make good

Where the Department has a contractual obligation to undertake remedial work upon vacating leased properties, the estimated cost of that work is recognised as a liability. An equal value asset is created at the same time and amortised over the life of the lease of the underlying leasehold property.

1.10 Finance costs

All financing costs are expensed as incurred.

1.11 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.12 Financial risk management

The Department's activities expose it to normal commercial financial risk. Because of the nature of the Department's business and Australian Government policies dealing with the management of financial risk, exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered low.

1.13 Derecognition of financial assets and liabilities

As prescribed in the Finance Minister's Orders, the Department has applied the option available under AASB 1 of adopting AASB 132 and 139 from 1 July 2005 rather than 1 July 2004.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership be also transferred.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expires.

For the comparative year, financial assets were derecognised when the contractual right to receive cash no longer existed. Financial liabilities were derecognised when the contractual obligation to pay cash no longer existed.

1.14 Impairment of financial assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for any loan, receivable or held to maturity investment valued at amortised cost the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Income Statement.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because it cannot be reliably measured, or a derivative asset that is linked to, and must be settled by, delivery of such an unquoted equity instrument, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Comparative year

The above policies were not applied for the comparative year. For receivables, amounts were recognised and carried at original invoice amount less a provision for doubtful debts based on an estimate made when collection of the full amount was no longer probable. Bad debts were written off as incurred.

Other financial assets carried at cost that were not held to generate net cash inflows, were assessed for indicators of impairment. Where such indicators were found to exist, the recoverable amount of the assets was estimated and compared to the assets carrying amount and, if less, reduced to the carrying amount. The reduction was shown as an impairment loss.

1.15 Other financial instruments

Government loans

Government loans are carried at the balance yet to be repaid. Interest is expensed as it accrues.

1.16 Trade creditors

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liability will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.17 Contingent liabilities and contingent assets

Contingent liabilities or assets are not recognised in the Balance Sheet but are discussed in relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

1.18 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.19 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment by the Department, OGTR and NICNAS are recognised initially at cost in the Balance Sheet, except for information technology equipment purchases less than $500, leasehold improvements less than $50,000, and all other purchases less than $2,000. Purchases below these thresholds are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

TGA recognises purchases of property, plant and equipment initially at cost in the Balance Sheet, except for leasehold improvements to properties less than $10,000, internally developed software and purchased software less than $100,000, and all other purchases less than $2,000. Purchases below these thresholds are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

Revaluations

Land, buildings, plant and equipment are carried at fair value, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value. An independent valuation of all property, plant and equipment was carried out by Aon Valuation Services Ltd on 1 July 2004. Valuations undertaken in each year are as at 30 June.

Fair values for each class of asset are determined as shown below:

Asset Class	*Fair value measured at:*
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ with the assets' fair values as at the reporting date. Formal revaluations of land, buildings, plant and equipment are carried out at least once every three years by an independent qualified valuer.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the Income Statement. Revaluation decrements for a class of assets are recognised directly through the Income Statement except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease, including any applicable lease options available.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when the assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2006	*2005*
Buildings on freehold land	**25 years**	25 years
Leasehold improvements	**Lease term**	Lease term
Plant and equipment	**3 to 20 years**	3 to 20 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 9.

Impairment of non-current assets

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount was estimated and an impairment adjustment made if the asset's recoverable amount was less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its depreciated replacement cost. No indicators of impairment were found for assets at fair value.

1.20 Intangible assets

Intangible assets comprise internally developed software for internal use and purchased software. These assets are carried at cost.

Intangible assets are amortised on a straight-line basis over their anticipated useful lives:

	2006	*2005*
Internally developed software	**2 to 10 years**	2 to 10 years
Purchased software	**2 to 7 years**	2 to 7 years

All software assets were assessed for indications of impairment as at 30 June 2006. No indicators of impairment were found.

1.21 Inventories

Inventories held for resale are valued at the lower of cost or net realisable value.

Inventories held for distribution are measured at the lower of cost and current replacement cost.

1.22 Taxation / competitive neutrality

Taxation

The Department is exempt from all forms of taxation except fringe benefits tax and goods and services tax (GST). CRS Australia, in accordance with the government competitive neutrality policy, operates under the tax equivalence regime.

Receivables and payables are recognised inclusive of GST. All other revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

1.23 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

1.24 Comparative figures

Comparative figures have been adjusted where required to conform to changes in presentation of the financial statements.

1.25 Rounding

Amounts are reported to the nearest $1,000 except in relation to:

- Executive Remuneration;
- Remuneration of Auditors;
- Act of Grace payments and Waivers;
- Appropriations;
- Receipts and Expenditure of Special Accounts; and
- Comcare Account.

1.26 Prepayments received

Revenue is only recognised when the service is provided. Where services have not been rendered, deposits are recorded as liabilities and transferred to the Income Statement at the time the service is provided.

1.27 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Accounting Standards.

Accounting policies for administered items are as stated in Note 1.2 above.

Accounting policies which are only relevant to administered activities of the Department are disclosed below.

Administered cash transfers to and from Official Public Account

Revenue collected by the Department for use by the Australian Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of the Australian Government. These transfers to and from the OPA are adjustments to the administered cash held by the Agency on behalf of the Australian Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 30(v). Thus the Schedule of Administered Items largely reflects the Australian Government's transactions, through the Agency, with parties outside the Australian Government.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the Department on behalf of the Australian Government.

Loans and receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit and loss. Loans and receivables subject to concessional treatment are carried at cost.

Administered investments

Administered investments in controlled entities are not consolidated because their consolidation is only relevant at the whole-of-government level.

The Australian Government's investment in other controlled authorities and companies in the Health and Ageing portfolio is valued at fair value as at 30 June 2005 and adjusted for any subsequent capital injections or withdrawals. No indicators of impairment were noted.

Guarantees to controlled entities

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items. At the time of completion of the financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Indemnities

The maximum amounts payable under the indemnities given is disclosed in the Schedule of Administered Items - Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Grants and subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Australian Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Australian Government enters into an agreement to make these grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

1.28 Medical indemnity

Medicare Australia administers part of the Australian Government's medical indemnity legislation. Medicare Australia has responsibility for administering the following medical indemnity schemes:

- Incurred But Not Reported (IBNR) Scheme;
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS);
- Premium Support Scheme (PSS);
- Run-Off Cover Scheme (ROCS);
- United Medical Protection Support Payments Scheme (UMPSP); and
- Run-Off Cover Support Payment Scheme (ROCSP).

The Consolidated Revenue Fund is appropriated for the purposes of making payments under the IBNR, HCCS, ECS, ROCS and PSS schemes.

The IBNR, HCCS, ECS and ROCS schemes are based upon an actuarial assessment to arrive at a reasonable estimate of the liability under each of the schemes.

The Australian Government Actuary has noted that the IBNR, HCCS and ROCS estimates are subject to significant inherent uncertainty due to the long period over which claim payments will be made, and the difficulty in estimating the amount that will eventually be paid for individual claims.

All amounts invoiced under the UMPSP and ROCSP have been recognised as Administered taxation revenue by the Department.

A contingent liability is disclosed in the Schedule of Administered Items in relation to the ECS and IBNR schemes.

Further detail on each of these schemes is provided at Note 30(iv).

Note 2 – The impact of the transition to adoption of Australian Equivalents to International Financial Reporting Standards (AEIFRS) from previous Australian Generally Accepted Accounting Principles (AGAAP)

	2005	2004
	$'000	$'000
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Under previous AGAAP	**19,071**	46,884
Adjustments to retained earnings:		
Intangibles [1]	**(2,094)**	(4,019)
Property, plant and equipment [2]	**806**	1,570
Employee provisions [3]	**1,075**	1,188
Other provisions [4]	**(2,195)**	(2,750)
Total equity under AEIFRS	**16,663**	42,873

Reconciliation of profit or loss as presented under previous AGAAP to AEIFRS	
2004-05 operating surplus/(deficit) as previously reported	**12,619**
Adjustments:	
Less increase to employee expenses [3]	**(85)**
Plus reduction to supplier expenses [4]	**555**
Plus reduction to depreciation and amortisation [1 and 2]	**1,385**
Plus reduction to write down of assets [5]	**62**
2004-05 operating surplus/(deficit) translated to AEIFRS	**14,536**

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

[1] Intangibles relates to internally developed software assets with carrying amounts originally measured at deprival valuation that were subsequently valued at deemed cost under transitional provisions available on the introduction of AAS 38 *Revaluation of Non-current Assets* in 2000-01 and AASB 1041 of the same title in 2001-02.

The Australian Equivalent on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. The Department's internally developed software is specific to the needs of the Department and is not traded. Accordingly, the Department derecognised the valuation component of the carrying amount of these assets on adoption of AEIFRS.

[2] The Australian Equivalent standard on Property, Plant and Equipment requires the cost of an asset to include the estimated cost of dismantling and removing an asset, and restoring the site on which it is located. Accordingly, amounts have been estimated and reported.

[3] AEIFRS require annual leave that is not expected to be taken within 12 months of balance date to be discounted. The provision for long service leave has been measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds. In 2005-06, the Department did not hold any annual leave considered as non-current.

[4]AEIFRS requires the recognition of provisions associated with the retirement or disposal of long-lived assets. An assessment of the Department's obligations to undertake remedial work upon vacating leased properties has been completed with adjustments to the provision for make good.

[5] The Department recorded a write down expense relating to the disposal of intangible assets during 2004-05. Under AEIFRS these items would not have met the recognition criteria for intangible assets resulting in the derecognition of the value and the reversal of their write down expense.

Administered items

	2005 **$'000**	2004 $'000
Reconciliation of total assets administered on behalf of Government as presented under previous AGAAP to that under AEIFRS		
Total assets administered on behalf of Government as presented under previous AGAAP	**424,649**	495,400
Adjustments to total assets:		
Investments [1]	**8,209**	(2,394)
Total assets under AEIFRS	**432,858**	493,006

[1] Investments were previously required to be measured at cost or deemed cost based on their values at 30 June 1997. Under AEIFRS, investments must be measured at their fair value.

Note 3: Events occurring after reporting date

Revised outcome structure

From 1 July 2006, the Department of Health and Ageing adopted a new outcome and program structure. This new structure is comprised of 15 outcomes (2006: 12 outcomes) and 45 programs (2006: 45 programs).

The Government has revised the Portfolio's outcome structure to clearly demonstrate its priorities for health and ageing. This includes new outcomes for mental health and health workforce, and separate outcomes for pharmaceutical services and medical services.

The new outcome structure is as follows:

Outcome 1:	Population Health
Outcome 2:	Access to Pharmaceutical Services
Outcome 3:	Access to Medical Services
Outcome 4:	Aged Care and Population Ageing
Outcome 5:	Primary Care
Outcome 6:	Rural Health
Outcome 7:	Hearing Services
Outcome 8:	Indigenous Health
Outcome 9:	Private Health
Outcome 10:	Health System Capacity and Quality
Outcome 11:	Mental Health
Outcome 12:	Health Workforce Capacity
Outcome 13:	Acute Care
Outcome 14:	Health and Medical Research
Outcome 15:	Biosecurity and Emergency Response

The National Health and Medical Research Council (NHMRC) was established as a prescribed agency for the purposes of the *Financial Management and Accountability Act 1997* on 1 July 2006. Outcome 14 Health and Medical Research became a function of the NHMRC as of this date.

New Trans-Tasman Agency to be established

On 12 December 2003, the Australian and New Zealand governments signed a Treaty to establish a joint scheme for the regulation of therapeutic products and medical devices in both countries. A new agency will be established to administer the scheme and will be jointly controlled by the two governments. It is expected that functions, assets and liabilities of the TGA will transfer to the new agency following its establishment. It is anticipated the new entity will become operational during 2007-08.

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

			2006 $'000	2005 $'000
INCOME				
OPERATING REVENUES				
Note	**4**	**Revenues from Government**		
		Appropriations for outputs	**480,223**	431,737
		Total revenues from government	**480,223**	431,737
Note	**5**	**Goods and services**		
		Goods	**136**	653
		Services	**83,301**	138,725
		Total sales of goods and services	**83,437**	139,378
		Provision of goods to:		
		External entities	**136**	653
		Total sales of goods	**136**	653
		Rendering of services to:		
		Related entities	**3,386**	54,336
		External entities	**79,915**	84,389
		Total rendering of services	**83,301**	138,725
GAINS				
Note	**6**	**Other gains**		
		Resources received free of charge	**708**	748
		Total other gains	**708**	748

			2006 $'000	2005 $'000
OPERATING EXPENSES				
Note	**7**	**Employee expenses**		
		Wages and salary	**250,730**	259,410
		Superannuation	**42,796**	45,609
		Leave and other entitlements	**44,735**	52,284
		Separation and redundancies	**1,681**	1,224
		Other employee expenses	**11,142**	11,804
		Total employee expenses	**351,084**	370,331
Note	**8**	**Supplier expenses**		
		Goods from related entities	**-**	16
		Goods from external entities	**17,328**	14,211
		Services from related entities	**25,663**	14,494
		Services from external entities	**96,101**	84,023
		Operating lease rentals[1]	**62,421**	64,410
		Total supplier expenses	**201,513**	177,154
		[1] These comprise minimum lease payments only.		
Note	**9**	**Depreciation and amortisation**		
		(i) Depreciation		
		Other infrastructure, plant and equipment	**1,096**	1,464
		Buildings	**5,346**	4,924
		Total depreciation	**6,442**	6,388
		(ii) Amortisation		
		Intangibles - computer software	**7,096**	5,949
		Total depreciation and amortisation	**13,538**	12,337
		The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
		Buildings on freehold land	**9**	17
		Leasehold improvements	**5,337**	4,907
		Plant and equipment	**1,096**	1,464
		Internally developed software - in use	**7,096**	5,949
		Total depreciation and amortisation	**13,538**	12,337
		No depreciation or amortisation was allocated to the carrying amounts of other assets.		
Note	**10**	**Finance costs**		
		Loan interest	**-**	24
		Total finance cost	**-**	24

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

			2006 $'000	2005 $'000
Note	**11**	**Write down and impairment of assets**		
		Financial assets		
		Bad and doubtful debts expense	**49**	269
		Non-financial assets		
		Plant and equipment - revaluation decrement	**-**	140
		Plant and equipment - write-offs	**30**	150
		Leasehold improvements - write-offs	**-**	147
		Internally developed software - impairment	**-**	18
		Internally developed software - write-offs	**262**	43
		Inventories - write-offs	**-**	31
		Total write-down of assets	**341**	798
Note	**12**	**Net loss from sale of assets**		
		Land and buildings		
		Proceeds from disposal	**104**	-
		Net book value of assets disposed	**153**	-
		Net/(gain) loss from disposal of land and buildings	**49**	-
		Infrastructure, plant and equipment		
		Proceeds from disposal	**17**	-
		Net book value of assets disposed	**48**	-
		Net/(gain) loss from disposal of infrastructure, plant and equipment	**31**	-
		Total proceeds from disposals	**121**	-
		Total value of assets disposed	**201**	-
		Total net (gain) loss from disposal of assets	**80**	-

Note 13 Business operations

There is a business operation within the Department - the Therapeutic Goods Administration (TGA).

TGA operates via a special account. The balance of the special account represents a standing appropriation from which payments are made for the purposes of the business operation.

TGA prepare annual financial statements, which are audited, as required by the Finance Minister's Orders. The 2005-06 TGA financial statements are included in the Department's 2005-06 Annual Report.

FINANCIAL ASSETS

Note	**14**	**Cash and cash equivalents**		
		Cash at bank and on hand	**4,695**	4,238
		Total cash	**4,695**	4,238

			2006 $'000	2005 $'000
Note	**15**	**Receivables**		
		Goods and services	**15,081**	12,404
		Less: Provision for doubtful debts	**(188)**	(197)
			14,893	12,207
		GST receivable from the ATO	**4,351**	2,207
		Appropriations receivable		
		- undrawn operational	**103,620**	85,464
		- undrawn equity injections	**15,990**	-
		Total receivables (net)	**138,854**	99,878
		Receivables are represented by:		
		Current	**138,854**	94,753
		Non-current	**-**	5,125
		Total receivables (net)	**138,854**	99,878

Credit terms are net 30 days (2005: 30 days).

Appropriations receivable undrawn are appropriations controlled by the Department but held in the Commonwealth Official Public Account under the Government's just-in-time appropriation drawdown arrangements.

		Receivables (gross) are aged as follows:		
		Current	**134,472**	93,872
		Overdue by:		
		Less than 30 days	**2,189**	1,733
		30 - 60 days	**134**	3,779
		61 - 90 days	**175**	486
		More than 90 days	**2,072**	205
			4,570	6,203
		Total receivables (gross)	**139,042**	100,075
		The provision for doubtful debts is aged as follows:		
		Current	**-**	-
		Overdue by:		
		Less than 30 days	**-**	-
		30 - 60 days	**-**	-
		61 - 90 days	**-**	-
		More than 90 days	**(188)**	(197)
		Total provision for doubtful debts	**(188)**	(197)

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

			2006 $'000	2005 $'000
NON-FINANCIAL ASSETS				
Note	**16**	**Property, plant and equipment**		
		Land and buildings		
		Freehold land		
		- at fair value	**150**	150
		Total freehold land	**150**	150
		Buildings on freehold land		
		- at fair value	**230**	230
		- accumulated depreciation	**(17)**	(9)
		Total buildings on freehold land	**213**	221
		Leasehold improvements		
		- work in progress	**166**	9,626
		- at fair value	**41,614**	20,056
			41,780	29,683
		- accumulated depreciation	**(10,106)**	(5,545)
			(10,106)	(5,545)
		Total leasehold improvements	**31,674**	24,137
		Total land and buildings (non-current)	**32,037**	24,508
		Infrastructure, plant and equipment		
		- at fair value	**8,146**	6,693
		- accumulated depreciation	**(2,062)**	(1,035)
		Total infrastructure, plant and equipment (non-current)	**6,084**	5,658
Note	**17**	**Intangible assets**		
		Computer software:		
		Purchased	**2,192**	2,131
		Accumulated amortisation	**(1,349)**	(1,065)
			843	1,066
		Internally developed - in progress (non-current)	**7,263**	3,991
		Internally developed - in use (non-current)	**47,130**	43,470
			54,393	47,461
		Accumulated amortisation	**(28,468)**	(22,371)
			(28,468)	(22,371)
		Total intangibles	**26,768**	26,156

Note 17 Intangible assets (continued)

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Item	Land $'000	Buildings on Freehold Land $'000	Buildings- Leasehold Improvements $'000	Land and Buildings Total $'000	Infrastructure, plant and equipment $'000	Computer software internally developed $'000	Computer software purchased $'000
As at 1 July 2005							
Gross book value	150	230	29,683	30,063	6,693	47,461	2,131
Accumulated depreciation/amortisation	-	(9)	(5,546)	(5,555)	(1,035)	(22,371)	(1,065)
Opening Net Book Value	150	221	24,137	24,508	5,658	25,090	1,066
Additions:							
By purchase	-	-	13,028	13,028	1,637	7,871	61
From acquisitions of operations	-	-	-	-	-	-	-
Net revaluation increment/(decrement)	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(9)	(5,337)	(5,346)	(1,096)	(6,812)	(284)
Recoverable amount write-downs	-	-	-	-	-	-	-
Disposals:							
From disposal of operations	-	-	-	-	-	-	-
Other disposals	-	-	(154)	(154)	(115)	(224)	-
As at 30 June 2006							
Gross book value	150	230	41,780	42,160	8,146	54,393	2,192
Accumulated depreciation/amortisation	-	(17)	(10,106)	(10,123)	(2,062)	(28,468)	(1,349)
Closing Net book value	**150**	**213**	**31,674**	**32,037**	**6,084**	**25,925**	**843**

TABLE B - Assets under construction

Item	Land $'000	Buildings on Freehold Land $'000	Buildings- Leasehold Improvements $'000	Land and Buildings Total $'000	Infrastructure, plant and equipment $'000	Computer software internally developed $'000	Computer software purchased $'000
Gross value as at 30 June 2006	**-**	**-**	**166**	**166**	**-**	**7,263**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
Gross value as at 30 June 2005	-	-	9,626	9,626	-	3,991	-

There are no assets held under finance lease arrangements.

			2006 $'000	2005 $'000
NON-FINANCIAL ASSETS				
Note	**18**	**Inventories**		
		Finished goods (cost)	**309**	297
		Inventories held for sale	**309**	297
		Inventories not held for sale (cost)	**85**	113
		Total inventories	**394**	410
		All departmental inventories are current assets.		
Note	**19**	**Other non-financial assets**		
		Prepayments	**2,901**	2,513
		Total other non-financial assets	**2,901**	2,513
		All other non-financial assets are current assets.		
PAYABLES				
Note	**20**	**Supplier payables**		
		Trade creditors	**55,007**	31,122
		Operating lease rentals	**8,557**	7,923
		Total supplier payables	**63,564**	39,045
		All departmental suppliers payable are current. Settlement is usually made net 30 days.		
Note	**21**	**Other payables**		
		Prepayments received	**9,105**	13,750
		Lease incentives	**1,979**	2,524
		Other	**-**	522
		Total other payables	**11,084**	16,796
		Other payables are represented by:		
		Current	**9,688**	14,783
		Non-current	**1,396**	2,013
		Total other payables	**11,084**	16,796

			2006 $'000	2005 $'000
PROVISIONS				
Note	**22**	**Employee provisions**		
		Salaries and wages	**4,182**	2,791
		Leave	**87,261**	84,129
		Superannuation	**662**	378
		Separations and redundancies	**402**	38
		Aggregate employee entitlement liability	**92,507**	87,336
		Workers' compensation	**39**	25
		Aggregate employee benefit liability and related on-costs	**92,546**	87,361
		Current	**36,785**	27,176
		Non-current	**55,761**	60,185
Note	**23**	**Other provisions**		
		Provision for make good	**7,116**	2,585
		Provision for lease increases	**249**	-
		Provision for surplus lease space	**-**	911
		Total other provisions	**7,365**	3,496
		Current	**592**	666
		Non-current	**6,773**	2,830

Note 24 Restructuring

The Department's aged care payments function administered within the Ageing and Aged Care Division transferred to Medicare Australia on 20 October 2005. The transfer of this function resulted from regulations made under the *Medicare Australia Act 1973*.

2005 (for comparative)
As a result of a restructuring of administrative arrangements for the whole-of-government approach to programs and services for Indigenous Australians, the Department assumed responsibility for the Effective Family Tracing and Reunion Service (commonly referred to as the Link Up Program) and health policy staff from the Aboriginal and Torres Strait Islander Service. These functions were transferred to the Department from 9 September 2004.

As a result of machinery of government changes, the Department relinquished its responsibility for the management of the CRS Australia. This function was transferred to the Department of Human Services on 26 October 2004.

In respect of functions assumed, the net book values of assets and liabilities transferred to the Department for no consideration and recognised as at the date of the transfer were:

Total assets recognised	**-**	67
Total liabilities recognised	**-**	(485)
Net assets assumed	**-**	(418)

In respect of functions relinquished, the net book values of assets and liabilities transferred from the Department for no consideration and recognised as at the date of the transfer were:

Total assets relinquished	**(1,053)**	(76,796)
Total liabilities relinquished	**1,456**	33,249
Net assets relinquished	**403**	(43,547)
Net contributions by Government as owner during the year	**(403)**	43,129

DEPARTMENT OF HEALTH AND AGEING
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for the year ended 30 June 2006

			2006 $'000	2005 $'000
Note	**25**	**Cash flow reconciliation**		
		Reconciliation of cash per Balance Sheet to Statement of Cash Flows		
		Cash at year end per Statement of Cash Flows	**4,695**	4,238
		Balance sheet items comprising above cash: 'Financial Asset - Cash'	**4,695**	4,238
		Reconciliation of operating result to net cash from operating activities:		
		Net surplus/(deficit)	**2,130**	14,536
		Depreciation and amortisation expense	**13,538**	12,337
		Net loss (gain) on sale of fixed assets	**80**	-
		Write down of non-current assets	**341**	603
		Increase/(decrease) in net assets from accounting policy change	**(110)**	-
		Increase/(decrease) in net assets from restructure	**403**	(418)
		Change in assets and liabilities:		
		(Increase)/decrease in net receivables	**(23,035)**	(745)
		(Increase)/decrease in inventories	**16**	30
		(Increase)/decrease in prepayments	**(388)**	(1,275)
		Increase/(decrease) in other non-financial assets	**-**	(1,210)
		Increase/(decrease) in employee provisions	**5,185**	(205)
		Increase/(decrease) in suppliers payables	**26,899**	53
		Increase/(decrease) in prepayments received	**(4,645)**	(10,753)
		Increase/(decrease) in other liabilities	**2,802**	951
		Net cash from/(used by) operating activities	**23,216**	13,904

During the financial year, as a result of a number of restructures, the Department assumed and relinquished certain assets and liabilities. Refer to Note 24.

			2006	2005
Note	**26**	**Executive remuneration**		
		The number of executive officers who received or who were due to receive remuneration of $130,000 or more:		
		$130,000 to $144,999	**4**	10
		$145,000 to $159,999	**12**	23
		$160,000 to $174,999	**20**	21
		$175,000 to $189,999	**24**	18
		$190,000 to $204,999	**12**	10
		$205,000 to $219,999	**14**	5
		$220,000 to $234,999	**5**	2
		$235,000 to $249,999	**1**	2
		$250,000 to $264,999	**1**	2
		$265,000 to $279,999	**3**	1
		$280,000 to $294,999	**-**	-
		$295,000 to $309,999	**-**	-
		$310,000 to $324,999	**-**	1
		$325,000 to $339,999	**-**	-
		$340,000 to $354,999	**-**	-
		$355,000 to $369,999	**-**	-
		$370,000 to $384,999	**-**	-
		$385,000 to $399,999	**-**	1
		$400,000 to $414,999	**2**	-
			98	96
		The aggregate amount of total executive remuneration shown above.	**$ 18,681,986**	$ 17,135,675
		The aggregate amount of separation and redundancy/termination benefit payments during the year to executives shown above.	**$ 375,106**	$ 148,656
Note	**27**	**Remuneration of auditors**		
		Financial statement audit services are provided free of charge to the Department. The fair value of the services was:	**$ 707,500**	$ 747,500
		No other services were provided by the Auditor-General.		

Note 28 Financial instruments

(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	14	Deposits are recognised at their nominal amounts.	Monies in the Agency's bank accounts are swept nightly into the Official Public Account.
Receivables for goods and services	15	These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	All receivables with entities external to the Australian Government have credit terms of net 30 days.
Appropriation receivable	15	These receivables are recognised at the nominal amounts.	Amounts appropriated by Parliament in the current or previous years which are available to be drawndown by the Agency. Also includes amounts to be appropriated by the Parliament in a future year for services provided in previous years under a purchasing, workload or similar agreement.
Unrecognised financial assets		Contingent assets are not recognised in the Balance Sheet but are discussed in relevant schedules and notes. They may arise from uncertainty as to the existence of an asset, or represent an existing asset in respect of which settlement is not probable or the amount cannot be reliably measured.	
Claims for damages/costs		Amounts are recognised at their fair value.	Amounts relate to disputes for breach of contract with a service provider.

Note 28 Financial instruments (continued)

(a) Terms, conditions and accounting policies

Financial instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	20	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent the goods and services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.
Lease incentives	21	A lease incentive is recognised as a liability on receipt of the incentive. The amount of the liability is reduced on a straight line basis over the life of the lease by allocating lease payments between rental expense and reduction of the liability.	The Department has received lease incentives in the form of rent free periods and contributions to property leasehold improvements on entering property operating leases.
Unrecognised financial liabilities		Contingent liabilities are not recognised in the Balance Sheet but are discussed in relevant schedules and notes. They may arise from uncertainty as to the existence of a liability, or represent an existing liability in respect of which settlement is not probable or the amount cannot be reliably measured.	
Guarantees		Amounts are recognised at their fair value.	Amounts related to a legal obligation within leasehold contracts for reinstatement expenses at the end of a lease term which are considered less rather than more likely to eventuate. Not applicable in 2005-06 as provision was raised for these expenses.
Claims for damages/costs		Amounts are recognised at their fair value.	Amounts relate to disputes for breach of contract with a service providers.

Note 28 Financial instruments (continued)

(b) Interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate						Non-interest bearing		Total		Weighted average effective interest rate	
				1 Year or Less		1 to 5 Years		> 5 Years							
		2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	**%**
Financial assets															
Cash at bank	14	-	-	-	-	-	-	-	-	**4,693**	4,237	**4,693**	4,237	**n/a**	n/a
Cash on hand	14	-	-	-	-	-	-	-	-	**2**	1	**2**	1	**n/a**	n/a
Appropriation receivable	15	-	-	-	-	-	-	-	-	**119,610**	85,464	**119,610**	85,464	**n/a**	n/a
Receivables for goods and services (gross)	15	-	-	-	-	-	-	-	-	**15,081**	12,404	**15,081**	12,404	**n/a**	n/a
Total		**-**	-	**-**	-	-	-	-	-	**139,386**	102,106	**139,386**	102,106		
Total assets												**211,733**	163,361		
Assets not recognised															
Claims for damages/costs		-	-	-	-	-	-	-	-	**84**	84	**84**	84	**n/a**	n/a
Total		**-**	-	-	-	-	-	-	-	**84**	84	**84**	84		
Total assets not recognised												**84**	84		
Financial liabilities															
Trade creditors	20	**-**	-	-	-	-	-	-	-	**55,007**	31,122	**55,007**	31,122	**n/a**	n/a
Lease incentives	21	-	-	-	-	-	-	-	-	**1,979**	2,524	**1,979**	2,524	**n/a**	n/a
Total		**-**	-	-	-	-	-	-	-	**56,986**	33,646	**56,986**	33,646		
Total liabilities												**174,559**	146,698		
Liabilities not recognised															
Guarantees		-	-	-	-	-	-	-	-	-	953	-	953	**n/a**	n/a
Claims for damages/costs		-	-	-	-	-	-	-	-	**104**	104	**104**	104	**n/a**	n/a
Total		**-**	-	-	-	-	-	-	-	**104**	1,057	**104**	1,057		
Total liabilities not recognised												**104**	1,057		

Note 28 Financial instruments (continued)

(c) Net fair value of financial assets and liabilities

		2006		2005	
	Notes	Total carrying amount $'000	Aggregate net fair value $'000	Total carrying amount $'000	Aggregate net fair value $'000
Departmental financial assets (recognised)					
Cash at bank	14	**4,693**	**4,693**	4,237	4,237
Cash on hand	14	**2**	**2**	1	1
Receivables for goods and services (net)	15	**14,893**	**14,893**	12,207	12,207
Appropriation receivable	15	**119,610**	**119,610**	85,464	85,464
Total financial assets		**139,198**	**139,198**	101,909	101,909
Financial assets (unrecognised)					
Claims for damages/costs		**84**	**84**	84	84
Total financial assets (unrecognised)		**84**	**84**	84	84
Financial liabilities (recognised)					
Trade creditors	20	**55,007**	**55,007**	31,122	31,122
Lease incentives	21	**1,979**	**1,979**	2,524	2,524
Total financial liabilities (recognised)		**56,986**	**56,986**	33,646	33,646
Financial liabilities (unrecognised)					
Guarantees		**-**	**-**	953	953
Claims for damages/costs		**104**	**104**	104	104
Total financial liabilities (unrecognised)		**104**	**104**	1,057	1,057

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.
The net fair values for trade creditors are approximated by their carrying amounts.
The net fair value of the indemnity given is taken to be nil as the likelihood of any part of it being called upon is regarded as remote.

(d) Credit risk exposures
The Department's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets are the carrying amounts of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All report figures for credit risk do not take into account the value of any collateral or other security.

Note 29 Administered financial instruments

(a) Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	30 (iii)	Deposits are recognised at their nominal amounts.	The balance of the administered cash account is non interest bearing.
Receivables for goods and services	30 (iii)	These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when the collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (2004-05: 30 days).
Unrecognised financial assets		Contingent assets are not recognised in the Balance Sheet but are discussed in relevant schedules and notes. They may arise from uncertainty as to the existence of an asset, or represent an existing asset in respect of which settlement is not probable or the amount cannot be reliably measured.	
Guarantees		Amounts are recognised at their fair value.	Contributions are contingent on the recipient completing obligation to raise partial funding.
Indemnities		Amounts are recognised at their fair value.	Under an agreement the Commonwealth has agreed to administer a medical research endowment jointly with the funds provider and has provided indemnity for any possible breach of its administrative obligations. This indemnity is currently capped to an aggregate value of $1.0m.
Claims for damages/costs		Amounts are recognised at their fair value.	Amounts relate to disputes for breach of contract with a service provider.

Note 29 Administered financial instruments

(a) Terms, conditions and accounting policies (continued)

Financial Instrument	Notes	Accounting policies and methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flow)
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Personal Benefits	30 (iv)	Personal benefit liabilities are based on an actuarial estimate of the present obligation to external parties at financial year end.	Personal benefit liabilities relate to amounts outstanding to external parties under the Medical Benefits Schedule, Pharmaceutical Benefits Scheme and Private Health Insurance Rebate.
Subsidies	30 (iv)	Subsidies are recognised as liabilities and expensed in the year when the terms of the subsidy have been satisfied.	Subsidies generally relate to residential and aged care facilities.
Grants	30 (iv)	Grant liabilities are recognised to the extent that (i) the service required to be performed by the Grantee has been performed or (ii) the grant eligibility criteria have been satisfied.	Grant liabilities represent amounts payable to Grantees who have met the conditions of the grant. Grant liabilities are paid within the terms of the individual grant agreements.
Suppliers	30 (iv)	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent the goods and services have been received (and irrespective of whether invoices have been received).	Settlement is usually made net 30 days.
Unrecognised financial liabilities			
Indemnities	30 (iv)	The maximum amount payable under the indemnities given is disclosed in the Schedule of Contingencies. At the time of completion of the financial statements, there was not any reason to believe the guarantee would be called upon, and recognition of the liability was therefore not required.	Indemnities have been given by the Department to CSL for certain existing potential claims made for personal injury, loss or damage suffered through therapeutic and diagnostic use of products manufactured by CSL.

Note 29 Administered financial instruments (continued)

(b) Administered interest rate risk

Financial instrument	Notes	Floating interest rate		Fixed interest rate		Non interest bearing		Total		Weighted average effective interest rate	
		2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	%
Financial assets											
Cash at bank	30 (iii)	-	-	-	-	**65,658**	117,368	**65,658**	117,368	**n/a**	n/a
Gross other receivables	30 (iii)	-	-	-	-	**26,898**	60,160	**26,898**	60,160	**n/a**	n/a
Total		-	-	-	-	**92,556**	177,528	**92,556**	177,528	**n/a**	n/a
Total assets								**373,536**	432,858		
Assets not recognised											
Indemnities		-	-	-	-	**10,000**	10,000	**10,000**	10,000	**n/a**	n/a
Total		-	-	-	-	**10,000**	10,000	**10,000**	10,000	**n/a**	n/a
Total financial assets (unrecognised)								**10,000**	10,000		
Financial liabilities											
Personal benefits	30 (iv)	-	-	-	-	**1,710,884**	1,740,588	**1,710,884**	1,740,588	**n/a**	n/a
Grants	30 (iv)	-	-	-	-	**600,419**	671,022	**600,419**	671,022	**n/a**	n/a
Subsidies	30 (iv)	-	-	-	-	**53,128**	45,467	**53,128**	45,467	**n/a**	n/a
Suppliers	30 (iv)	-	-	-	-	**928**	344	**928**	344	**n/a**	n/a
Other	30 (iv)	-	-	-	-	**1,376**	2,568	**1,376**	2,568	**n/a**	n/a
Total		-	-	-	-	**2,366,735**	2,459,989	**2,366,735**	2,459,989	**n/a**	n/a
Total liabilities								**2,366,735**	2,459,989		
Liabilities not recognised											
Guarantees		-	-	-	-	**5,000**	-	**5,000**	-	**n/a**	n/a
Indemnities		-	-	-	-	**1,000**	1,000	**1,000**	1,000	**n/a**	n/a
Claim for damages or costs		-	-	-	-	**170**	170	**170**	170	**n/a**	n/a
Total		-	-	-	-	**6,170**	1,170	**6,170**	1,170	**n/a**	n/a
Total financial liabilities (unrecognised)								**6,170**	1,170		

Note 29 Administered financial instruments (continued)

(c) Net fair value of administered financial assets and liabilities

	Notes	2006		2005	
		Total carrying amount	**Aggregate net fair value**	Total carrying amount	Aggregate net fair value
		$'000	**$'000**	$'000	$'000
Financial assets					
Cash at bank	30 (iii)	**65,658**	**65,658**	117,368	117,368
Net other receivables	30 (iii)	**25,036**	**25,036**	58,298	58,298
Total financial assets (recognised)		**90,694**	**90,694**	175,666	175,666
Financial assets (unrecognised)					
Indemnities		**10,000**	**10,000**	10,000	10,000
Financial assets (unrecognised)		**10,000**	**10,000**	10,000	10,000
Financial liabilities (recognised)					
Personal benefits	30 (iv)	**1,710,884**	**1,710,884**	1,740,588	1,740,588
Grants	30 (iv)	**600,419**	**600,419**	671,022	671,022
Subsidies	30 (iv)	**53,128**	**53,128**	45,467	45,467
Suppliers	30 (iv)	**928**	**928**	344	344
Other	30 (iv)	**1,376**	**1,376**	2,568	2,568
Total financial liabilities (recognised)		**2,366,735**	**2,366,735**	2,459,989	2,459,989
Financial liabilities (unrecognised)					
Guarantees		**5,000**	**5,000**	-	-
Indemnities		**1,000**	**1,000**	1,000	1,000
Claim for damages or costs		**170**	**170**	170	170
Total financial liabilities (unrecognised)		**6,170**	**6,170**	1,170	1,170

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 $'000	2005 $'000

Note 30 Administered items

Note 30 (i) Income administered on behalf of Government

Revenue		
Taxation revenue		
Other indirect taxes, fees and fines		
Medical indemnity levy	**38,463**	42,052
Total other indirect taxes, fees and fines	**38,463**	42,052
Non-taxation revenue		
Interest and dividends		
Interest - related entity	**-**	1,026
Dividend - related entity	**-**	3,387
Total interest and dividends	**-**	4,413
Recoveries	**35,203**	24,910
Total recoveries	**35,203**	24,910
Other revenue		
Provision of goods and services	**12**	67
Reassessment of UMP/AMIL liability	**51,170**	-
Private Health Insurance Administration Council levy	**186,670**	167,444
Medical indemnity competitive neutrality	**56,000**	-
Other	**37,437**	111,444
Total other revenue	**331,289**	278,955
Total non-taxation revenue	**366,492**	308,278
Total income administered on behalf of Government	**404,955**	350,330

	2006	2005
	$'000	$'000

Note 30 Administered items (continued)

Note 30 (ii) Expenses administered on behalf of Government

Expenses		
Personal benefits		
Indirect	**20,332,196**	19,082,812
Total personal benefits	**20,332,196**	19,082,812
Grants		
State and Territory governments	**10,209,320**	9,761,425
Private sector - non-profit entities	**2,398,394**	2,039,700
Overseas	**11,037**	10,135
Related entities	**356,835**	374,090
Total grants	**12,975,586**	12,185,350
The nature of grants are as follows:[1]		
Population health	**551,625**	
Medicines and medical services	**636,741**	
Aged care and population ageing	**1,254,855**	
Primary care	**409,749**	
Rural health	**104,213**	
Indigenous health	**297,568**	
Health system capacity and quality	**542,652**	
Acute care	**8,704,708**	
Health and medical research	**435,457**	
Biosecurity and emergency response	**38,018**	
Total grants	**12,975,586**	
Subsidies	**5,061,027**	4,883,591
Total subsidies	**5,061,027**	4,883,591
Suppliers		
Rendering of services - external entities	**6,980**	4,636
Total suppliers	**6,980**	4,636
Write down/(write back) and impairment of assets		
Financial assets - receivables	**-**	(179)
Total write down of assets	**-**	(179)
Total expenses administered on behalf of Government	**38,375,789**	36,156,210

[1] The 2005 comparatives are not available as the funding was not appropriated under the same outcome structure.

	2006 $'000	2005 $'000

Note 30 Administered items (continued)

Note 30 (iii) Assets administered on behalf of Government

Financial Assets		
Cash and cash equivalents	**65,658**	117,368
Receivables		
Goods and services receivable	**26,898**	60,160
Less: provision for doubtful debts	**(1,862)**	(1,862)
	25,036	58,298
Other - GST receivable from the ATO	**60,259**	19,077
Total receivables (net)	**85,295**	77,375
Receivables (gross) are aged as follows:		
Not overdue	**84,863**	76,927
Overdue by:		
Less than 30 days	**181**	448
30 - 60 days	**13**	-
61 - 90 days	**-**	-
More than 90 days	**2,100**	1,862
Total receivables (gross)	**87,157**	79,237
The provision for doubtful debts is aged as follows:		
Not overdue	**-**	-
Overdue by:		
Less than 30 days	**-**	-
30 - 60 days	**-**	-
61 - 90 days	**-**	-
More than 90 days	**(1,862)**	(1,862)
Total provision for doubtful debts	**(1,862)**	(1,862)
Total financial assets	**150,953**	194,743
Non-financial assets		
Prepayments	**57,603**	111,213
Total prepayments	**57,603**	111,213
Investments		
Shares in Commonwealth authorities:		
Australian Institute of Health and Welfare	**1,669**	1,673
Food Standards Australia New Zealand	**4,396**	3,924
Private Health Insurance Administration Council	**2,140**	826
Private Health Insurance Ombudsman	**504**	324
Shares in Commonwealth companies:		
Aged Care Standards and Accreditation Ltd	**5,659**	3,714
General Practice Education and Training Ltd	**545**	-
National Institute of Clinical Studies Ltd	**-**	-
Total investments	**14,913**	10,461
Inventories	**150,067**	116,441
Total inventories	**150,067**	116,441
Total non-financial assets	**222,583**	238,115
Total assets administered on behalf of Government	**373,536**	432,858

	2006 $'000	2005 $'000

Note 30 Administered items (continued)

Note 30 (iv) Liabilities administered on behalf of Government

PAYABLES		
Personal benefits	**1,710,884**	1,740,588
Total personal benefits	**1,710,884**	1,740,588
Grants		
State and Territory governments	**23,409**	10,209
Private sector	**572,863**	655,215
Related entities	**4,147**	5,598
Total grants	**600,419**	671,022
Subsidies	**53,128**	45,467
Total subsidies	**53,128**	45,467
Suppliers	**928**	344
Total suppliers	**928**	344
Other payables		
Department of Veterans' Affairs	**1,376**	2,556
Other payables	**-**	12
Total other	**1,376**	2,568
Total payables	**2,366,735**	2,459,989
Total liabilities administered on behalf of Government	**2,366,735**	2,459,989

Note 30 Administered items (continued)

Note 30 (iv) Liabilities administered on behalf of Government

Medical indemnity

The Department has responsibility for policy and legislative control of medical indemnity, while Medicare Australia has responsibility for administering the following elements of the Australian Government's medical indemnity package:

- Incurred But Not Reported (IBNR) Scheme;
- High Cost Claims Scheme (HCCS);
- Exceptional Claims Scheme (ECS);
- Premium Support Scheme (PSS); and
- Run-Off Cover Scheme (ROCS).

A summary of each of the schemes is provided below.

The Australian Government Actuary (AGA) has provided advice on each of the schemes, and financial estimates of the liabilities of the IBNR Scheme, HCCS, ECS and ROCS. The AGA notes that estimates of this type are by their nature subject to inherent and unavoidable uncertainty.

Incurred But Not Reported (IBNR) Scheme

The IBNR Scheme provides for Medicare Australia to make payments to United Medical Protection Limited and Australasian Medical Insurance Limited for claims made in relation to their IBNR liability at 30 June 2002. An actuarial assessment is performed to arrive at a reasonable estimate of the liability based on assumptions that are valid at the time of the assessment. Some claims that will be payable under the IBNR Scheme may also be eligible for payment under the High Cost Claims Scheme.

A revised liability of $179m (2004-05: $245m) was included in the Schedule of Administered Items for the year ended 30 June 2006 for the IBNR Scheme based on advice from the AGA.

High Cost Claims Scheme (HCCS)

Under HCCS, the Government pays 50% of the cost of claims made to all Medical Indemnity Insurers (MIIs) that exceed a specified threshold, up to the limit of the practitioner's insurance. The threshold to be applied depends on the date of notification of the claim, as follows:

- from 1 January 2003 to 21 October 2003 - $2m;
- 22 October 2003 to 31 December 2003 - $0.5m;
- on or after 1 January 2004 - $0.3m.

As noted above, some claims payable under the IBNR Scheme will also be eligible for payment under the High Cost Claims Scheme. An administered liability of $181m (2004-05: $180m) for the High Cost Claims Scheme has been recorded in the Schedule of Administered Items based on advice from the AGA and from Medical Indemnity Insurers (MII) regarding notified claims that are eligible under the HCCS.

Exceptional Claims Scheme (ECS)

The ECS provides coverage for practitioners for the cost of medical indemnity claims that exceed the limit of their contract of insurance. To be covered by the ECS, the practitioner must have medical indemnity insurance cover to at least $15m for the period 1 January to 30 June 2003 and $20m from 1 July 2003.

There have been no payments under the ECS during 2005-06 (2004-05: $nil). Current actuarial data indicates no payments are expected to be made in 2006-07. Given the nature of the scheme, a contingent liability is included in the Administered Contingent Liabilities and Assets.

Note 30 Administered items (continued)

Note 30 (iv) Liabilities administered on behalf of Government

Run-Off Cover Scheme

The Run-Off Cover Scheme (ROCS) provides free run-off cover for specific groups of medical practitioners including those retired and over 65, on maternity leave, retired for more than three years, retired due to permanent disability or the estates of those that have died. This scheme is funded through the collection of support payments imposed as a tax on MII's. ROCS commenced on 1 July 2004. A liability of $47m (2004-05: $41m) has been included in the Schedule of Administered Items at 30 June 2006. This amount is based on advice from the Australian Government Actuary, and represents the present value of any future claims that may be made by practitioners who were eligible for ROCS at the commencement of the scheme. Prior to ROCS, a portion of the ROCS liability was included as part of the IBNR liability. The AGA advises that the estimate of the liability is subject to inherent uncertainty, and the true value of this amount will not be known for some time.

Premium Support Scheme (PSS)

Under the PSS all eligible medical practitioners are supported at a rate of 80% for the component of their medical indemnity costs that exceed 7.5% of their gross private medical income.

Members of MIIs pay their premium less the subsidy amount, and MIIs claim the subsidy from Medicare Australia. A liability of $12.0m (2004-05: $12.3m) has been included in the Schedule of Administered Items for this Scheme.

The table below provides a summary of the movement of medical indemnity liabilities in the Department's Schedule of Administered Items for the financial year ended 30 June 2006:

	IBNR Scheme	High Cost Claims Scheme	Run Off Cover Scheme	Total
	$'000	$'000	$'000	$'000
Balance as at 30 June 2005	245,000	180,000	41,000	466,000
Claims paid	(14,830)		(4,231)	(19,061)
Schedule of Administered Items impact	(51,170)	1,000	10,231	(39,939)
Balance as at 30 June 2006	**179,000**	**181,000**	**47,000**	**407,000**

Note: No liability has been recorded in either 2004-05 or 2005-06 for the Exceptional Claims Scheme.

	2006	2005
	$'000	$'000

Note 30 Administered items (continued)

Note 30 (v) Administered reconciliation table

Opening administered assets less administered liabilities as at 1 July	**(2,027,131)**	(1,582,358)
Plus Administered income	**404,955**	350,330
Less Administered expenses	**(38,375,789)**	(36,156,210)
Administered transfers to/from Australian Government:		
Appropriation transfers from OPA		
-Annual appropriations administered expenses	**4,190,940**	3,743,766
-Administered assets and liabilities appropriations	**79,786**	(33,316)
-Special appropriations (limited)	**8,349,745**	7,897,031
-Special appropriations (unlimited)	**25,773,561**	24,130,002
Transfers to OPA	**(389,266)**	(273,665)
Restructuring	**-**	(102,711)
Closing administered assets less administered liabilities as at 30 June	**(1,993,199)**	(2,027,131)

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 31 - Appropriations

Note 31A - Acquittal of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations

Particulars	Administered Expenses												Departmental	Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12	Outputs	
Year ended 30 June 2006 (Current period)	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance carried from previous year	22,795,055	31,205,759	8,122,943	73,811,171	10,039,600	8,097,056	9,459,634	-	43,973,895	16,782,242	8,820,391	-	63,902,000	297,009,746
Reductions of appropriations (prior years)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance carried from previous year	**22,795,055**	**31,205,759**	**8,122,943**	**73,811,171**	**10,039,600**	**8,097,056**	**9,459,634**	**-**	**43,973,895**	**16,782,242**	**8,820,391**	**-**	**63,902,000**	**297,009,746**
Appropriation Act (No. 1) 2005-2006	152,542,000	277,447,000	372,044,000	810,402,000	104,484,000	261,203,000	350,299,000	-	312,231,000	103,908,000	446,665,000	-	456,519,000	3,647,744,000
Appropriation Act (No. 3) 2005-2006	-	48,480,000	12,082,000	6,498,000	50,000	3,468,000	4,251,000	-	19,853,000	11,228,000	2,299,000	34,284,000	20,059,000	162,552,000
Appropriation Act (No. 5) 2005-2006	-	-	-	-	50,000	-	-	-	205,386,000	-	-	-	3,645,000	209,081,000
Supplementary appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comcover receipts (Appropriation Act s13)	-	-	-	-	-	-	-	-	-	-	-	-	599,665	599,665
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-	-	-	-	(1,053,000)	(1,053,000)
Refunds credited (FMAA s30)	2,493,314	6,301,160	404,958	2,231,695	211,767	5,468,362	572,390	-	1,589,612	234,908	67,124	465,976	-	20,041,266
Appropriation reduced by section 9 determinations (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	177,830,369	363,433,919	392,653,901	892,942,866	114,835,367	278,236,418	364,582,024	-	583,033,507	132,153,150	457,851,515	34,749,976	543,671,665	4,335,974,677
Appropriations to take account of recoverable GST (FMAA s30A)	8,229,448	12,691,063	23,611,861	49,365,300	7,506,753	17,426,195	21,314,113	-	33,884,489	4,786,740	51,987,051	826,159	18,345,000	249,974,173
Annotations to 'net appropriations' (FMAA s31)	-	-	-	-	-	-	-	-	-	-	-	-	12,660,000	12,660,000
Total appropriations available for payments	**186,059,817**	**376,124,982**	**416,265,762**	**942,308,167**	**122,342,120**	**295,662,613**	**385,896,137**	**-**	**616,917,996**	**136,939,890**	**509,838,566**	**35,576,135**	**574,676,665**	**4,598,608,850**
Cash payments made during the year (including GST)	**139,682,405**	**213,299,050**	**352,749,037**	**764,727,138**	**119,740,228**	**262,285,286**	**320,935,377**		**539,147,981**	**86,733,707**	**65,934,858**	**12,073,149**	**477,837,665**	**3,355,145,882**
Appropriations credited to Special Accounts (excluding GST)	**3,374,435**	**-**	**428,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**436,833,951**	**-**	**9,329,000**	**449,965,386**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	43,002,976	162,825,932	63,088,724	177,581,029	2,601,893	33,377,326	64,960,761	-	77,770,016	50,206,182	7,069,756	23,502,986	87,510,000	793,497,582
Represented by:														
Cash at bank and on hand	-	3,368,721	-	40,057	-	471,064	-	-	-	-	-	-	549,000	4,428,842
Departmental appropriations receivable	-	-	-	-	-	-	-	-	-	-	-	-	83,220,000	83,220,000
GST receivable from the ATO	-	-	-	-	-	-	-	-	-	-	-	-	3,741,000	3,741,000
Departmental appropriations receivable - drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Formal reductions of appropriation	11,683,000	104,647,000	28,762,000	18,532,000	-	7,172,000	14,688,000	-	-	-	-	1,479,000	-	186,963,000
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	31,319,976	54,810,211	34,326,724	159,008,972	2,601,893	25,734,262	50,272,761	-	77,770,016	50,206,182	7,069,756	22,023,986	-	515,144,740
Total	**43,002,976**	**162,825,932**	**63,088,724**	**177,581,029**	**2,601,893**	**33,377,326**	**64,960,761**	**-**	**77,770,016**	**50,206,182**	**7,069,756**	**23,502,986**	**87,510,000**	**793,497,582**

Note 31 - Appropriations (continued)

Note 31A - Acquittal of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations

Particulars	Administered Expenses												Departmental	Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12	Outputs	
Year ended 30 June 2005 (Comparative period)	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance carried from previous year	24,258,051	216,316,248	60,313,281	102,222,348	11,309,764	6,235,532	51,767,969	842,701	18,106,765	-	-	-	128,716,000	620,088,659
Reductions of appropriations (prior years)	7,627,717	97,640,320	50,875,613	59,200,129	581,106	-	28,925,783	247,783	389,145	-	-	-	-	245,487,596
Unspent prior year appropriations - invalid s.31	-	-	-	-	-	-	-	-	-	-	-	-	123,457,000	123,457,000
Adjusted balance carried from previous year	16,630,334	118,675,928	9,437,668	43,022,219	10,728,658	6,235,532	22,842,186	594,918	17,717,620	-	-	-	5,259,000	251,144,063
Appropriation Act (No. 1) 2004-2005	159,456,000	778,888,000	301,639,000	533,967,000	129,085,000	214,997,000	281,183,000	127,000	555,987,000	-	-	-	408,521,000	3,363,850,000
Appropriation Act (No. 3) 2004-2005	27,137,000	-	1,895,000	32,131,000	4,419,000	16,881,000	15,337,000	-	20,855,000	-	-	-	24,284,484	142,939,484
Appropriation Act (No. 5) 2004-2005	-	-	-	-	-	-	-	-	10,000,000	-	-	-	-	10,000,000
Appropriation (Tsunami Financial Assistance) Act 2004-05	-	2,292,000	-	-	-	-	-	-	-	-	-	-	244,000	2,536,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	-	-	-	-	-	-	-	-	(3,322,000)	(3,322,000)
Comcover receipts (Appropriation Act s13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-	-	-	-	2,009,905	2,009,905
Refunds credited (FMAA s30)	423,007	5,176,267	408,333	293,735	149,996	1,836,104	320,799	-	516,211	-	-	-	-	9,124,452
Appropriation reduced by section 9 determinations (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	203,646,341	905,032,195	313,380,001	609,413,954	144,382,654	239,949,636	319,682,985	721,918	605,075,831	-	-	-	436,996,389	3,778,281,904
Appropriations to take account of recoverable GST (FMAA s30A)	8,444,390	39,021,448	18,450,168	38,391,166	8,639,565	-	18,914,989	-	20,461,049	-	-	-	24,543,000	176,865,775
Annotations to 'net appropriations' (FMAA s31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 June 2005 variation - s.31	-	-	-	-	-	-	-	-	-	-	-	-	198,585,000	198,585,000
Total appropriations available for payments	**212,090,731**	**944,053,643**	**331,830,169**	**647,805,120**	**153,022,219**	**239,949,636**	**338,597,974**	**721,918**	**625,536,880**	**-**	**-**	**-**	**660,124,389**	**4,153,732,679**
Cash payments made during the year (including GST)	**126,790,199**	**610,340,631**	**288,162,992**	**600,455,138**	**134,982,793**	**229,312,373**	**295,852,332**	**198,189**	**584,078,201**	**-**	**-**	**-**	**580,796,389**	**3,450,969,237**
Appropriations credited to Special Accounts (excluding GST)	**5,289,832**	**-**	**419,000**	**27,153**	**150,000**	**-**	**-**	**-**	**4,299,596**	**-**	**-**	**-**	**15,426,000**	**25,611,581**
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	80,010,700	333,713,012	43,248,177	47,322,829	17,889,426	10,637,263	42,745,642	523,729	37,159,083	-	-	-	63,902,000	677,151,861
Represented by:														
Cash at bank and on hand	30,420,084	-	-	4,906,289	-	1,198,980	-	-	-	-	-	-	138,000	36,663,353
Departmental appropriations receivable	-	-	-	-	-	-	-	-	-	-	-	-	61,464,000	61,464,000
GST receivable from the ATO	-	-	-	-	-	-	-	-	-	-	-	-	1,712,000	1,712,000
GST receivable from customers	-	-	-	-	-	-	-	-	-	-	-	-	588,000	588,000
Formal reductions of appropriation	11,560,000	24,702,000	5,919,000	1,362,000	6,362,000	-	9,424,000	127,000	-	-	-	-	-	59,456,000
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	38,030,616	309,011,012	37,329,177	41,054,540	11,527,426	9,438,283	33,321,642	396,729	37,159,083	-	-	-	-	517,268,508
Balance carried to the next period	80,010,700	333,713,012	43,248,177	47,322,829	17,889,426	10,637,263	42,745,642	523,729	37,159,083	-	-	-	63,902,000	677,151,861

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 31 - Appropriations (continued)

Note 31A - Acquittal of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations

Particulars	Administered Expenses												Departmental	Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12	Outputs	
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance carried to the next period	80,010,700	333,713,012	43,248,177	47,322,829	17,889,426	10,637,263	42,745,642	523,729	37,159,083	-	-	-	63,902,000	677,151,861
Additional disclosures from revision to outcome structure														
Lapsed appropriation for 2004-05	47,347,285	205,407,463	35,988,838	40,381,416	6,783,879	7,339,562	29,448,421	254,000	7,191,251	-	-	-	-	380,142,115
Appropriation available based on 2004-05 outcome structure	32,663,415	128,305,549	7,259,339	6,941,413	11,105,547	3,297,701	13,297,221	269,729	29,967,832	-	-	-	63,902,000	297,009,746
Movement between reporting periods	(9,868,360)	(97,099,790)	863,604	66,869,758	(1,065,947)	4,799,355	(3,837,587)	(269,729)	14,006,063	16,782,242	8,820,391	-	-	-
Transitional balances to 2005-06 outcome structure	22,795,055	31,205,759	8,122,943	73,811,171	10,039,600	8,097,056	9,459,634	-	43,973,895	16,782,242	8,820,391	-	63,902,000	297,009,746

The Health and Ageing outcome structure was revised for the 2005-06 Budget to enable better alignment with the portfolio's operating structure, providing easier reporting and identifying clearer lines of accountability, respective resourcing and activities. The 2004-05 closing balances have been restated under the 2005-06 outcome structure.

Note 31 - Appropriations (continued)

Note 31B - Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for other than ordinary annual services appropriations

Particulars	Administered Expenses												Non-operating				Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12					
	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	Equity	Loans	Previous years' outputs	Administered assets and liabilities	
Year ended 30 June 2006 (Current period)	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance carried from previous year	239,300	-	4,162,095	-	-	-	-	-	-	1,213,634	-	-	5,970,000	-	-	196,711,970	208,296,999
Reductions of appropriations (prior years)	-	-	-	-	-	-	-	-	-	-	-	-					-
Adjusted balance carried for previous period	**239,300**	-	**4,162,095**	-	-	-	-	-	-	**1,213,634**	-	-	**5,970,000**	-	-	**196,711,970**	**208,296,999**
Appropriation Act (No. 2) 2005-2006	253,217,000	-	913,276,000	-	50,000	-	-	-	-	5,825,000	-	-	10,058,000	-	-	47,592,000	1,230,018,000
Appropriation Act (No. 4) 2005-2006	-	-	20,000	-	-	-	-	-	-	2,478,000	-	23,816,000	2,060,000	-	-	161,879,000	190,253,000
Appropriation Act (No. 6) 2005-2006	-	-	-	-	-	-	-	-	-	-	-	-		-	-		-
Supplementary appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation reduced by section 11 determinations (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	253,456,300	-	917,458,095	-	50,000	-	-	-	-	9,516,634	-	23,816,000	18,088,000	-	-	406,182,970	1,628,567,999
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	**253,456,300**	-	**917,458,095**	-	**50,000**	-	-	-	-	**9,516,634**	-	**23,816,000**	**18,088,000**	-	-	**406,182,970**	**1,628,567,999**
Cash payments made during the year (GST inclusive)	**217,917,138**	-	**912,924,457**							**2,685,996**		**21,986,890**	**2,098,000**	-	-	**34,238,147**	**1,191,850,628**
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	35,539,162	-	4,533,638	-	50,000	-	-	-	-	6,830,638	-	1,829,110	15,990,000	-	-	371,944,823	436,717,371
Represented by:																	
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	15,990,000	-	-	-	15,990,000
GST receivable from the ATO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental appropriations receivable - Drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Formal reductions of appropriation revenue	31,524,000	-	-	-	50,000	-	-	-	-	-	-	-	-	-	-	-	31,574,000
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	4,015,162	-	4,533,638	-	-	-	-	-	-	6,830,638	-	1,829,110	-	-	-	371,944,823	389,153,371
Total	**35,539,162**	-	**4,533,638**	-	**50,000**	-	-	-	-	**6,830,638**	-	**1,829,110**	**15,990,000**	-	-	**371,944,823**	**436,717,371**

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 31 - Appropriations (continued)

Note 31B - Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for other than ordinary annual services appropriations

Particulars	Administered Expenses												Non-operating				Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12					
	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	Equity	Loans	Previous years' outputs	Administered assets and liabilities	
Year ended 30 June 2005 (Comparative period)	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance carried from previous year	24,163,943	3,180,970	2,583,063	1,220,306	-	-	-	-	-	-	-	-	-	-	-	148,066,088	179,214,370
Reductions of appropriations (prior years)												-	-			-	-
Adjusted balance carried for previous period	24,163,943	3,180,970	2,583,063	1,220,306	-	-	-	-	-	-	-	-	-	-	-	148,066,088	179,214,370
Appropriation Act (No. 2) 2004-2005	210,006,000	2,849,000	844,788,000	2,418,000	-	-	-	-	-	-	-	-	5,865,000	-	-	54,374,000	1,120,300,000
Appropriation Act (No. 4) 2004-2005	6,463,000	14,000,000	-	2,996,000	50,000	-	-	-	-	-	-	-	105,000	-	-	-	23,614,000
Appropriation Act (No. 6) 2004-2005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation (Tsunami Financial Assistance) Act 2004-05	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental Adjustments and Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of appropriations on change of entity function (FMAA s32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunds credited (FMAA s30)	-	60,745	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60,745
Appropriation reduced by section 11 determinations (current year)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Annual Appropriation	237,361,943	20,090,715	847,371,063	6,634,306	50,000	-	-	-	-	-	-	-	5,970,000	-	-	202,440,088	1,319,918,115
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total appropriations available for payments	237,361,943	20,090,715	847,371,063	6,634,306	50,000	-	-	-	-	-	-	-	5,970,000	-	-	202,440,088	1,319,918,115
Cash payments made during the year (GST inclusive)	206,123,008	16,855,745	845,056,274	5,389,247	-	-	-	-	-	-	-	-	-	-	-	5,728,118	1,079,152,392
Appropriations credited to Special Accounts (GST exclusive)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Other Than Ordinary Annual Services Appropriations	31,238,935	3,234,970	2,314,789	1,245,059	50,000	-	-	-	-	-	-	-	5,970,000	-	-	196,711,970	240,765,723
Represented by:	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Cash at bank and on hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST receivable from the ATO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Departmental appropriations receivable - Drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Formal reductions of appropriation revenue	3,271,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,271,000
Departmental appropriation receivable (appropriation for additional outputs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undrawn, unlapsed administered appropriations	27,967,935	3,234,970	2,314,789	1,245,059	50,000	-	-	-	-	-	-	-	5,970,000	-	-	196,711,970	237,494,723
Total	31,238,935	3,234,970	2,314,789	1,245,059	50,000	-	-	-	-	-	-	-	5,970,000	-	-	196,711,970	240,765,723

Note 31 - Appropriations (continued)

Note 31B - Acquittal of authority to draw cash from the Consolidated Revenue Fund (CRF) for other than ordinary annual services appropriations

Particulars	Administered Expenses												Non-operating				Total
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12					
	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	SPPs	Equity	Loans	Previous years' outputs	Administered assets and liabilities	
Additional disclosures from revision to outcome structure	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Lapsed appropriation for 2003-04	23,306,270	24,991	-	613,826	-	-	-	-	-	-	-	-	-	-	-	-	23,945,087
Lapsed appropriation for 2004-05	10,532,444	50,000	47,109	1,115,084	50,000	-	-	-	-	-	-	-	-	-	-	-	11,794,637
Appropriation available based on 2004-05 outcome structure	(2,599,779)	3,159,979	2,267,680	(483,851)	-	-	-	-	-	-	-	-	5,970,000	-	-	196,711,970	205,025,999
Movement between reporting periods	(431,921)	(3,159,979)	1,894,415	483,851	-	-	-	-	-	1,213,634	-	-	-	-	-	-	-
Transitional balances to 2005-06 outcome structure	(3,031,700)	-	4,162,095	-	-	-	-	-	-	1,213,634	-	-	5,970,000	-	-	196,711,970	205,025,999

The Health and Ageing outcome structure was revised for the 2005-06 Budget to enable better alignment with the portfolio's operating structure, providing easier reporting and identifying clearer lines of accountability, respective resourcing and activities. The 2004-05 closing balances have been restated under the 2005-06 outcome structure.

Note 31 Appropriations (continued)

Note 31C - Acquittal of authority to draw cash from the Consolidated Revenue Fund - administered special appropriations (unlimited amount)

Particulars of legislation providing appropriation (including purpose)	Outcome 1	Outcome 2	Outcome 3	Outcome 8	Outcome 10	Total
	2006 $	2006 $	2006 $	2006 $	2006 $	2006 $
Aged Care Act 1997						
Purpose: to provide for the Commonwealth to give financial support for the provision of aged care.						
Budget estimate	-	-	**5,063,205,000**	-	-	**5,063,205,000**
Payments made	-	-	**5,038,163,215**	-	-	**5,038,163,215**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to Special Accounts	-	-	-	-	-	-
Health Insurance Act 1973						
Purpose: an Act providing for payments by way of Medical Benefits and payments for Hospital Services and for other purposes.						
Budget estimate	-	**10,619,024,000**	-	-	-	**10,619,024,000**
Payments made	-	**10,870,159,208**	-	-	-	**10,870,159,208**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to Special Accounts	-	-	-	-	-	-
National Health Act 1953						
Purpose: an Act relating to the provision of pharmaceutical, sickness and hospital benefits, and of medical and dental services.						
Budget estimate	**173,306,000**	**6,495,459,000**	-	-	-	**6,668,765,000**
Payments made	**124,440,986**	**6,343,241,070**	-	-	-	**6,467,682,056**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to Special Accounts	**4,755,973**	-	-	-	-	**4,755,973**
National Blood Authority Act 2003						
Purpose: to establish the National Blood Authority as part of the coordinated national approach to policy setting, governance and management of the Australian blood sector.						
Budget estimate	-	-	-	-	**361,314,000**	**361,314,000**
Payments made	-	-	-	-	**360,784,261**	**360,784,261**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to Special Accounts	-	-	-	-	-	-
Medical Idemnity Act 2002						
Purpose: to provide Commonwealth funding to assist medical practitioners in obtaining affordable and secure medical indemnity cover.						
Budget estimate	-	-	-	-	**116,669,000**	**116,669,000**
Payments made	-	-	-	-	**40,848,515**	**40,848,515**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to Special Accounts	-	-	-	-	-	-
Private Health Insurance Incentives Act 1997						
Purpose: to enable payments of Government funds to be made to people who claim the Government 30% Rebate on private health insurance.						
Budget estimate	-		-	**2,982,989,000**	-	**2,982,989,000**
Payments made	-		-	**3,023,683,016**	-	**3,023,683,016**
Refunds credited (section 30)	-		-	-	-	-
Appropriations credited to Special Accounts	-	-	-	-	-	-
Total for unlimited special appropriations						
Budget estimate	**173,306,000**	**17,114,483,000**	**5,063,205,000**	**2,982,989,000**	**477,983,000**	**25,811,966,000**
Payments made	**124,440,986**	**17,213,400,278**	**5,038,163,215**	**3,023,683,016**	**401,632,776**	**25,801,320,271**
Refunds credited (section 30)	-	-	-	-	-	-
Appropriations credited to special accounts	**4,755,973**	-	-	-	-	**4,755,973**

The Health and Ageing outcome structure was revised for the 2005-06 Budget to enable better alignment with the portfolio's operating structure, providing easier reporting and identifying clearer lines of accountability. As a consequence, comparatives are not provided.

Note 31 Appropriations (continued)

Note 31C - Acquittal of authority to draw cash from the Consolidated Revenue Fund - special appropriations (unlimited amount)

Administered	
Investment of Public Money (FMAA s39)	**Outcome 11 2006 $**
Purpose: The Finance Minister may invest Fund balances in any authorised investment.	
Medical Research Endowment Special Account	
Budget estimate	-
Payments made	-

Total for unlimited special appropriations	
Budget estimate	-
Payments made	-

Departmental	
Investment of Public Money (FMAA s39)	**Outcome 1 2006 $**
Purpose: The Finance Minister may invest Fund balances in any authorised investment.	
Therapeutic Goods Administration Special Account	
Budget estimate	-
Payments made	-

Total for unlimited special appropriations	
Budget estimate	-
Payments made	-

2005-06 - Non-utilised special appropriations
The following Acts contained special appropriations that were not utilised in 2005-06 and are not disclosed in Table 31C:
Aged or Disabled Persons Care Act 1954
Aged Care (Consequential Provisions) Act 1997
Alcohol Education and rehabilitation Account Act 2001 (ceased)
Health and Other Services (Compensation) Act 1995
Medical Indemnity Agreement (Financial Assistance-Binding Commonwealth Obligations) Act 2002
Nursing Homes Assistance Act 1974
Financial Management and Accountability Act 1997 (Section 28(2))

2004-05 - Non-utilised special appropriations
The following Acts contained special appropriations that were not utilised in 2004-05 and are not disclosed in Table 31C:
Aged or Disabled Persons Care Act 1954
Health and Other Services (Compensation) Act 1995
Medical Indemnity Agreement (Financial Assistance-Binding Commonwealth Obligations) Act 2002
Nursing Homes Assistance Act 1974
Financial Management and Accountability Act 1997 (Section 28(2))

Note 31 - Appropriations (continued)

Note 31C - Acquittal of authority to draw cash from the Consolidated Revenue Fund - special appropriations (limited amount)

Health Care Appropriation Act 1998 - s4	Outcome 9 2006	Outcome 10 2006
	$	$
Purpose: an Act to provide financial assistance in respect of health care services All transactions under this Act are recognised as administered items.		
Amount available carried from previous period		
Appropriation for reporting period	32,787,000	8,337,120,000
Appropriations to take account of recoverable GST (FMAA s30A)	-	-
Available for payments	32,787,000	8,337,120,000
Cash payments made during the year (GST inclusive)	17,636,061	8,332,109,487
Appropriations credited to Special Accounts	-	-
Appropriations lapsed	-	-
Amount available carried to the next period	15,150,939	5,010,513
Represented by:		
Cash	-	-
Departmental appropriation receivable	-	-
Undrawn, unlapsed administered appropriations	15,150,939	5,010,513
Departmental appropriation receivable - drawing rights withheld by the Finance Minister (FMAA s27(4))	-	-
TOTAL	15,150,939	5,010,513

The Health and Ageing outcome structure was revised for the 2005-06 Budget to enable better alignment with the portfolio's operating structure, providing easier reporting and identifying clearer lines of accountability. As a consequence, comparatives are not provided.

Note 31 - Appropriations (continued)

Note 31D - Acquittal of authority to draw cash from the Consolidated Revenue Fund - disclosure by agent in relation to special appropriations

The Department of Health and Ageing was granted authority by the Department of Veterans' Affairs to make payments under the *Veterans' Entitlement Act 1986* . On 20 October 2005 the authority was transferred to Medicare Australia. Payments made under the Act up until the date of the transfer are disclosed below:

Veterans' Entitlement Act 1986 - s199	Department of Veterans' Affairs		Total	
	Departmental	Administered	Departmental	Administered
	$	$	$	$
Total receipts	-	267,654,722	-	267,654,722
Total payments	-	267,654,722	-	267,654,722
Balance	-	-	-	-

	2006 $	2005 $

Note 32 Receipts and expenditure of special accounts

Special Account

OTHER TRUST MONIES SPECIAL ACCOUNT
Department of Health and Ageing

Legal Authority - *Financial Management and Accountability Act 1997* , Section 20

Purpose - for the receipt and expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

Balance carried from previous year	**11,823,752**	450,393
Receipts from other sources	**4,300,545**	11,405,914
GST credits (FMAA s30A)	**113,182**	2,384
Available for payments	**16,237,479**	11,858,691
Payments made	**11,815,422**	34,939
Balance carried to next year	**4,422,057**	11,823,752
Represented by:		
Cash held at the OPA	**4,422,056**	11,823,752
Less: Payables - Net GST payable to the ATO	**(22,727)**	(15,000)
Add: Receivables - Net GST from contributors	**42,707**	4,545
Less: Payables - Net GST to program recipients		(2,273)
Add: Receivables - GST Receivable from the OPA	**(19,979)**	12,728
Total	**4,422,057**	11,823,752

SERVICES FOR OTHER GOVERNMENTS AND NON-DEPARTMENTAL BODIES SPECIAL ACCOUNT
Department of Health and Ageing

Legal Authority - *Financial Management and Accountability Act 1997* , Section 20

Purpose - for payment of monies in connection with and services performed on behalf of other governments and non-departmental bodies.

Balance carried from previous year	**7,812,270**	24,824,807
Appropriations for reporting period		
- Department of Health and Ageing	**-**	5,751,691
- Department of Veterans' Affairs	**-**	748,522,000
- Other Commonwealth Departments	**2,435,135**	1,318,008
Receipts from State Governments	**3,841,068**	4,550,479
Industry Contributions	**126,667**	168,674
Receipts from other sources	**2,022,480**	1,107,415
GST credits (FMAA s30A)	**504,564**	548,653
Available for payments	**16,742,184**	786,791,727
Payments made		
Aged Care Subsidy payments made on behalf of the Department of Veterans' Affairs	**2,556,235**	751,360,930
Transfer to the Nationally-Managed Fund Special Account held at the National Blood Authority	**2,095,401**	19,344,169
Blood Product Program Payments	**1,191,562**	2,513,510
COMCARE payments	**1,541,092**	1,076,524
Home and Community Care Program Payments	**140,238**	924,404
OATSIH Program Payments	**520,514**	630,455
Ministerial Council on Drug Strategy Payments	**-**	472,454
GST payments to the ATO	**-**	86,602
Other Program Payments	**3,609,627**	2,570,409
Total Payments made	**11,654,669**	778,979,457
Balance carried to next year	**5,087,515**	7,812,270
Represented by:		
Cash at the OPA	**5,087,515**	7,812,270
Add: Receivables - Net GST receivable from the ATO	**131,559**	41,624
Add: Receivables - Net GST from contributors	**(134,091)**	27,890
Less: Payables - Net GST to program recipients	**2,532**	(18)
Less: Payables - GST Payable to the OPA	**-**	(69,496)
Total	**5,087,515**	7,812,270

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 $	2005 $
Note 32 Receipts and expenditure of special accounts (continued)		
STRATEGIC INTERGOVERNMENTAL NUTRITION ALLIANCE SPECIAL ACCOUNT		
Legal Authority - *Financial Management and Accountability Act 1997,* Section 20		
Purpose: for expenditure relating to the operations of the Secretariat to the Strategic Intergovernmental Nutrition Alliance.		
Balance carried from previous year	**20,000**	100,000
Appropriations for reporting period	**-**	150,000
Receipts from State Governments	**-**	20,000
Receipts from other sources	**40,000**	-
GST credits (FMAA s30A)	**-**	-
Available for payments	**60,000**	270,000
Payments made	**60,000**	250,000
Balance carried to next year	**-**	20,000
Represented by:		
Cash at the OPA	**-**	20,000
Total	**-**	20,000
AUSTRALIAN CHILDHOOD IMMUNISATION REGISTER SPECIAL ACCOUNT		
Legal Authority - *Financial Management and Accountability Act 1997,* Section 20		
Purpose: for expenditure relating to the operations of the Australian Childhood Immunisation Register, including payments to providers for the provision of information.		
Balance carried from previous year	**2,106,869**	2,247,805
Appropriations for reporting period	**4,192,000**	6,182,000
Receipts from State Governments	**1,837,539**	2,519,084
Available for payments	**8,136,408**	10,948,889
Payments made	**6,742,594**	8,842,020
Balance carried to next year	**1,393,814**	2,106,869
Represented by:		
Cash at OPA	**1,393,814**	2,106,869
Total	**1,393,814**	2,106,869
MEDICAL RESEARCH ENDOWMENT SPECIAL ACCOUNT (ADMINISTERED)		
Legal Authority - *National Health and Medical Research Council Act 1992* and *Financial Management and Accountability Act 1997* , Section 20		
Purpose - to provide assistance (subject to the Act): - to Departments of the Commonwealth, or of a State, engaged in medical research; - to universities for the purpose of medical research; - to institutions and persons engaged in medical research; and - in the training of persons in medical research.		
Balance carried from previous year	**231,099,266**	186,917,252
Appropriations for reporting period	**436,833,950**	414,579,688
Receipts from other sources	**12,321,603**	7,826,758
GST credits (FMAA s30A)	**42,830,454**	13,964,411
Available for payments	**723,085,273**	623,288,109
Payments made	**467,385,104**	392,188,843
Balance carried to next year	**255,700,169**	231,099,266
Represented by:		
Cash at the OPA	**251,029,465**	229,663,980
Add: Receivables - Net GST receivable from the ATO	**4,670,704**	1,435,286
Total	**255,700,169**	231,099,266

	2006 $	2005 $

Note 32 Receipts and expenditure of special accounts (continued)

HUMAN PITUITARY HORMONES SPECIAL ACCOUNT

Legal Authority - *Financial Management and Accountability Act 1997,* Section 20

Purpose - for expenditure through grants and other payments for:
- counselling and support services to recipients of pituitary-derived hormones and their families; and
- medical and other care to people treated with pituitary-derived hormones should they contract Creutzfeldt-Jakob Disease as a result of the treatment; and
- one-off payments for recipients of pituitary-derived 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 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; and
- to reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment; and
- to repay amounts where an Act or other law requires or permits the repayment of an amount received.

Balance carried from previous year	**3,974,773**	-
Appropriations for reporting period	**-**	-
Receipts from other sources	**-**	-
Transfer from the old Human Pituitary Hormone Special Account	**-**	3,974,773
GST credits (FMAA s30A)	**136**	-
Available for payments	**3,974,909**	-
Payments made	**40,417**	-
Balance carried to next year	**3,934,492**	-
Represented by:		
Cash at OPA	**3,934,492**	3,974,773
Total	**3,934,492**	3,974,773

The new Human Pituitary Hormones Special Account was created in accordance with a determination signed by the Minister for Finance and Administration on 7 June 2005.

AUSTRALIAN COUNCIL FOR SAFETY AND QUALITY IN HEALTH CARE

Legal Authority - *Financial Management and Accountability Act 1997,* Section 20

Purpose - to receive payments from the States, Territories and the Commonwealth and to pay out monies for expenditure relating to the administration of the Australian Council for Safety and Quality in Health Care and national programs to improve quality and safety in health care.

Balance carried from previous year	**24,277,614**	19,443,127
Appropriations for reporting period	**-**	4,278,846
Receipts from State Governments	**61**	10,173,123
GST credits (FMAA s30A)	**409,509**	537,680
Available for payments	**24,687,184**	34,432,776
Program payments made	**6,386,791**	8,372,568
Administration costs	**25,640**	1,017,307
GST payments to the ATO	**-**	765,287
Balance carried to next year	**18,274,753**	24,277,614
Represented by:		
Cash at OPA	**18,274,753**	24,277,614
Add: Receivables - Net GST receivable from the ATO	**65,691**	-
Less: Payables - Net GST payable to the ATO	**(65,691)**	(86,919)
Add: Receivables - Net GST from contributors	**-**	6
Less: Other Payables - Net GST to program recipients	**-**	(49,754)
Add: Receivables - GST Receivable from the OPA	**-**	136,667
Less: Payables - GST Payable to the OPA	**-**	-
Total	**18,274,753**	24,277,614

	2006 $	2005 $

Note 32 Receipts and expenditure of special accounts (continued)

ALCOHOL EDUCATION AND REHABILITATION SPECIAL ACCOUNT - (ADMINISTERED)

Legal Authority - *Alcohol Education and Rehabilitation Account Act 2001* , Section 21 *Financial Management and Accountability Act 1997.*

Purpose - to make payments in accordance with Section 3 of the Act, specifically:
- to prevent alcohol and other licit substance misuse, including petrol sniffing, particularly among vulnerable population groups such as Indigenous Australians and youth;
- to support evidence-based alcohol and other licit substance misuse treatment, rehabilitation, research and prevention programs;
- to promote community education encouraging responsible consumption of alcohol and highlighting the dangers of licit substance misuse;
- to promote public awareness of the work of the Foundation or body and raise funds from the private sector for the ongoing work of the Foundation or body; and
- to provide funding grants to organisations with appropriate community linkages to deliver the services referred to in the above paragraphs.

Balance carried from previous year	**1,794,000**	-
Appropriations for reporting period	**-**	53,612,000
GST credits (FMAA s30A)	**-**	5,181,800
Available for payments	**1,794,000**	58,793,800
Payments made	**1,794,000**	56,999,800
Balance carried to next year	**-**	1,794,000
Represented by:		
Cash at OPA	**-**	1,794,000
Total	**-**	1,794,000

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT - (DEPARTMENTAL)

Legal Authority - *Financial Management and Accountability Act 1997,* Section 21 and the *Therapeutic Goods Act 1989*

Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the Therapeutic Goods Administration.

Balance carried from previous year	**20,513,201**	21,302,861
Appropriations for reporting period	**1,137,000**	6,176,977
Receipts from other sources	**69,901,000**	66,629,861
GST credits (FMAA s30A)	**2,878,000**	2,795,628
Available for payments	**94,429,201**	96,905,327
Payments made	**78,981,383**	76,096,629
GST payments to the ATO	**-**	295,497
Investments debited from the Special Account (FMA s39)	**-**	-
Balance carried to next year	**15,447,818**	20,513,201
Represented by:		
Cash	**1,985,000**	1,815,292
Add: Receivables - Appropriations for Outputs	**12,400,000**	18,000,000
Add: Receivables - Net GST receivable from the ATO	**447,000**	413,000
Add: Receivables - Goods and Services - GST receivable	**-**	-
from customers	**738,363**	657,818
Less: Payables - Suppliers - GST portion	**(122,545)**	(372,909)
Total	**15,447,818**	20,513,201

On 12 December 2003, the Australian and New Zealand governments signed a Treaty to establish a joint scheme for the regulation of therapeutic products and medical devices in both countries. A new agency will be established to administer the scheme and will be jointly controlled by the two governments. It is expected that functions, assets and liabilities of the TGA will transfer to the new agency following its establishment. It is anticipated the new entity will become operational from during 2007-08.

	2006 $	2005 $

Note 32 Receipts and expenditure of special accounts (continued)

OFFICE OF THE GENE TECHNOLOGY REGULATOR - (DEPARTMENTAL)

Legal Authority - *Financial Management and Accountability Act 1997,* Section 21 and the *Gene Technology Act 2000*

Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the Gene Technology Regulator.

Balance carried from previous year	**3,852,022**	3,388,825
Appropriations for reporting period	**7,843,000**	8,352,000
Receipts from other sources	**158,000**	221,595
GST credits (FMAA s30A)	**196,000**	-
Available for payments	**12,049,022**	11,962,420
Payments made	**6,946,477**	8,110,398
Balance carried to next year	**5,102,545**	3,852,022
Represented by:		
Cash	**2,083,000**	822,567
Add: Receivables - Appropriations for Outputs	**3,000,000**	3,000,000
Add: Receivables - Net GST receivable from the ATO	**28,000**	52,000
from customers	**2,363**	12,909
Less: Payables - Suppliers - GST portion	**(10,818)**	(35,455)
Total	**5,102,545**	3,852,022

NATIONAL INDUSTRIAL CHEMICALS NOTIFICATION AND ASSESSMENT SCHEME SPECIAL ACCOUNT - (DEPARTMENTAL)

Legal Authority - *Financial Management and Accountability Act 1997,* Section 21 and the *Industrial Chemicals (Notification and Assessment Act) 1989*

Purpose - for the receipt of all monies and payment of all expenditures and disbursements related to all operations of the National Industrial Chemicals Notification and Assessment Scheme.

Balance carried from previous year	**4,490,825**	2,427,220
Appropriations for reporting period	**349,000**	897,000
Receipts from other sources	**7,786,000**	7,036,217
GST credits (FMAA s30A)	**-**	230,465
Available for payments	**12,625,825**	10,590,902
Payments made	**7,432,367**	6,099,804
GST payments to the ATO	**-**	273
Balance carried to next year	**5,193,458**	4,490,825
Represented by:		
Cash	**78,000**	1,461,734
Add: Receivables - Appropriations for Outputs	**5,000,000**	3,000,000
Add: Receivables - Net GST receivable from the ATO	**135,000**	30,000
from customers	**33,730**	21,455
Less: Payables - Suppliers - GST portion	**(53,272)**	(22,364)
Total	**5,193,458**	4,490,825

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

	2006 **$**	2005 $

Note 33 Assets held in trust

Comcare Trust Account

Legal Authority - *Safety Rehabilitation and Compensation Act 1998*

Purpose - monies held in trust and advanced to the Department of Health and Ageing by COMCARE for the purpose of distributing compensation payments in accordance with the *Safety Rehabilitation and Compensation Act 1998.*

Balance carried forward from previous year	**246,766**	226,978
Receipts during the year	**1,209,439**	1,095,534
Available for payments	**1,456,205**	1,322,512
Payments made	**1,191,562**	1,075,746
Balance carried forward to next year held by the entity	**264,642**	246,766

DEPARTMENT OF HEALTH AND AGEING
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note 34 Reporting of outcomes

Note 34 A - Net cost of outcome delivery

The Department of Health and Ageing allocates shared items to outcomes and outputs in proportion to the employee costs directly assigned to outcomes and outputs in 2005-06.

	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6
	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Administered expenses	551,991	17,329,183	6,294,578	707,129	104,369	235,325
Departmental expenses	146,120	59,468	140,061	32,117	8,279	8,097
Total expenses	698,111	17,388,651	6,434,639	739,246	112,648	243,422
Cost recovered from provision of goods and services to the non-government sector						
Administered	-	-	-	-	-	-
Departmental	76,168	444	124	(218)	4	3
Total costs recovered	76,168	444	124	(218)	4	3
Other external revenues						
Administered						
Other	4,721	49,764	2,658	3,307	-	-
Total administered	4,721	49,764	2,658	3,307	-	-
Departmental						
Interest on cash deposits	-	-	-	-	-	-
Revenue from disposal of assets	-	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-	-
Other	4,245	7	21	6	2	2
Goods and Services from related entities	3,839	59	179	51	14	11
Total departmental	8,084	66	200	57	16	13
Total other external revenues	12,805	49,830	2,858	3,364	16	13
Net cost/(contribution) of outcome	609,138	17,338,377	6,431,657	736,100	112,628	243,406

	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12	Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Administered expenses	297,928	3,049,896	543,278	8,783,804	437,370	40,938	38,375,789
Departmental expenses	43,225	10,891	44,183	32,593	22,681	18,841	566,556
Total expenses	341,153	3,060,787	587,461	8,816,397	460,051	59,779	38,942,345
Cost recovered from provision of goods and services to the non-government sector							
Administered	-	-	-	-	-	-	-
Departmental	57	860	1,167	270	15	7	78,901
Total costs recovered	57	860	1,167	270	15	7	78,901
Other external revenues							
Administered							
Other	29	310,346	33	33,922	175	-	404,955
Total administered	29	310,346	33	33,922	175	-	404,955
Departmental							
Interest on cash deposits	-	-	-	-	-	-	-
Revenue from disposal of assets	-	-	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-	-	-
Other	13	1	8	6	5	3	4,319
Goods and Services from related entities	81	11	426	159	387	26	5,243
Total departmental	94	12	434	165	392	29	9,562
Total other external revenues	123	310,358	467	34,087	567	29	414,517
Net cost/(contribution) of outcome	340,973	2,749,569	585,827	8,782,040	459,469	59,743	38,448,927

The 2005 comparatives are not available as the funding was not appropriated under the same outcome structure.

DEPARTMENT OF HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Note 34 Reporting of outcomes (continued)

Note 34B - Major classes of departmental revenues and expenses by output group

Outcome 1	Output Group 1	Output Group 2	Output Group 3	Outcome 1 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	11,370	22,956	53,518	87,844
Suppliers	5,815	11,730	35,927	53,472
Depreciation and amortisation	340	686	3,652	4,678
Other	3	8	115	126
Total departmental expenses	17,528	35,380	93,212	146,120
Funded by:				
Revenues from government	16,404	33,114	9,329	58,847
Sale of goods and services	1,251	2,530	76,090	79,871
Other non-taxation revenues	3	6	4,237	4,246
Resources Received Free of Charge	24	49	63	136
Total departmental revenues	17,682	35,699	89,719	143,100

Outcome 2	Output Group 1	Output Group 2	Output Group 3	Outcome 2 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	21,979	6,022	-	28,001
Suppliers	24,130	6,611	-	30,741
Depreciation and amortisation	565	155	-	720
Other	5	1	-	6
Total departmental expenses	46,679	12,789	-	59,468
Funded by:				
Revenues from government	46,585	12,763	-	59,348
Sale of goods and services	348	95	-	443
Other non-taxation revenues	5	1	-	6
Resources Received Free of Charge	47	13	-	60
Total departmental revenues	46,985	12,872	-	59,857

Outcome 3	Output Group 1	Output Group 2	Output Group 3	Outcome 3 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	14,508	69,163	-	83,671
Suppliers	9,080	43,223	-	52,303
Depreciation and amortisation	667	3,170	-	3,837
Other	44	206	-	250
Total departmental expenses	24,299	115,762	-	140,061
Funded by:				
Revenues from government	24,474	116,435	-	140,909
Sale of goods and services	22	102	-	124
Other non-taxation revenues	7	17	-	24
Resources Received Free of Charge	31	148	-	179
Total departmental revenues	24,534	116,702	-	141,236

Note 34 Reporting of outcomes (continued)

Note 34B - Major classes of departmental revenues and expenses by output group

Outcome 4	Output Group 1	Output Group 2	Output Group 3	Outcome 4 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	6,031	17,931	-	23,962
Suppliers	1,902	5,656	-	7,558
Depreciation and amortisation	149	443	-	592
Other	1	4	-	5
Total departmental expenses	8,083	24,034	-	32,117
Funded by:				
Revenues from government	8,208	24,404	-	32,612
Sale of goods and services	(55)	(162)	-	(217)
Other non-taxation revenues	1	4	-	5
Resources Received Free of Charge	13	38	-	51
Total departmental revenues	8,167	24,284	-	32,451

Outcome 5	Output Group 1	Output Group 2	Output Group 3	Outcome 5 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	1,256	5,129	-	6,385
Suppliers	340	1,389	-	1,729
Depreciation and amortisation	32	132	-	164
Other	-	1	-	1
Total departmental expenses	1,628	6,651	-	8,279
Funded by:				
Revenues from government	1,643	6,708	-	8,351
Sale of goods and services	1	3	-	4
Other non-taxation revenues	-	1	-	1
Resources Received Free of Charge	3	11	-	14
Total departmental revenues	1,647	6,723	-	8,370

Outcome 6	Output Group 1	Output Group 2	Output Group 3	Outcome 6 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	1,630	3,802	-	5,432
Suppliers	749	1,749	-	2,498
Depreciation and amortisation	50	116	-	166
Other	-	1	-	1
Total departmental expenses	2,429	5,668	-	8,097
Funded by:				
Revenues from government	2,447	5,709	-	8,156
Sale of goods and services	1	2	-	3
Other non-taxation revenues	1	1	-	2
Resources Received Free of Charge	3	8	-	11
Total departmental revenues	2,452	5,720	-	8,172

DEPARTMENT OF HEALTH AND AGEING

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Note 34 Reporting of outcomes (continued)

Note 34B - Major classes of departmental revenues and expenses by output group

Outcome 7	Output Group 1	Output Group 2	Output Group 3	Outcome 7 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	23,249	7,750	-	30,999
Suppliers	8,541	2,847	-	11,388
Depreciation and amortisation	622	207	-	829
Other	7	2	-	9
Total departmental expenses	32,419	10,806	-	43,225
Funded by:				
Revenues from government	32,632	10,877	-	43,509
Sale of goods and services	53	18	-	71
Other non-taxation revenues	10	3	-	13
Resources Received Free of Charge	50	17	-	67
Total departmental revenues	32,745	10,915	-	43,660

Outcome 8	Output Group 1	Output Group 2	Output Group 3	Outcome 8 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	1,766	3,466	-	5,232
Suppliers	1,846	3,624	-	5,470
Depreciation and amortisation	63	125	-	188
Other	-	1	-	1
Total departmental expenses	3,675	7,216	-	10,891
Funded by:				
Revenues from government	3,509	6,888	-	10,397
Sale of goods and services	290	570	-	860
Other non-taxation revenues	-	1	-	1
Resources Received Free of Charge	4	7	-	11
Total departmental revenues	3,803	7,466	-	11,269

Outcome 9	Output Group 1	Output Group 2	Output Group 3	Outcome 9 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	11,630	20,327	-	31,957
Suppliers	4,087	7,144	-	11,231
Depreciation and amortisation	359	628	-	987
Other	3	5	-	8
Total departmental expenses	16,079	28,104	-	44,183
Funded by:				
Revenues from government	15,898	27,788	-	43,686
Sale of goods and services	555	969	-	1,524
Other non-taxation revenues	3	5	-	8
Resources Received Free of Charge	25	44	-	69
Total departmental revenues	16,481	28,806	-	45,287

Note 34 Reporting of outcomes (continued)

Note 34B - Major classes of departmental revenues and expenses by output group

Outcome 10	Output Group 1	Output Group 2	Output Group 3	Outcome 10 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	**9,896**	**12,713**	**-**	**22,609**
Suppliers	**4,121**	**5,295**	**-**	**9,416**
Depreciation and amortisation	**246**	**316**	**-**	**562**
Other	**3**	**3**	**-**	**6**
Total departmental expenses	**14,266**	**18,327**	**-**	**32,593**
Funded by:				
Revenues from government	**14,325**	**18,404**	**-**	**32,729**
Sale of goods and services	**167**	**214**	**-**	**381**
Other non-taxation revenues	**2**	**3**	**-**	**5**
Resources Received Free of Charge	**21**	**27**	**-**	**48**
Total departmental revenues	**14,515**	**18,648**	**-**	**33,163**

Outcome 11	Output Group 1	Output Group 2	Output Group 3	Outcome 11 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	**4,952**	**11,554**	**-**	**16,506**
Suppliers	**1,699**	**3,965**	**-**	**5,664**
Depreciation and amortisation	**152**	**355**	**-**	**507**
Other	**1**	**3**	**-**	**4**
Total departmental expenses	**6,804**	**15,877**	**-**	**22,681**
Funded by:				
Revenues from government	**6,798**	**15,862**	**-**	**22,660**
Sale of goods and services	**110**	**256**	**-**	**366**
Other non-taxation revenues	**1**	**3**	**-**	**4**
Resources Received Free of Charge	**11**	**25**	**-**	**36**
Total departmental revenues	**6,920**	**16,146**	**-**	**23,066**

Outcome 12	Output Group 1	Output Group 2	Output Group 3	Outcome 12 Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Departmental Expenses				
Employees	**4,839**	**7,258**	**-**	**12,097**
Suppliers	**2,573**	**3,859**	**-**	**6,432**
Depreciation and amortisation	**123**	**185**	**-**	**308**
Other	**2**	**2**	**-**	**4**
Total departmental expenses	**7,537**	**11,304**	**-**	**18,841**
Funded by:				
Revenues from government	**7,608**	**11,411**	**-**	**19,019**
Sale of goods and services	**3**	**4**	**-**	**7**
Other non-taxation revenues	**1**	**2**	**-**	**3**
Resources Received Free of Charge	**10**	**16**	**-**	**26**
Total departmental revenues	**7,622**	**11,433**	**-**	**19,055**

The 2005 comparatives are not available as the funding was not appropriated under the same outcome structure.

Note 34 Reporting of outcomes (continued)

Note 34C - Major classes of administered revenues and expenses by outcomes

	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5	Outcome 6
	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Administered revenues						
Sale of goods and services	-	-	-	-	-	-
Other non-taxation revenue	4,721	49,764	2,659	3,307	-	-
Total administered revenues	4,721	49,764	2,659	3,307	-	-
Administered expenses						
Subsidies	-	-	5,039,594	-	-	-
Personal benefits	-	16,692,442	43	297,072	14	235,325
Grants	551,626	636,741	1,254,607	409,749	104,213	-
Other	365	-	334	308	141	-
Total administered expenses	551,991	17,329,183	6,294,578	707,129	104,368	235,325

	Outcome 7	Outcome 8	Outcome 9	Outcome 10	Outcome 11	Outcome 12	Total
	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000	2006 $'000
Administered revenues							
Sale of goods and services	-	-	-	-	-	-	-
Other non-taxation revenue	29	310,346	33	33,922	174	-	404,955
Total administered revenues	29	310,346	33	33,922	174	-	404,955
Administered expenses							
Subsidies	-	-	-	21,433	-	-	5,061,027
Personal benefits	-	3,049,896	4	57,400	-	-	20,332,196
Grants	297,568	-	542,652	8,704,710	435,457	38,263	12,975,586
Other	360	-	623	261	1,913	2,675	6,980
Total administered expenses	297,928	3,049,896	543,279	8,783,804	437,370	40,938	38,375,789

The 2005 comparatives are not available as the funding was not appropriated under the same outcome structure.

			2006 $	2005 $
Note	**35**	**Specific payment disclosures**		
		15 Act of Grace payments made pursuant to authorisations given under Section 33 of the *Financial Management and Accountability Act 1997*		
		(2005: 17,756 payments)	**106,585**	3,058,930
			106,585	3,058,930
		Waivers of amounts owing to the Commonwealth were made pursuant to Section 95-96 of the *Aged Care Act 1997* (15 Waivers)		
		(2005: 32 Waivers)	**105,539**	113,479
			105,539	113,479
		Waivers of amounts owing to the Commonwealth were made pursuant to Section 33(1) of the *Financial Management and Accountability Act 1997* (3 Waivers)		
		(2005: 0 Waivers)	**4,500**	-
			4,500	-
		No waivers of amounts owing to the Commonwealth were made pursuant to Section 23 of the *Disability Services Act 1986*		
		(2005: 21 Waivers)	**-**	50,826
			-	50,826

			ASL	ASL
Note	**36**	**Average staffing levels**		
		Average staffing levels (ASL) by outcome and in total were as follows[1]:		
	Outcome 1	Population Health	**886**	
	Outcome 2	Medicines and Medical Services	**265**	
	Outcome 3	Aged Care and Population Ageing	**905**	
	Outcome 4	Primary Care	**256**	
	Outcome 5	Rural Health	**106**	
	Outcome 6	Hearing Services	**71**	
	Outcome 7	Indigenous Health	**332**	
	Outcome 8	Private Health	**59**	
	Outcome 9	Health System Capacity and Quality	**361**	
	Outcome 10	Acute Care	**223**	
	Outcome 11	Health and Medical Research	**180**	
	Outcome 12	Biosecurity and Emergency Response	**121**	
	Total average staffing levels		**3,765**	
		Comprises:		
		Department	**3,225**	3,262
		CRS Australia[2]	**-**	531
		TGA	**454**	435
		OGTR	**43**	58
		NICNAS	**43**	37
		Total average staffing levels	**3,765**	4,323

[1] The 2005 comparatives are not available as the funding was not appropriated under the same outcome structure.

[2] CRS Australia ASL were calculated for the period 1 July 2004 to 26 October 2004.

Australian National
Audit Office

INDEPENDENT AUDIT REPORT

To the Minister for Health and Ageing

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of the Therapeutic Goods Administration published in both the annual report and on the website of the Department of Health and Ageing for the year ended 30 June 2006. The Secretary of the Department of Health and Ageing is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Secretary's and National Manager's responsibility

The financial statements comprise:

- Statement by the Secretary of the Department of Health and Ageing, the National Manager of the Therapeutic Goods Administration and Chief Financial Officer of the Therapeutic Goods Administration;
- Income Statement, Balance Sheet and Cash Flow Statement;
- Statement of Changes in Equity;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements

of the Therapeutic Goods Administration for the year ended 30 June 2006.

The Secretary and the National Manager are responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Therapeutic Goods Administration, and that comply with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia. The Secretary and the National Manager are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit Approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

GPO Box 707 CANBERRA ACT 2601
Centenary House 19 National Circuit
BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Therapeutic Goods Administration's financial position, and of its financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary and the National Manager.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Therapeutic Goods Administration :

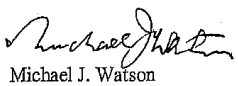
(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(b) give a true and fair view of the Therapeutic Goods Administration's financial position as at 30 June 2006 and of its performance and cash flows for the year then ended, in accordance with:

  (i) the matters required by the Finance Minister's Orders; and

  (ii) applicable Accounting Standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Michael J. Watson
Group executive Director

Delegate of the Auditor-General

Canberra
14 August 2006

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT STATEMENT BY THE DEPARTMENTAL SECRETARY, NATIONAL MANAGER AND CHIEF FINANCIAL OFFICER

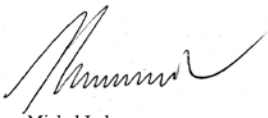
In our opinion, the attached financial statements for the year ended 30 June 2006 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Jane Halton
Secretary
Department of Health and Ageing

14 August 2006

David Graham
National Manager
Therapeutic Goods Administration

14 August 2006



Michel Lok
Chief Financial Officer
Therapeutic Goods Administration

14 August 2006

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
INCOME STATEMENT
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
INCOME			
Revenue			
Revenues from Government	4A	**1,137**	6,177
Goods and services	4B	**67,881**	67,338
Other revenues	4C	**4,143**	2,505
Other gains	4D	**63**	63
Total income		**73,224**	76,083
EXPENSES			
Employees	5A	**44,683**	41,733
Suppliers	5B	**29,889**	27,031
Depreciation and amortisation	5C	**3,295**	2,676
Write down and impairment of assets	5D	**113**	118
Total expenses		**77,980**	71,558
Operating result from ordinary activities		**(4,756)**	4,525
OPERATING RESULT		**(4,756)**	4,525
Net credit to the asset revaluation reserve		**-**	495
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		**-**	495
Net Surplus or (deficit) attributable to the Australian Government		**(4,756)**	5,020

The above statement should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
BALANCE SHEET
as at 30 June 2006

	Notes	2006 $'000	2005 $'000
ASSETS			
Financial assets			
Cash	6A	**1,985**	1,815
Receivables	6B	**20,894**	25,592
Total financial assets		**22,879**	27,407
Non-financial assets			
Buildings - leasehold improvements	7A,C	**1,876**	1,973
Infrastructure, plant and equipment	7B,C	**4,092**	4,027
Intangibles	7D	**6,518**	8,098
Inventories	7E	**85**	78
Other non-financial assets	7F	**665**	572
Total non-financial assets		**13,236**	14,748
Total Assets		**36,115**	42,155
LIABILITIES			
Provisions			
Employees	8A	**13,551**	12,888
Total provisions		**13,551**	12,888
Payables			
Suppliers	9A	**1,348**	485
Other payables	9B	**12,664**	15,474
Total payables		**14,012**	15,959
Total Liabilities		**27,563**	28,847
NET ASSETS		**8,552**	13,308
EQUITY			
Contributed equity		**-**	-
Reserves		**2,095**	2,095
Retained surpluses		**6,457**	11,213
TOTAL EQUITY		**8,552**	13,308
Current assets		**23,629**	28,057
Non-current assets		**12,486**	14,098
Current liabilities		**17,846**	19,101
Non-current liabilities		**9,717**	9,746

The above statement should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
STATEMENT OF CASH FLOWS
for the year ended 30 June 2006

	Notes	2006 $'000	2005 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**66,657**	61,686
Appropriations for outputs		**1,137**	6,177
Cash transferred from the OPA		**3,000**	-
Net GST received from the ATO		**2,878**	2,500
Other		**3,244**	4,302
Total cash received		**76,916**	74,665
Cash used			
Employees		**44,047**	42,071
Suppliers		**30,978**	29,536
Cash transferred to the OPA		**-**	3,000
Total cash used		**75,025**	74,607
Net cash from or (used by) operating activities	10	**1,891**	58
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		**-**	-
Total cash received		**-**	-
Cash used			
Purchase of property, plant and equipment		**978**	1,821
Purchase of intangibles		**743**	2,561
Total cash used		**1,721**	4,382
Net cash from or (used by) investing activities		**(1,721)**	(4,382)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		-	-
Proceeds from loan		-	-
Total cash received		-	-
Cash used			
Repayment of debt		-	-
Total cash used		-	-
Net cash from or (used by) financing activities		-	-
Net increase or (decrease) in cash held		**170**	(4,325)
Cash at the beginning of the reporting period		**1,815**	6,140
Cash at the end of the reporting period	6A	**1,985**	1,815

The above statement should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Accumulated results		Asset revaluation reserve		Contributed equity		Total equity	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Opening balance	**11,213**	6,504	**2,095**	1,600	**-**	-	**13,308**	8,104
Adjustment for errors	**-**	-	-	-	**-**	**-**	**-**	-
Adjustment for changes in accounting policies	**-**	184	**-**	-	**-**	**-**	**-**	184
Adjusted opening balance	**11,213**	6,688	**2,095**	1,600	**-**	-	**13,308**	8,288
Income and expense								
Revaluation adjustment	**-**	-	**-**	495	**-**	**-**	**-**	495
Subtotal income and expenses recognised directly in equity	**-**	**-**	**-**	495	**-**	**-**	**-**	495
Net operating result	**(4,756)**	4,525	**-**	**-**	**-**	**-**	**(4,756)**	4,525
Total income and expenses	**(4,756)**	4,525	**-**	-	**-**	-	**(4,756)**	4,525
Transactions with owners								
Distributions to owners								
Returns on capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Returns of capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Restructuring	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other (give details)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions by owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Appropriation (equity injection)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other (give details below)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Restructuring	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers between equity components	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing balance at 30 June 2006	**6,457**	11,213	**2,095**	2,095	**-**	**-**	**8,552**	13,308

The above statement should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
SCHEDULE OF COMMITMENTS
as at 30 June 2006

	Notes	**2006 $'000**	2005 $'000
BY TYPE			
Capital commitments			
Infrastructure, plant and equipment		**44**	86
Intangibles		**98**	400
Total capital commitments		**142**	486
Other commitments			
Operating leases [1]		**106,019**	100,504
Other		**6,092**	3,108
Total other commitments		**112,111**	103,612
Commitments receivable		**(10,205)**	(9,463)
Net commitments by type		**102,048**	94,635
BY MATURITY			
Capital commitments			
One year or less		**142**	434
From one to five years		**-**	52
Over five years		**-**	-
Total capital commitments		**142**	486
Operating lease commitments			
One year or less		**12,615**	11,156
From one to five years		**41,296**	40,327
Over five years		**52,108**	49,021
Total operating lease commitments		**106,019**	100,504
Other commitments			
One year or less		**5,905**	1,661
From one to five years		**187**	1,447
Over five years		**-**	-
Total other commitments		**6,092**	3,108
Commitments receivable		**(10,205)**	(9,463)
Net commitments by maturity		**102,048**	94,635

NB: Commitments are GST inclusive where relevant.

[1] Operating Leases included are effectively non-cancellable and comprise:

(a) *Leases for office accommodation*
Lease payments for the Symonston lease are subject to annual adjustments for Consumer Price Index 'review or 3.5% (whichever is higher) with a Market Rent Review every third year. The initial periods of the office accommodation leases are still current and may be renewed after 15 years at the TGA's option.

Other office leases are subject to annual rent adjustments of between 3.5% and 5%, and can be renewed for periods of between 6 months and 2 years, at the TGA's option.

(b) *Computer equipment leaseback*
The Department has entered into a contractual arrangement to lease computer equipment from 1 July 2004 to 30 June 2009. As part of this contract IT infrastructure was refreshed based on a lease period of three years for desktop equipment and five years for mainframe and midrange equipment.

The above schedule should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
SCHEDULE OF CONTINGENCIES
as at 30 June 2006

Contingent Liabilities	Claims for damages or costs		TOTAL	
	2006	2005	**2006**	2005
Balance from previous period	**54,000**	**-**	**54,000**	-
New	**-**	54,000	**-**	54,000
Re-measurement	**-**	**-**	**-**	**-**
Liabilities crystallised	**(54,000)**	**-**	**(54,000)**	**-**
Obligations expired	**-**	**-**	**-**	**-**
Total contingent liabilities	**-**	54,000	**-**	54,000
Contingent Assets	**Claims for damages or costs**		**TOTAL**	
Balance from previous period	**-**	**-**	**-**	**-**
New	**-**	**-**	**-**	**-**
Re-measurement	**-**	**-**	**-**	**-**
Assets crystallised	**-**	**-**	**-**	**-**
Expired	**-**	**-**	**-**	**-**
Total contingent assets	**-**	-	**-**	-
Net contingencies	**-**	54,000	**-**	54,000

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 12: Contingent Liabilities and Assets.

The above schedule should be read in conjunction with the accompanying notes.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

Note	Description
1	Summary of significant accounting policies
2	The impact of the transition to Australian Equivalents to International Financial Reporting Standards from previous Australian Generally Accepted Accounting Principles
3	Events after the balance sheet date
4A	Revenues from Government
4B	Sales of goods and services
4C	Other revenue
4D	Other gains
5A	Employee expenses
5B	Supplier expenses
5C	Depreciation and amortisation expenses
5D	Write down of assets
6A	Cash
6B	Receivables
7A	Buildings - leasehold improvements
7B	Infrastructure, plant and equipment
7C	Analysis of property, plant and equipment
7D	Intangible assets
7E	Inventories
7F	Other non-financial assets
8A	Employee provisions
9A	Supplier payables
9B	Other payables
10	Cash flow reconciliation
11	Financial instruments
12	Contingent liabilities and assets
13	Executive remuneration
14	Remuneration of auditors
15	Average staffing levels
16	Act of Grace payments, waivers and defective administration scheme

Note 1. Summary of significant accounting policies

1.1 Objectives of the Therapeutic Goods Administration

The Therapeutic Goods Administration (TGA) contributes to Outcome 1 – the incidence of preventable mortality, illness and injury in Australians is minimised.

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.

On 12 December 2003, the Australian and New Zealand governments signed a Treaty to establish a joint scheme for the regulation of therapeutic products and medical devices in both countries. It is expected that during 2007-08, a new agency will be established under Australian law to administer the scheme and will be jointly controlled by the two governments. It is expected that the functions, assets and liabilities of the TGA will transfer to the new agency following its establishment.

1.2 Basis of preparation of the financial statements

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2005))*;
- Australian Accounting Standards issued by the Australian Accounting Standards Board that apply for the reporting period; and
- Interpretations issued by the AASB and Urgent Issues Group that apply for the reporting period.

This is the first financial report to be prepared in compliance with Australian Equivalents to International Financial Reporting Standards (AEIFRS). The impacts of adopting AEIFRS are disclosed in Note 2.

The TGA Income Statement and Balance Sheet have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities, which as noted, are at fair value or amortised cost. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are, however, not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 12).

Revenues and expenses are recognised in the Income Statement when and only when the flow or consumption of loss of economic benefits has occurred and can be reliably measured.

Note 1. Summary of significant accounting policies (continued)

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 Statement of compliance

The financial report complies with Australian Accounting Standards, which include AEIFRS.

Australian Accounting Standards require the TGA to disclose Australian Accounting Standards that have not been applied, for standards that have been issued by are no yet effective.

The AASB has issued amendments to existing standards, these amendments are denoted by year and then number, for example 2005-1 indicated amendment 1 issued in 2005.

The table below illustrates standards and amendments that will become effective for the TGA in the future. The expected impact on the financial report of adoption of these standards is based on the TGA's initial assessment at this date, but may change.

Title	Standard affected	Application date*	Nature of impending change	Impact expected on financial report
2005-10	AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 and AASB 1038	1 January 2007	Amended requirements subsequent to the issuing of AASB 7.	No expected impact.
2006-1	AASB7 Financial Instruments: Disclosures	1 January 2007	Revise the disclosure requirements for financial instruments from AASB132 requirements.	No expected impact.

* Application date is for annual reporting periods beginning on or after the date shown.

Note 1. Summary of significant accounting policies (continued)

1.5 Revenue

The revenues described in this Note are revenues relating to the core operating business of the TGA.

Revenues from Government

Appropriations were made to the TGA to provide interest supplementation for outstanding bank balance including the credit of the Official Public Account following changes to whole-of-government agency banking arrangements in 2003.

Revenue from fees and charges

The TGA recovers the cost of all activities undertaken within the scope of the *Therapeutic Goods Act (1989)* from industry through fees and charges.

Annual charges for entries on the Australian Register of Therapeutic Goods and manufacturing licence charges are recognised as revenue in the financial year to which the charges relate and are non-refundable.

Application fees and minor evaluation fees are recognised as revenue on receipt.

Major evaluation and conformity assessment fees are recognised progressively as services are performed.

Other revenues

Revenue from the sale of goods and services is recognised upon the delivery of the goods or services to customers.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.6 Gains

Resources received free of charge

Services received free of charge are recognised as gains when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements.

Note 1. Summary of significant accounting policies (continued)

1.7 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.8 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than $2,000. Leasehold improvements to properties with values of $10,000 or greater are capitalised. Internally developed software and purchased software with values of $100,000 or greater are capitalised. Any purchases under these thresholds are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

Revaluations

All property, plant and equipment held by the TGA were valued under the 'fair value' valuation methodology as at 1 July 2004. All valuations were conducted by Aon Valuation Services.

The fair value on each individual asset was determined by using the market value approach where reliable market values could be ascertained, or the depreciated replacement cost methodology.

Under fair value, assets which would not be replaced, or are surplus to requirements, are measured at their net realisable value.

Following initial recognition at cost, valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Note 1. Summary of significant accounting policies (continued)

1.8 Property, plant and equipment

Depreciation/amortisation

Depreciable property, plant and equipment are written off to their estimated residual values over their useful lives to the TGA using, in all cases, the straight line method of depreciation. Leasehold improvements are amortised on the straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable assets are based on the following useful lives:

	2006	2005
Leasehold improvements	**Lease term**	Lease term
Plant and equipment	**5 to 20 years**	5 to 20 years

The aggregate amount of depreciation and amortisation allocated for each class of assets during the reporting period is disclosed in Note 5C.

Impairment

All assets were assessed for impairment at 30 June 2006. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the TGA were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

No indicators of impairment were found for assets at fair value.

1.9 Intangibles

The TGA's intangibles comprise internally developed software for internal use. These assets are carried at cost.

Software is amortised on a straight line basis over its anticipated useful life. The useful lives of the TGA's software is 3 to 10 years. (2004-05: 3 to 10 years).

All software assets were assessed for indications of impairment as at 30 June 2006. The impact of impairment to the TGA was not material.

Note 1. Summary of significant accounting policies (continued)

1.10 Inventories

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at the net realisable value.

1.11 Employee benefits

Benefits

As required by the Finance Minister's Orders, the TGA has early adopted AASB 119 Employee Benefits as issued in December 2004.

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provisions for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the TGA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the TGA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work carried out during March 2005 by the Australian Government Actuary as at 30 June 2004. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy payments in circumstances where the TGA has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined and has informed those employee affected that it will carry out the terminations.

Note 1. Summary of significant accounting policies (continued)

1.11 Employee benefits

Superannuation

Employees of the TGA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation (PSS) Scheme and the Public Sector Superannuation Scheme Accumulation Plan (PSSAP).

From 1 July 2005, new employees are required to join the PSSAP scheme.

The CSS and PSS are defined benefit schemes for the Commonwealth. The PSSAP is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The TGA makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Agency's employees.

The liability for superannuation recognised as at 30 June 2006 represents outstanding contributions for the period since the last pay period of the year.

Performance pay

Performance pay is payable to certain staff by virtue of the Department's Certified Agreement and Australian Workplace Agreements (AWAs). In accordance with AASB 119 and associated guidance from Finance Brief 21, a provision has been established for performance pay based on the expected total bonus to be paid.

1.12 Contingent liabilities and contingent assets

Contingent Liabilities and Assets are not recognised in the Balance Sheet but are identified in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability or asset is recognised. A liability or asset is recognised when its existence is confirmed by a future event, settlement becomes probable (virtually certain for assets) or reliable measurement becomes possible.

Note 1. Summary of significant accounting policies (continued)

1.13 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. The TGA does not have any finance leases.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.14 Prepayments received

The provision of service is recognised as revenue when the services have been provided. However, for some services, payment is required in advance. Where the moneys for these services, if material, have been received or the service has been invoiced at year-end, but the service has not been provided, the relevant amount has been disclosed as prepayments received.

1.15 Cash

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.16 Financial risk management

The TGA's activities expose it to normal commercial financial risk. As a result of the nature of the TGA's business and internal and Australian Government policies, dealing with the management of financial risk, the TGA's exposure to market, credit, liquidity and cash flow and fair value interest rate risk is considered to be low.

1.17 Rounding

Amounts have been rounded to the nearest thousand except in relation to remuneration of executives and auditors.

Note 1. Summary of significant accounting policies (continued)

1.18 Taxation

The TGA is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

Revenues, expenses, assets and liabilities are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and/or
- except for receivables and payables.

1.19 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements, where required.

1.20 Bad and doubtful debts

Bad debts are written off during the year in which they are identified. A provision is raised for doubtful debts based on a review of all outstanding receivables at year-end.

1.21 Insurance

The TGA has insured for risks through the Comcover scheme, administered by the Department of Finance and Administration. Workers' compensation is insured through Comcare Australia.

Note 2. The impact of the transition to Australian Equivalents to International Financial Reporting Standards (AEIFRS) from previous Australian Generally Accepted Accounting Principles (AGAAP)

	2005 $'000	2004 $'000
Reconciliation of total equity as presented under previous AGAAP to that under AEIFRS		
Total equity under previous AGAAP	**13,303**	8,104
Adjustments to retained earnings:		
Employee provisions	**5**	179
Adjustments to other reserves:	**-**	-
Total equity translated to AEIFRS	**13,308**	8,283
Reconciliation of profit or loss as presented under previous AGAAP to AEIFRS		
Prior year profit as previously reported	**4,525**	4,338
Adjustments:		
Employee provisions	**5**	179
Prior year profit translated to AEIFRS	**4,530**	**4,517**

The cash flow statement presented under previous AGAAP is equivalent to that prepared under AEIFRS.

The TGA has not restated comparatives for financial instruments. The adjustments between AEIFRS and the previous AGAAP have been taken up at 1 July 2005.

Note 3. Events after the balance sheet date

No reportable events occurred after the balance sheet date.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2006

			2006 **$'000**	2005 $'000
INCOME				
OPERATING REVENUES				
Note	**4A**	**Revenues from Government**		
		Appropriations for outputs	**1,137**	6,177
		Total revenues from government	**1,137**	6,177
Note	**4B**	**Sales of goods and services**		
		Goods	**-**	-
		Services	**67,881**	67,338
		Total sales of goods and services	**67,881**	67,338
		Provision of goods to:		
		Related entities	**-**	-
		External entities	**-**	-
		Total sales of goods	**-**	-
		Rendering of services to:		
		Related entities	**-**	-
		External entities	**67,881**	67,338
		Total rendering of services	**67,881**	67,338
Note	**4C**	**Other revenue**		
		Publications	**760**	35
		Training and Consultancy	**416**	180
		Commercial activities	**69**	1,230
		Other	**2,898**	1,060
		Total other revenue	**4,143**	2,505
Note	**4D**	**Other gains**		
		Resources received free of charge	**63**	63

			2006 $'000	2005 $'000
OPERATING EXPENSES				
Note	**5A**	**Employee expenses**		
		Wages and Salaries	**31,621**	28,391
		Superannuation	**5,775**	5,675
		Leave and other entitlements	**5,903**	6,038
		Separation and redundancies	**290**	-
		Other employee expenses	**1,094**	1,629
		Total employee expenses	**44,683**	**41,733**
Note	**5B**	**Supplier expenses**		
		Provision of goods - related entities	**-**	-
		Provision of goods - external entities	**1,479**	509
		Rendering of services - related entities	**1,415**	1,607
		Rendering of services - external entities	**15,633**	15,525
		Operating lease rentals[1]	**10,907**	8,937
		Workers' compensation premiums	**455**	453
		Total supplier expenses	**29,889**	27,031
		[1] These comprise minimum lease payments only.		
Note	**5C**	**Depreciation and amortisation expenses**		
		(i) Depreciation		
		Infrastructure, plant and equipment	**739**	660
		Leasehold improvements	**233**	209
		Total Depreciation	**972**	869
		(ii) Amortisation		
		Intangibles - Computer Software	**2,323**	1,807
		Total depreciation and amortisation	**3,295**	2,676
		The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:		
		Leasehold Improvements	**233**	209
		Infrastructure, Plant and Equipment	**739**	660
		Intangibles	**2,323**	1,807
		Total depreciation and amortisation	**3,295**	2,676
		No depreciation or amortisation was allocated to the carrying amounts of other assets.		
Note	**5D**	**Write down of assets**		
		Financial assets		
		Bad and doubtful debts expense	**75**	57
		Non-financial assets		
		Infrastructure, plant and equipment - write off	**38**	20
		Revaluation decrement	**-**	10
		Inventories - write off	**-**	31
		Intangibles - write off	**-**	-
		Total write-down of assets	**113**	118

			2006 $'000	2005 $'000
FINANCIAL ASSETS				
Note	**6A**	**Cash**		
		Special account	**1,985**	1,815
		Total cash	**1,985**	1,815
Note	**6B**	**Receivables**		
		Goods and services	**8,122**	7,236
		Less: Provision for doubtful debts	**(75)**	(57)
			8,047	7,179
		Receivable from OPA	**12,400**	18,000
		GST receivable from the Australian Taxation Office	**447**	413
		Total receivables (net)	**20,894**	25,592
		Receivables is represented by:		
		Current	**20,894**	25,592
		Non-Current	**-**	-
		Total receivables (net)	**20,894**	25,592

All receivables in relation to Goods and Services are with entities external to the Commonwealth.
Credit terms are net 30 days (2005: 30 days).

Receivables (gross) are aged as follows:

Current	**17,291**	20,524
Overdue by:		
Less than 30 days	**1,842**	1,147
30 - 60 days	**85**	3,572
61 - 90 days	**169**	368
More than 90 days	**1,582**	38
	3,678	5,125
Total receivables (gross)	**20,969**	25,649

The provision for doubtful debts is aged as follows:

Current	**-**	-
Overdue by:		
Less than 30 days	**-**	-
30 - 60 days	**-**	-
61 - 90 days	**-**	-
More than 90 days	**75**	57
	75	57
Total provision for doubtful debts	**75**	57

			2006 $'000	2005 $'000
NON-FINANCIAL ASSETS				
Note	**7A**	**Buildings - leasehold improvements**		
		Leasehold improvements		
		- at fair value	**2,318**	1,962
		- accumulated amortisation	**(442)**	(209)
			1,876	1,753
		- Work in progress at cost	**-**	220
		Total leasehold improvements (non-current)	**1,876**	1,973
Note	**7B**	**Infrastructure, plant and equipment**		
		Infrastructure, plant and equipment		
		- at fair value	**5,456**	4,678
		- accumulated depreciation	**(1,364)**	(651)
			4,092	4,027
		Total infrastructure, plant and equipment (non-current)	**4,092**	4,027

All formal revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2004-05, revaluations were conducted by Aon Valuation Services.

Revaluation increments of $178,809 for leasehold improvements and $305,703 for plant and equipment were made to the asset revaluation reserve.

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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for the year ended 30 June 2006

Note 7C Analysis of property, plant and equipment

TABLE A - Reconciliation of the opening and closing balances of property, plant and equipment

Item	Buildings - Leasehold Improvements	Other Infrastructure, Plant and Equipment	TOTAL
	$'000	$'000	**$'000**
As at 1 July 2005			
Gross book value	2,182	4,678	**6,860**
Accumulated depreciation/amortisation	(209)	(651)	**(860)**
Opening Net Book Value	1,973	4,027	**6,000**
Additions:			
by purchase	136	842	**978**
from acquisitions of entities or operations (including restructuring)	-	-	**-**
Net revaluation increment/decrement	-	-	**-**
Depreciation/amortisation expense	(233)	(739)	**(972)**
Recoverable amount write-downs	-	-	**-**
Other movements:			
Write-back accumulated depreciation on disposal	-	-	**-**
Write back of accumulated depreciation on revaluation	-	-	**-**
Disposals:	-	-	**-**
Other disposals	-	(38)	**(38)**
As at 30 June 2006			
Gross Book Value	2,318	5,456	**7,774**
Accumulated depreciation	(442)	(1,364)	**(1,805)**
Closing Net Book Value	1,876	4,092	**5,969**

TABLE B - Property, plant and equipment under construction

Item	Buildings - Leasehold Improvements	Other Infrastructure, Plant and Equipment	TOTAL
	$'000	$'000	**$'000**
Carrying amount at 30 June 2006	-	-	**-**
Carrying amount at 30 June 2005	220	-	220

There are no assets held under finance leases.

			2006 $'000	2005 $'000
Note	**7D**	**Intangible assets**		
		Computer software:		
		Purchased software at cost	**1,203**	1,142
		Accumulated amortisation	**(372)**	(134)
			831	1,008
		Internally developed - in use:		
		Internally developed software at cost	**13,788**	13,088
		Accumulated amortisation	**(8,181)**	(6,096)
		Impairment write-down	**-**	-
			5,607	6,992
		Internally developed - in progress	**80**	98
		Total Intangibles (non-current)	**6,518**	8,098

TABLE A - Reconciliation of the opening and closing balances of intangibles

Item	Computer software purchased $'000	Computer software internally developed $'000	Total $'000
As at 1 July 2005			
Gross book value	**1,142**	**13,186**	**14,328**
Accumulated depreciation	**(134)**	**(6,096)**	**(6,230)**
Opening Net book value	**1,008**	**7,090**	**8,098**
Additions:			
Purchase	**61**	**-**	**61**
Internally developed	**-**	**682**	**682**
Movements:			
Depreciation/amortisation	**(238)**	**(2,085)**	**(2,323)**
Disposals:			
Other disposals	**-**	**-**	**-**
As at 30 June 2006			
Gross Book Value	**1,203**	**13,868**	**15,071**
Accumulated Depreciation / Amortisation	**(372)**	**(8,181)**	**(8,553)**
Net book value	**831**	**5,687**	**6,518**

TABLE B - Assets under construction

Item	Computer software purchased
Gross value as at 30 June 2006	**80**
Gross value as at 30 June 2005	**98**

			2006 $'000	2005 $'000
Note	**7E**	**Inventories**		
		Work in progress (cost)	**-**	-
		Finished goods (cost)	**-**	-
		Inventories held for sale	**-**	-
			-	-
		Inventories not held for sale (cost)	**85**	78
		Total inventories	**85**	78
		All departmental inventories are current assets.		
Note	**7F**	**Other non-financial assets**		
		Prepayments	**665**	572
		All other non-financial assets are current assets.		
PROVISIONS				
Note	**8A**	**Employee provisions**		
		Salaries and wages	**240**	116
		Leave	**13,368**	12,774
		Superannuation	**47**	22
		Separation and redundancies	**-**	-
			13,655	12,912
		Other	**(104)**	(24)
		Total employee provisions	**13,551**	12,888
		Current	**3,834**	3,142
		Non-current	**9,717**	9,746
		Total employee provisions	**13,551**	12,888
PAYABLES				
Note	**9A**	**Supplier payables**		
		Trade Creditors	**1,348**	485
		Operating lease rentals	**-**	-
		Total supplier payables	**1,348**	485
		Supplier payables are represented by:		
		Current	**1,348**	485
		Non-current	**-**	-
		Total supplier payables	**1,348**	485
		Settlement is usually made net 30 days.		
Note	**9B**	**Other payables**		
		Prepayments received	**7,240**	11,449
		Other	**5,424**	4,025
		Total other payables	**12,664**	15,474
		All other payables are current liabilities.		

THERAPEUTIC GOODS ADMINISTRATION SPECIAL ACCOUNT
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	2006 **$'000**	2005 $'000
Note 10: Cash flow reconciliation		
Reconciliation of cash per Income Statement to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	**1,985**	1,815
Balance Sheet items comprising above cash: 'Financial Asset - Cash'	**1,985**	1,815
Reconciliation of net surplus to net cash from operating activities:		
Net surplus (deficit)	**(4,756)**	4,525
Depreciation / amortisation	**3,295**	2,676
Net write down of non-financial assets	**-**	30
Loss (Gain) on disposal of assets	**38**	-
Change in assets and liabilities:		
(Increase) decrease in net receivables	**4,698**	(5,594)
(Increase) decrease in inventories	**(7)**	40
(Increase) decrease in prepayments	**(93)**	669
Increase (decrease) employee provisions	**663**	109
Increase (decrease) in supplier payables	**863**	(851)
Increase (decrease) in other payables	**1,399**	85
Increase (decrease) in prepayments received	**(4,209)**	(1,631)
Net cash from or (used by) operating activities	**1,891**	58

Note 11: Financial instruments

(a) Terms, conditions and accounting policies

Financial instrument	**Notes**	**Accounting Policies and Methods (including recognition criteria and measurement basis)**	**Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flow)**
Financial assets		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash	6A	Deposits are recognised at their nominal amounts.	Surplus cash held by the TGA above the agreed upon daily working cash balance is transferred to the Official Public Account (OPA).
Receivables for goods and services	6B	These receivables are recognised at the nominal amounts due less any provision for bad or doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when the collection of the debt is judged to be less rather than more likely.	Credit terms are net 28 days.
Receivable from the OPA	6B	These receivables are recognised at their nominal amounts.	Cash in excess of allocated working levels are transferred to the OPA.

Note 11: Financial Instruments (continued)

(a) Terms, conditions and accounting policies

Financial instrument	**Notes**	**Accounting Policies and Methods (including recognition criteria and measurement basis)**	**Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flow)**
Financial liabilities		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Trade Creditors	9A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent the goods and services have been received (and irrespective of having being invoiced).	Settlement is usually made net 30 days.
Other payables	9B	Where a service has been invoiced in advance or a service payment has been received in advance, the relevant amount is disclosed as unearned income.	The provision of service is only recognised as revenue when the service has been provided.

Note 11: Financial instruments (continued)

(b) Interest rate risk

Financial instrument	Notes	Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total		Weighted Average Interest Rate	
		2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	**%**
Financial assets											
Cash at bank	**6A**	**-**	-	**-**	-	**1,985**	1,814	**1,985**	1,814	**n/a**	n/a
Cash on hand	**6A**	**-**	-	**-**	-	**-**	1	**-**	1	**n/a**	n/a
Receivables for goods and services (gross)	**6B**	**-**	-	**-**	-	**8,122**	7,236	**8,122**	7,236	**n/a**	n/a
Receivable from the OPA	**6B**	**-**	-	**-**	-	**12,400**	18,000	**12,400**	18,000	**n/a**	n/a
Other debtors	**6B**	**-**	-	**-**	-	**-**	-	**-**	-		
Total financial assets (recognised)		**-**	-	**-**	-	**22,507**	27,051	**22,507**	27,051		
Total assets								**36,115**	42,155		
Financial liabilities											
Trade creditors	**9**	**-**	-	**-**	-	**1,348**	485	**1,348**	485	**n/a**	n/a
Other payables	**9**	**-**	-	**-**	-	**12,664**	15,474	**12,664**	15,474	**n/a**	n/a
									-		
Total financial liabilities (recognised)		**-**	-	**-**	-	**14,012**	15,959	**14,012**	15,959		
Total liabilities								**27,563**	28,847		

Note 11: Financial instruments (continued)

(c) Net fair value of financial assets and liabilities

	Notes	2006		2005	
		Total Carrying Amount $'000	**Aggregate Fair Value $'000**	Total Carrying Amount $'000	Aggregate Fair Value $'000
Financial assets					
Cash at bank	**6A**	**1,985**	**1,985**	1,815	1,815
Receivables for goods and services (net)	**6B**	**8,047**	**8,047**	7,179	7,179
Other debtors	**6B**	**-**	**-**	-	-
Receivable from the OPA	**6B**	**12,400**	**12,400**	18,000	18,000
Total financial assets		**22,432**	**22,432**	26,994	26,994
Financial liabilities (Recognised)					
Trade creditors	**9A**	**1,348**	**1,348**	485	485
Other payables	**9B**	**12,664**	**12,664**	15,474	15,474
Total financial liabilities (Recognised)		**14,012**	**14,012**	15,959	15,959

Financial assets

The net fair value of cash, deposits on call and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial liabilities

The net fair value for trade creditors is short term in nature and is the approximated carrying amounts.

None of the classes of financial liabilities is readily traded on organised markets in standardised form.

(d) Credit risk exposures

The Department's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Balance Sheet.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

	2006	2005

Note 12: Contingent liabilities and assets

Unquantifiable contingencies

1 At 30 June 2006, the TGA had a contingent liability to indemnify the lessor of TGA's building against all claims arising from negligent use or misuse of the services; and indemnify against claims arising from the construction, maintenance, operation, repair and keeping safe of the laboratories upgraded or constructed by the TGA.

2 At 30 June 2006, the TGA had a contingent liability to indemnify an employee of the TGA against any claims for damages or costs arising from legal proceedings for charges made under the *NSW Crimes Act 1900* against Pan Pharmaceuticals and an employee of the company in relation to breaches of the *Therapeutic Goods Act 1989*.

Note 13: Executive remuneration

The number of executive officers who received or who were due to receive remuneration of $130,000 or more:		
$130,000 to $144,999	**2**	3
$145,000 to $159,999	**2**	3
$160,000 to $174,999	**5**	6
$175,000 to $189,999	**8**	6
$190,000 to $204,999	**3**	2
$205,000 to $219,999	**2**	1
$220,000 to $234,999	**2**	-
$235,000 to $249,999	**-**	1
$250,000 to $264,999	**24**	22
The aggregate amount of total remuneration of executives shown above.	**$ 4,336,157**	$ 3,821,005
The aggregate amount of separation and redundancy/ termination benefit payments during the year to executives shown above.	**$ 272,934**	Nil

Note 14: Remuneration of auditors

Financial statement audit services are provided free of charge to the department.		
The fair value of the services provided was:		
Therapeutic Goods Administration.	**$ 62,500**	$ 62,500

No other services were provided by the Auditor-General.

Note 15: Average staffing levels

Average staffing levels for the business operation during the year were:	**454**	450

Note 16: Act of Grace payments, waivers and defective administration scheme

No 'Act of Grace' payments were made during the reporting period, and there are no amounts owing as at year end.

No waivers of amounts were made during the reporting period pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997,* and there are no amounts owing to the Commonwealth as at year end.

No payments were made during the reporting period under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA).

PART 04

APPENDICES

APPENDIX 01
ADVERTISING AND MARKET RESEARCH

Advertising Agencies

Organisation	Service Provided	Paid $ (GST Incl)
BMF Advertising Pty Ltd	Talent fees for the National Tobacco Campaign – 'Lung', 'Artery', 'Call for Help', 'Brain' and 'Eye' advertisement.	118,462
Brown Melhuish Fishlock	Creative advertising services for the National Tobacco Campaign – Health Warnings.	467,472
HMA Blaze Pty Ltd	Advertising the Trachoma tender.	3,999
HMA Blaze Pty Ltd	General advertisement in the *Weekend Australian* (22 April 2006) about Therapeutic Goods Administration employment.	7,199
HMA Blaze Pty Ltd	Advertising of the opening of the 2005-06 round of the Better Skills for Better Care program – August 2005.	2,214
HMA Blaze Pty Ltd	Advertising of the Aged Care Nursing Scholarships Scheme – March 2006.	9,228
HMA Blaze Pty Ltd	Advertising of a request for Expressions of Interest (227/05-06) for the Support for Aged Care Training program – March 2006.	9,500
HMA Blaze Pty Ltd	DoctorConnect web site advertising in international and domestic medical journals.	316,774
HMA Blaze Pty Ltd	Request for Tender advertisement for the evaluation of rapid assessment units in specialist medical colleges.	2,877
HMA Blaze Pty Ltd	Annual advertising for the Medical Rural Bonded Scholarship Scheme, the Rural Australia Medical Undergraduate Scheme, and the John Flynn Scholarship Scheme in metropolitan and regional newspapers.	56,588
J Walter Thompson	Creative advertising services for the 'Get Moving' physical activity campaign.	870,147
Jeffress	DoctorConnect web site advertising in domestic medical journals.	1,691
National Promotions	Production of DoctorConnect materials.	24,357
Small World Media Group	DoctorConnect web site advertising in international and domestic medical journals.	4,000
The 303 Group	Creative advertising services for the 'Go for 2&5®' fruit and vegetable campaign.	109,672
The Campaign Palace/Red Cell (formerly Batey Kazoo)	Talent roll-over fees and advertising services for the National Illicit Drugs campaign.	41,836
The Couch	Print, production and development of DoctorConnect materials.	12,699

Market Research Organisations

Organisation	Service Provided	Paid $ (GST Incl)
Australia Market Research Pty Ltd	Provision of quantitative research to evaluate the Health and Ageing web site <www.health.gov.au>.	*44,550
Australian Healthcare Associates Pty Ltd	To undertake a survey of aged care homes for the Aged Care GP Panels Initiative for the period 1 July 2004 to 31 December 2005. This included data collection, analysis, production of a final report and print ready version for distribution.	54,692
Blue Moon Research and Planning Pty Ltd	Concept testing of consumer messages on smoking, nutrition, alcohol, physical activity and overweight and obesity (SNAP-O) and the concept of a SNAP-O Consumer Resource.	87,780
Blue Moon Research and Planning Pty Ltd	Qualitative research for the National Varicella Vaccination campaign.	*77,000
Blue Moon Research and Planning Pty Ltd	BreastScreen Australia qualitative research into women's attitudes to breast cancer screening and their communication needs.	109,780
Blue Moon Research and Planning Pty Ltd	Qualitative research to evaluate the *Australian Immunisation Handbook, 8th Edition*.	**61,292
Blue Moon Research and Planning Pty Ltd	A literature review to identify barriers relating to childhood and adult immunisation.	13,167
Blue Moon Research and Planning Pty Ltd	Qualitative research on pandemic influenza, May 2006.	**55,395
Blue Moon Research and Planning Pty Ltd	Qualitative research on pandemic influenza, November 2005.	*198,000
Campbell Research and Consulting Pty Ltd	2005 Community Attitudes to Palliative Care Research project.	138,794
CHIK Services Pty Ltd	IT Readiness Survey, to research the current level of IT use within the aged care sector and the sector's capacity to take-up eBusiness and e-Health initiatives.	**68,153
Colmar Brunton Social Research	Provision of qualitative research to evaluate the Health and Ageing web site.	*43,852
Cultural and Indigenous Research Centre Australia	An evaluation of the Vibe Australia products.	168,580
Cultural Perspectives Pty Ltd	Public consultation on increasing cultural competency for engaging people of culturally and linguistically diverse backgrounds in healthier living – 8 focus groups at $4,400 each.	35,200

Organisation	Service Provided	Paid $ (GST Incl)
Eureka Strategic Research Pty Ltd	Concept testing research for the National Skin Cancer Awareness Campaign.	**77,445
Eureka Strategic Research Pty Ltd	Developmental research for the National Skin Cancer Awareness Campaign.	*87,593
Eureka Strategic Research Pty Ltd	Evaluation of the effectiveness of promotional material for the Bonded Medical Places Scheme.	11,891
Eureka Strategic Research Pty Ltd	Developmental research for the Asthma Awareness Communication Initiative.	*159,984
Eureka Strategic Research Pty Ltd	Qualitative research on security policy awareness within the Department.	17,919
Eureka Strategic Research Pty Ltd	Qualitative research to evaluate the implementation of a security awareness strategy within the Department.	17,556
Inside Story Knowledge Management Pty Ltd	Market Research (Phase 2) Services for the Aged Care Choices web site project.	**74,167
IPSOS Australian Pty Ltd	Smoking and Pregnancy Advisory Group qualitative research.	*55,000
Newton Wayman Chong	Research on how doctors and pharmacists access information from the Schedule of Pharmaceutical Benefits.	61,097
Roy Morgan Research Pty Ltd	Research with parents of teenagers, and teenagers about alcohol.	103,177
Roy Morgan Research Pty Ltd	National Pneumococcal Vaccination Campaign Evaluation.	132,000
Scott Market Research	National Cervical Screening Program qualitative research into current attitudes and behaviour regarding cervical cancer and screening and evaluation of revised communication materials reflecting the changes as a result of implementing revised National Health and Medical Research Council cervical screening guidelines.	*65,137
The Social Research Centre Pty Ltd	Provision of the Tobacco Retailers Survey.	*44,000
The Social Research Centre Pty Ltd	National Tobacco Survey – November 2005.	*209,871
The Social Research Centre Pty Ltd	Evaluation of the National Illicit Drugs Youth Campaign.	340,699
The Social Research Centre Pty Ltd	Consumer Perspectives Survey – undertake qualitative research leading to question development for new survey modules and quantitative research involving implementation of the survey.	**336,093
Taylor Nelson Sofres Australia Pty Ltd	National Health and Medical Research Council National Stakeholder Survey and report.	145,503
Wallis Consulting Pty Ltd	Evaluation of the National Drugs Campaign Sponsorship of the 2005 Rock Eisteddfod Challenge.	64,352
Wendy Bloom and Associates	Market research into Pharmaceutical Benefits Scheme information materials.	25,000

Organisation	Service Provided	Paid $ (GST Incl)
Wendy Bloom and Associates	Market research to evaluate the effectiveness and appropriateness of design concepts and written materials for the Healthy for Life program.	*43,938
Woolcott Research Pty Ltd	Consumer omnibus survey to evaluate the 2005 World AIDS Day communications activities.	*13,789
Woolcott Research Pty Ltd	Concept testing and benchmark research for the 'Go for 2&5®' campaign.	56,412
Woolcott Research Pty Ltd	Concept testing and tracking research for the 'Get Moving' physical activity campaign.	449,210
Woolcott Research Pty Ltd	National Youth Tobacco Campaign concept testing.	**98,934
Woolcott Research Pty Ltd	Health Warnings Campaign Omnibus Survey.	**12,710
Woolcott Research Pty Ltd	National Tobacco Campaign Health Warnings concept testing.	*94,540
Worthington di Marzio Research Pty Ltd	Community Attitudes to Ageing and Older People.	154,000
Zoo	Focus testing and development of consumer messages and resources on overweight and obesity.	64,850

* These contracts are also reported in Appendix 3 – Consultancy Services.
** This amount reflects particulars of all amounts paid by the Department during the financial year, not the total contract value as reported in Appendix 3 – Consultancy Services.

Polling Organisations

Organisation	Service Provided	Paid $ (GST Incl)
Not applicable.	Not applicable.	Not applicable.

Direct Mail Organisations

Organisation	Service Provided	Paid $ (GST Incl)
Australia Post	Bulk lodgement and postage of the Medicare Benefits Schedule.	274,570
Canprint Communications Pty Ltd	Frequently Asked Questions (PBS 11).	5,126
Couch Design Studio Pty Ltd	Desktopping and design concepts for Pandemic Influenza resources.	4,643
CPP Instant Printing	Printing of the Australian Health Management Plan for Pandemic Influenza.	30,215
Excell Printing	Consumer Postcard (PBS 10).	3,553

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Tender for horizon scanning services for New Medical Technologies.	2,709
Lane Print Group	Printing and distribution of residential aged care fees advice letters.	257,979
Leigh Mardon Australian Pty Ltd	Printing of voucher packs for eligible clients of the Office of Hearing Services.	46,023
Leigh Mardon Australian Pty Ltd	Printing of survey questionnaires for the Office of Hearing Services Client Satisfaction Survey.	6,930
National Capital Printing	Printing of information tools.	43,292
National Mailing and Marketing Pty Ltd	Warehousing and distribution of HIV/AIDS and STIs-related education and policy materials.	31,167
National Mailing and Marketing Pty Ltd	Warehousing and distribution of National Cervical Screening Program communication and education resources.	2,329
National Mailing and Marketing Pty Ltd	Distribution of information packages to health professionals to support implementation of the revised National Health and Medical Research Council cervical screening guidelines.	19,104
National Mailing and Marketing Pty Ltd	Mail-out to Division of General Practice and Immunisations providers.	32,743
National Mailing and Marketing Pty Ltd	Warehousing and distributing of Immunise Australia Programs publications.	9,642
National Mailing and Marketing Pty Ltd	Warehousing and distributing of Immunise Australia Programs publications.	11,934
National Mailing and Marketing Pty Ltd	Mail-out to GPs on the National Pneumococcal Vaccination Program for older Australians.	9,711
National Mailing and Marketing Pty Ltd	Warehousing and distribution of alcohol health promotion resources.	358,610
National Mailing and Marketing Pty Ltd	Warehousing and distribution of Indigenous and Diversion resources.	89,650
National Mailing and Marketing Pty Ltd	Warehousing and distribution of promotional and educational material on licit and illicit drugs.	30,268
National Mailing and Marketing Pty Ltd	Collation, storage and distribution of Lifescripts Resource Kits.	47,345
National Mailing and Marketing Pty Ltd	Storage and dispersing of Falls Preventions booklets and brochures.	14,897
National Mailing and Marketing Pty Ltd	Warehousing and distribution of Nutrition and Physical Activity material.	158,132
National Mailing and Marketing Pty Ltd	Resource order fulfilment, mail-outs and stock management for the National Illicit Drugs Campaign.	89,261
National Mailing and Marketing Pty Ltd	National mail-outs to GPs and parents for the National Pneumococcal and Varicella Vaccination Programs.	255,829

Organisation	Service Provided	Paid $ (GST Incl)
National Mailing and Marketing Pty Ltd	Preparation and distribution of changes to the Pathology Services Table of the Medicare Benefits Schedule effective 1 November 2005.	4,219
National Mailing and Marketing Pty Ltd	Preparation and distribution of National Pathology Accreditation Advisory Council documents.	12,923
National Mailing and Marketing Pty Ltd	Preparation and distribution of three National Pathology Accreditation Advisory Council documents for public consultation.	13,040
National Mailing and Marketing Pty Ltd	Preparation and distribution of pathology documents.	5,377
National Mailing and Marketing Pty Ltd	Release and distribution of National Pathology Accreditation Advisory Council documents for public consultation.	7,145
National Mailing and Marketing Pty Ltd	Distribution of brochures for organ donation National Schools Competition.	2,105
National Mailing and Marketing Pty Ltd	Storage and distribution of Pharmaceutical Access and Quality Branch publications.	9,735
National Mailing and Marketing Pty Ltd	Warehousing, production and distribution of materials.	21,081
National Mailing and Marketing Pty Ltd	Warehousing, production and distribution of materials.	1,553
National Mailing and Marketing Pty Ltd	Storage and distribution of the Medicare Benefits Schedule.	20,406
National Mailing and Marketing Pty Ltd	Storage and distribution of publications for the Office of Hearing Services.	32,181
National Mailing and Marketing Pty Ltd	Distribution of 2004 Aged Care Survey results.	17,928
National Mailing and Marketing Pty Ltd	Preparation and distribution of new Medicare Benefits Schedule Items to GPs.	25,913
National Mailing and Marketing Pty Ltd	Preparation and distribution of Higher Education Contribution Scheme Reimbursement Scheme posters and brochures.	11,625
National Mailing and Marketing Pty Ltd	Warehousing, packing and distribution of Aboriginal and Torres Strait Islander health publications.	24,076
National Mailing and Marketing Pty Ltd	Preparation and distribution of personalised letters to aged care homes.	6,214
National Mailing and Marketing Pty Ltd	Storage and distribution of aged care information products.	452,792
National Mailing and Marketing Pty Ltd	Storage and distribution of continence information material.	149,365
National Mailing and Marketing Pty Ltd	Preparation and distribution of regulatory information.	2,562
National Mailing and Marketing Pty Ltd	Preparation and distribution of promotional material for the Aged Care Nursing Scholarships Scheme – September 2005.	4,129

Organisation	Service Provided	Paid $ (GST Incl)
National Mailing and Marketing Pty Ltd	Preparation of and distribution of 2005 Aged Care Approvals Round information kits.	25,662
National Mailing and Marketing Pty Ltd	Preparation and distribution of the 2005 Regional Distribution of Aged Care Places kit.	3,986
National Mailing and Marketing Pty Ltd	Distribution of the *Payment E$$ential$* newsletter (10 editions).	33,166
National Mailing and Marketing Pty Ltd	Storage and despatch of Building Healthy Community Resources – promotional materials, Resource Kit and WellingTONNE Challenge Kit.	14,865
National Mailing and Marketing Pty Ltd	Distribution of the 9th Annual Medical Training Review Panel Report.	2,181
National Mailing and Marketing Pty Ltd	Mail-out and storage services for Health*Insite* promotional materials.	1,513
National Mailing and Marketing Pty Ltd	Mail-out and storage services for Health*Connect* promotional materials.	2,300
National Mailing and Marketing Pty Ltd	Warehousing, picking and packing of palliative care products.	32,489
National Mailing and Marketing Pty Ltd	Distribution of the Private Patients' Hospital Charter.	5,254
New Millennium Print	Printing of Pandemic Influenza resources.	14,339
PMP Print Pty Ltd	Bulk delivery of the Medicare Benefits Schedules.	10,645
Pirion Pty Ltd	Printing of the Australian Health Management Plan for Pandemic Influenza.	5,859
Rural Health Education Foundation	Distribution of Diabetes Professional Development Programs on DVD and video.	172,466
Union Offset Printers	Broadband for Health Year 3 Information Kit printing.	15,306
Zoo Communications Pty Ltd	Desktopping and design concepts for Pandemic Influenza resources.	56,341

Media Advertising Organisations

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Tender advertisement for the Survey of Antimicrobial Resistance in Food.	2,709
HMA Blaze Pty Ltd	Placing advertisements for the Statutory Review of the *Gene Technology Act 2000*.	34,442
HMA Blaze Pty Ltd	Placing advertisements for invitations to comment on the Office of the Gene Technology Regulator – regulatory activities.	44,306
HMA Blaze Pty Ltd	Placing advertisements for recruitment of staff – the Office of the Gene Technology Regulator.	56,545
HMA Blaze Pty Ltd	Advertising changes to the *Australian Immunisation Handbook, 8th Edition*.	2,657
HMA Blaze Pty Ltd	Advertising for Expressions of Interest for the manufacture of Q Fever Vaccine and Screening Test.	2,709
HMA Blaze Pty Ltd	A national newspaper advertisement in all capital cities inviting submissions for the Chlamydia Targeted Grants Program for Chlamydia Testing Projects.	18,499
HMA Blaze Pty Ltd	Advertisements for the tender for a research project to identify the enablers and barriers of Indigenous injecting drug users accessing needle and syringe programs.	3,343
HMA Blaze Pty Ltd	Advertisements for the tender of the national Amphetamines Training Package.	2,435
HMA Blaze Pty Ltd	Printing of graphic health warnings in medical journals.	29,981
HMA Blaze Pty Ltd	Advertisement seeking tenders for the National Drug Strategy Data Analysis Project.	2,709
HMA Blaze Pty Ltd	Advertisements calling for submissions and advising consultations for the development of a National Cannabis Strategy.	12,542
HMA Blaze Pty Ltd	Advertising Expressions of Interest for the Healthy School Community Grants Program.	3,953
HMA Blaze Pty Ltd	Advertorial placements for the National Pneumococcal Vaccination Program.	217,804
HMA Blaze Pty Ltd	Making up and placement of newspaper advertisements in relation to Request for Tender 287/0506 Cleaning and Waste Management Services.	2,932
HMA Blaze Pty Ltd	Advertising for a selection process to find a service provider for Magnetic Resonance Imaging in Dubbo, New South Wales.	9,854
HMA Blaze Pty Ltd	Advertising for a selection process to find a service provider for a trial of mobile Magnetic Resonance Imaging in Gippsland, Victoria and South Eastern New South Wales.	11,814
HMA Blaze Pty Ltd	Advertisement for a consultant to review the Approved (Pathology) Collection Centre arrangements.	11,429

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Advertisement for a consultant to investigate the drivers of growth in pathology and diagnostic imaging.	15,813
HMA Blaze Pty Ltd	Advertising in the medical press for submissions to the Plasma Fractionation Review.	13,317
HMA Blaze Pty Ltd	Advertising in the national press for submissions to the Plasma Fractionation Review.	46,987
HMA Blaze Pty Ltd	Advertising in the national press for the tender of information technology and related services.	2,021
HMA Blaze Pty Ltd	Advertisement in the *Medical Observer* and the *Australian Doctor* – Changes to Allied Health Items.	19,569
HMA Blaze Pty Ltd	Advertisement in the *Australian Doctor* and the *Medical Observer* – Changes to Allied Health items.	12,452
HMA Blaze Pty Ltd	Advertisement in the *Australian Doctor* and the *Medical Observer* – Higher Education Contribution Scheme.	13,437
HMA Blaze Pty Ltd	Publish Round The Clock round 1 advertisement in the medical press (the *Australian Doctor* and the *Medical Observer*).	9,102
HMA Blaze Pty Ltd	Advertising in *The Australian*. Call for submissions for nursing in general practice.	6,104
HMA Blaze Pty Ltd	Recruitment advertisement in *The Australian* (April 2005-06).	6,962
HMA Blaze Pty Ltd	Arranged the advertising of the Healthy for Life program national call for applications.	39,166
HMA Blaze Pty Ltd	Australia New Zealand Therapeutic Products Authority, road show advertising – Australian newspapers.	11,417
HMA Blaze Pty Ltd	Advertisement in various newspapers and magazines regarding National Industry Chemicals Notification Assessment Scheme registration and chemical awareness.	14,349
HMA Blaze Pty Ltd	Recruitment advertisements during 2005-06 in various newspapers – Office of Chemical Safety/National Industrial Chemicals Notification and Assessment Scheme.	55,684
HMA Blaze Pty Ltd	Advertising for public engagement forums on the safe use of chemicals, in various newspapers.	16,078
HMA Blaze Pty Ltd	Newspaper insert for the national day for older Australians.	5,500
HMA Blaze Pty Ltd	Press advertising for Older People Speak Out People's Choice Awards.	40,023
HMA Blaze Pty Ltd	Placement of continence awareness material in regional and rural newspapers.	46,113
HMA Blaze Pty Ltd	Placement of the public toilet map flyer in travel and motoring organisation magazines.	42,530
HMA Blaze Pty Ltd	Advertising of invitations to apply for grants for dementia collaborative research centres and for dementia behaviour management advisory services.	38,702

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Advertising of invitation to apply for grants for dementia training resources for people with special needs.	23,911
HMA Blaze Pty Ltd	Advertising of invitation to apply for grants for Dementia Training Study Centres.	21,857
HMA Blaze Pty Ltd	Advertising of Request for Tender for dementia outcomes measurement suite.	21,313
HMA Blaze Pty Ltd	Advertising of invitation to apply for dementia community grants – community support and service development grants.	20,399
HMA Blaze Pty Ltd	Advertising of Request for Tender for stock take of dementia workforce curricula and training.	19,894
HMA Blaze Pty Ltd	Advertisements giving advance notice of invitation to apply for grants for dementia behaviour management advisory service.	19,490
HMA Blaze Pty Ltd	Advertising of invitation to apply for grants for dementia care skills for aged care workers.	19,181
HMA Blaze Pty Ltd	Advertisements giving advance notice of invitation to apply for community grants, dementia research grants and dementia collaborative research centres.	18,845
HMA Blaze Pty Ltd	Advertisements giving advance notice of invitation to apply for collaborative research centres.	18,845
HMA Blaze Pty Ltd	Advertising of Request for Tender for Dementia a National Health Priority national evaluation.	17,325
HMA Blaze Pty Ltd	Advertising of Request for Tender for dementia research mapping.	17,054
HMA Blaze Pty Ltd	Advertising of Request for Tender for national dementia web site and associated portals.	17,054
HMA Blaze Pty Ltd	Advertising of A Community for All Ages – Building the Future national speakers series in *The West Australian*.	2,765
HMA Blaze Pty Ltd	Advertising – 2006 Aged Care Approvals Round – information sessions.	47,321
HMA Blaze Pty Ltd	Advertising – 2006 Aged Care Approvals Round – translation of invitation to apply.	7,315
HMA Blaze Pty Ltd	Advertising – 2006 Aged Care Approvals Round – invitation to apply.	61,948
HMA Blaze Pty Ltd	Advertising for Request for Tender for national Aged Care Funding Instrument training.	2,709
HMA Blaze Pty Ltd	Media advertising of general staff and Senior Executive Service vacancies (Central Office, the Therapeutic Goods Administration and State and Territory Offices).	691,189
HMA Blaze Pty Ltd	Advertorial and advertising placements in relation to Rural Health Strategy activities.	3,147
HMA Blaze Pty Ltd	Advertising for the Rural Private Access Program Grant Funding Round 3.	51,117

Organisation	Service Provided	Paid $ (GST Incl)
HMA Blaze Pty Ltd	Broadband for Health Year 3 Information Kit printing.	11,214
HMA Blaze Pty Ltd	Advertisement for the Request for Tender 186/0506 – Development of Type 2 Diabetes Guidelines.	2,709
HMA Blaze Pty Ltd	Advertising grant funding (three rounds) for the Local Palliative Care grants program.	7,084
Universal McCann	Media buy for the National Illicit Drugs Campaign.	1,351,389
Universal McCann	Media buy for National Tobacco Campaign – Health Warnings.	1,488,223
Universal McCann	Media buy for the 'Go for 2&5®' fruit and vegetable campaign.	692,678
Universal McCann	Media buy for the 'Get Moving' physical activity campaign.	4,880,909
Verossity	Recruitment advertising of Senior Executive Service position.	34,252
Verossity	Recruitment advertising of executive level positions.	11,272

Other Advertising

Organisation	Service Provided	Paid $ (GST Incl)
2B Advertising and Design	Design and printing services for the Minister's Awards for Excellence in Aged Care – October 2005.	4,348
Giraffe Visual Communication	Redesign of the Private Patients' Hospital Charter.	5,247
National Capital Printing	Printing of the Private Patients' Hospital Charter.	36,321
NPM Marketing	Promotional pens for the General Practice Immunisation Scheme and the Practice Incentives Program.	6,765
Spectrum Graphics	Higher Education Contribution Scheme Reimbursement Scheme poster and brochures.	2,651
The Stavridis Group	Redesign of the Private Patients' Hospital Charter.	3,200

APPENDIX 02

COMMONWEALTH DISABILITY STRATEGY

The Commonwealth Disability Strategy (CDS)[1] encourages assistance to people with disabilities to access government policies, programs and services. The CDS encourages government organisations to:

- provide information to people with disabilities in accessible formats;
- consult with people with disabilities to find out what they need;
- employ people with disabilities;
- purchase accessible services; and
- recognise people with disabilities as consumers of services.

The Department reports against a series of performance indicators in addressing CDS requirements.

Policy Adviser Role

New or Revised Program/Policy Proposals Assess Impact on the Lives of People with Disabilities Prior to Decision.

In 2005-06, the Department continued to consider the impact of policy and program proposals on people with disabilities. For example, the Department considered potential impacts when it developed the new National Chronic Disease Strategy and the National Service Improvement Frameworks, which were endorsed at the Australian Health Ministers' Conference in November 2005. The Department also considered the impact on people with disabilities in the development of the National HIV/AIDS Strategy 2005-08. The Department also assessed all proposals for the National Respite for Carers Program which targets carers of frail older people and younger people with disabilities and sponsored the Master Builders Australia National Lifestyle Housing for Seniors Awards, influencing the design of housing for older people.

All new policy/program proposals affecting Aboriginal and Torres Strait Islander peoples require an impact statement of these proposals, acknowledging that a significant proportion of Aboriginal and Torres Strait Islander peoples have acute or chronic health needs or disabilities. New measures implemented by the Department in 2005-06 included Healthy for Life, Combating Petrol Sniffing and other substance use, and the continued expansion of Primary Health Care Access Program.

One of the functions of the National Health and Medical Research Council (NHMRC) in 2005-06 was to advise the community on issues affecting public health, ethical issues and research funding. The principal committees of the NHMRC include members with knowledge of the needs of people with disabilities, and were responsible for ensuring that, where appropriate, policy and program proposals assess the impact on people with disabilities. The NHMRC Human Genetics Advisory Committee considered developments in human genetics and related technologies in order to provide advice about the impact on all Australians, including those with a disability resulting from a genetic disorder.

People with Disabilities are Included in Consultations about New or Revised Policy/Program Proposals.

In 2005-06, the Department continued to consult with a diverse range of community groups, including people with disabilities, about new policy and program proposals. For example, the Department consulted with all stakeholder groups during the development of implementation plans for the HIV/AIDS Strategy 2005-08. The Home and Community Care (HACC) program, administered jointly by the Australian Government and the states and territories, provides care to older people and people with

1 Accessible at: <www.facs.gov.au/disability/cds/cds/cds_index.htm>.

disabilities. Consultations concerning HACC included representation by people with disabilities.

The NHMRC also continued to consult widely with the community, including people with disabilities, in setting its strategic research priorities and formulating health and ethics advice and guidelines.

Public Announcements of New, Revised or Proposed Policy/Program Initiatives are Available in Accessible Formats for People with Disabilities in a Timely Manner.

In 2005-06, the Department ensured that all public announcements met departmental standards for accessibility and were available in electronic and other appropriate formats, including the Department's web site.[2] Examples of materials provided in a timely and informative manner included:

- announcements on the review of Australia's plasma fractionation arrangements (accessible from the Department's web site, the National Blood Authority and the Department of Foreign Affairs and Trade, as well as the Department's free call information lines and email address[3]);
- announcements, registration forms for the National Competition for Organ and Tissue Donation were available from the Department's web site, in a range of formats. The Department also provided information regarding the Pharmaceutical Benefits Scheme (PBS) on its web site and the PBS Information Line[4] and made consultation papers for the development of the National Eye Health Framework available in a range of alternative formats for people with visual impairment; and
- the NHMRC provided a range of information on its web site[5] including calls for public submissions, reports and guidelines, and general information relevant to its programs and their stakeholders. Calls for submissions were also advertised in the print media. Submissions could be lodged in writing, by email, on audio or video tape.

Regulator Role

Publicly Available Information on Regulations and Quasi-Regulations and Regulatory Compliance Reporting is Available in Accessible Formats for People with Disabilities.

In 2005-06, the Therapeutic Goods Administration (TGA) had primary responsibility in the Department for providing information on the regulation of therapeutic goods. The TGA provided Freecall™ and Freecall™ Teletype (TTY) information lines and an email address[6] where people could request publicly available documents. The TGA web site[7] allowed easy access to information about the TGA and the regulation of therapeutic goods. The TGA constantly reviewed the site to ensure that it met current accessibility and usability standards, including the needs of people with disabilities.

The Office of the Gene Technology Regulator (OGTR) also regularly updated its web site[8] with information on its functions and activities. This included the conditions of all licences issued, risk assessment and risk management plans prepared for applications to release genetically modified organisms into the environment, and quarterly reports. The OGTR also maintained a free call number[9] to respond to enquiries. Callers to this number were able to access hard copies of all publicly available material.

In 2005-06, the Department continued to provide access to all relevant regulations and contracts governing the Australian Government Hearing Services Program on the Office of Hearing Services web site.[10]

NHMRC information was also available in electronic format on its web site and in other formats on request.

2 Accessible at: <www.health.gov.au>.
3 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/Contact+the+Department-1>.
4 PBS Information Line Freecall: 1800 020 613.
5 Accessible at: <www.nhmrc.gov.au>.
6 TGA Freecall: 1800 020 653, TGA Freecall (TTY): 1800 500 236, TGA email address <tga-information-officer@health.gov.au>.
7 Accessible at: <www.tga.gov.au>.
8 Accessible at: <www.ogtr.gov.au>.
9 The OGTR Freecall number is 1800 181 030.
10 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/About+the+Office-1>.

Purchaser Role

Publicly Available Information on Agreed Purchasing Specifications is Available in Accessible Formats for People with Disabilities.

The Department continued in 2005-06 to provide publicly available purchasing specifications in accessible formats as part of open Request for Tender (RFT) documents available electronically through the Department's web site tender page.[11] All RFTs have details of departmental contact officers who can provide information in other accessible formats to meet stakeholder needs.

Processes for Purchasing Goods or Services with a Direct Impact on the Lives of People with Disabilities are Developed in Consultation with People with Disabilities.

Consideration of the concerns and interests of stakeholders, including people with disabilities, is a requirement of the Department's procurement plan. Where goods and services purchased have a direct impact on people with disabilities, those requirements are specified in the tender documentation.

Purchasing Specifications and Contract Requirements for the Purchase of Goods and Services are Consistent with the Requirements of the *Disability Discrimination Act 1992*.

The Department's procedural rules require purchasing officials to consider references to specific legislation, in specifications and contract documents. The Department's contracts for services and consultancies contain provisions for the contractor to agree to comply with the *Disability Discrimination Act 1992*.

Publicly Available Performance Reporting Against Purchase Contract Specifications Requested in Accessible Formats for People with Disabilities is Provided.

In 2005-06, the Department displayed all business opportunities (tenders) and grant/funding invitations on the Department's web site, in accordance with departmental policy. All published material met departmental standards for accessibility. Printed formats were also available on request.

The Department also provided applicants with performance reporting information on purchase contract specifications, for the allocation of aged care places and related approvals under the annual Aged Care Approvals Round. This information was available on request through the Department's internet site in accessible electronic formats and in printed form.

Complaints/Grievance Mechanisms, Including Access to External Mechanisms, in Place to Address Concerns Raised about Providers' Performance.

The Department had a variety of mechanisms in place in 2005-06 to respond to complaints and grievances from stakeholders, clients and members of the public. Feedback could be provided by calling the Department's enquiry lines, by email or in writing.

The NHMRC had a toll free number for general feedback, or could be contacted by email or in writing.[12] Anyone whose interests were affected by a reviewable action by the NHMRC could contact the NHMRC Secretariat by telephone, in writing, or by submitting a formal complaint to the independent Commissioner of Complaints.

The Aged Care Complaints Resolution Scheme, overseen by the Commissioner for Complaints, provided complaints access to all consumers of Australian Government-funded aged care. Advocacy services were available in each state and territory to assist clients to understand their rights or make complaints, and to contact service providers on a client's behalf. Complaints and grievance mechanisms for the HACC program, including access to external mechanisms, were also in operation.

The Department's Office of Hearing Services had a comprehensive complaints/grievance mechanism in place to address concerns about provider performance. This was in addition to the general client feedback mechanism and the annual client satisfaction survey.

The TGA and OGTR service charters offered mechanisms for feedback (and to resolve complaints) to stakeholders and members of the public on the performance and service delivered.

11 Accessible at: <www.health.gov.au/internet/wcms/publishing.nsf/Content/Listing+of+Tenders+and+Grants-1>.
12 NHMRC contact details are available at: <www.nhmrc.gov.au/about/contacts.htm>.

Employer Role

Employment Policies, Procedures and Practices Comply with the Requirements of the *Disability Discrimination Act 1992*.

The Department ensures that all employment policies, guidelines, and processes meet the requirements of the *Disability Discrimination Act 1992* and do not discriminate on the basis of disability.

The Department's commitment to the *Disability Discrimination Act 1992* is included in its 2004-2007 Certified Agreement and Australian Workplace Agreements. All staff and managers are responsible for supporting the principles of workplace diversity, as articulated in the Department's Workplace Diversity Plan. The Department is a financial member of the Australian Employers' Network on Disability.

Recruitment Information for Potential Job Applicants is Available in Accessible Formats on Request.

In 2005-06, the Department continued improving its recruitment process. In doing so, the Department liaised with peak bodies to ensure accessibility to all applicants and that information is available in a variety of formats. The Department's process and systems have been endorsed by the Australian Employers' Network on Disability.

The Department provided recruitment information both in electronic format (through the internet or via email), and in hardcopy. By providing Rich Text Format versions, the online recruitment system complied with W3C guidelines on accessibility for visually impaired applicants, and also the Human Rights and Equal Opportunity Commission guidelines on accessible document formats. Email and hard copies of documentation were usually sent within 24 hours. A TTY telephone service was also available for hearing impaired applicants.[13]

Agency Recruiters and Managers Apply the Principle of 'Reasonable Adjustment'.

When completing the Department's Personal Particulars form, applicants, can identify any special requirements they may have for interview or testing. The form also has an improved reference to reasonable adjustment needs. The Department has posted guidelines on reasonable adjustment for all staff on its web site.

These needs can also be identified as a result of a pre-engagement medical assessment. The Department provides chairs of selection committees, business managers or the Health Management Unit with information and support to make adjustments during the recruitment process, or on commencement of new staff.

Training and Development Programs Consider the Needs of Staff with Disabilities.

The Department continued in 2005-06 to ensure that training programs were developed and delivered through flexible and accessible means. The Department's training nomination process provided staff with the opportunity to identify any special requirements they may have had, and where these were identified, arrangements were made to cater for these special requirements.

The Department's recently refurbished on-site training suite in Central Office is disability friendly. The training rooms are situated on the ground floor to enable ease of access for staff with mobility impairment; have a 20 inch monitor located at the front of each of the three IT training rooms for use by visually impaired staff and include speakers in a non-IT training room for staff who are hearing impaired. Arrangements have also been made for signing interpreters when required.

Training and Development Programs Include Information on Disability Issues as They Relate to the Content of the Program.

All staff training programs included information on disability issues where applicable.

Complaints/Grievance Mechanism, Including Access to External Mechanisms, in Place to Address Issues and Concerns Raised by Staff.

The Department has an established process to address staff complaints and grievances through the 'Fair Treatment and Review of Actions' policy. Further, the Department's intranet site includes information about external review mechanisms.

13 The Recruitment TTY telephone service is (02) 6289 5945.

APPENDIX 03
CONSULTANCY SERVICES

Selection and Engagement Policy

The Department's policy on the selection and engagement of consultants accords with the Commonwealth Procurement Guidelines. Value for money is the core principle for selection, underpinned by a focus on:

- encouraging competition;
- efficiency and effectiveness;
- ethical practices; and
- accountability and transparency.

The Department's Chief Executive Instructions and Procedural Rules further support the core principles in the Commonwealth Procurement Guidelines.

Summary

During 2005-06, 367 new consultancy contracts valued at $10,000 or more were entered into at a cost of $26.60 million. Expenditure on all consultancies let during 2005-06 totalled $17.84 million. In addition, 153 ongoing consultancy contracts were active during the 2005-06 year, at a cost of $15.61 million.

1. Explanation of Selection Processes Used

Open Tender: A procurement in which a request for tender is published inviting all businesses that satisfy the conditions for participation to submit tenders.

Select Tender: A procurement procedure in which the procuring agency selects which potential suppliers are invited to submit tenders in accordance with the mandatory procurement procedures.

Direct Sourcing: A procurement process, available only under certain defined circumstances, in which an agency may contact a single potential supplier or suppliers of its choice and for which conditions for direct sourcing apply under the mandatory procurement procedures.

Panel: An arrangement under which a number of suppliers, usually selected through a single procurement process, may each supply property or services to an agency as specified in the panel arrangements.

2. Justification for Decision to Use Consultancy

A – Skills currently unavailable within agency.

B – Need for specialised or professional skills.

C – Need for independent research or assessment.

Consultancy Services Let During 2005-06, of $10,000 or More

Outcome 1

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Acumen Alliance (ACT) Pty Ltd	Development of a cost recovery model for manufacturing standards audits.	14,025	Direct Sourcing	A	
Acumen Alliance (ACT) Pty Ltd	Development of a cost recovery model for non-prescription medicines regulation.	17,408	Direct Sourcing	A	
Adelaide Research and Innovation Investment Trust Pty Ltd	Provision of consultancy services for a medical device tracking system.	198,255	Select Tender	A	
Apis Consulting Group Pty Ltd	Provision of consultancy services for the Agvet business support project.	41,476	Direct Sourcing	A	
B Corcoran	Consultancy for the review of a contract for services with the National Serology Reference Laboratory, Australia.	35,000	Direct Sourcing	C	
Blue Moon Research and Planning Pty Ltd	Literature review to identify barriers relating to childhood and adult immunisation.	43,890	Direct Sourcing	B	
Blue Moon Research and Planning Pty Ltd	Qualitative research for the National Varicella Vaccination Campaign.	77,000	Direct Sourcing	C	*
Blue Moon Research and Planning Pty Ltd	Qualitative research to evaluate the of the *Australian Immunisation Handbook, 8th Edition*.	**87,560	Select Tender	B	*

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Blue Moon Research and Planning Pty Ltd	BreastScreen Australia qualitative research into women's attitudes to breast cancer screening and their communication needs.	109,780	Select Tender	C	
Blue Moon Research and Planning Pty Ltd	Pregnancy Support Counselling – Developmental Research.	109,010	Select Tender	C	
BMP Healthcare Consulting Pty Ltd	Clinical review of multiple chemical sensitivity.	54,616	Direct Sourcing	B	
Deloitte Touche Tohmatsu	Development of a performance management framework, risk management policy, framework and accountability/ responsibility framework.	484,175	Panel	C	
Elmaton Pty Ltd	Consultancy services for beryllium review.	19,800	Direct Sourcing	A	
Ernst & Young	Provide probity advice to assist management of the purchase of faecal occult blood tests and pathology analysis services for the National Bowel Cancer Screening Program.	25,000	Panel	A	
Eureka Strategic Research	Developmental research for the National Skin Cancer Awareness Campaign.	87,593	Panel	C	*
Eureka Strategic Research	Concept testing research for a National Skin Cancer Awareness Campaign.	**192,434	Select Tender	C	*
External Evaluators	Evaluation of data for the registration of medicines.	1,781,485	Direct Sourcing	A	
Focal Point Consulting	Provision of services on the implementation of the Government response to the recommendations of the Expert Committee in Complementary Medicines in Health System.	310,100	Open Tender	C	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Health Outcomes International Pty Ltd	Develop a report on carer and consumer involvement in comorbidity.	136,956	Open Tender	C	
Health Outcomes International Pty Ltd	Review Australian Government funding arrangements for the Jean Hailes Foundation.	52,420	Panel	B	
Healthcare Management Advisors Pty Ltd	Evaluation of the performance of the National General Practice Immunisation Coordinator role.	62,700	Panel	A	
IPSOS Australia Pty Ltd	Smoking and Pregnancy Advisory Group qualitative research.	55,000	Panel	C	*
Matthews Pegg Consulting Pty Ltd	Legal policy advice in relation to human cell and tissue therapies regulations.	72,087	Direct Sourcing	A	
Nexus Management Consulting Pty Ltd	Provision of a food and nutrition monitoring and surveillance framework and business case.	115,500	Open Tender	B	
Roy Morgan Research Pty Ltd	Research with parents of teenagers, and teenagers about alcohol.	34,944	Direct Sourcing	C	
Roy Morgan Research Pty Ltd	Research to conduct further wave of evaluation research with youth regarding alcohol.	91,447	Direct Sourcing	C	
Scott Market Research Pty Ltd	National Cervical Screening Program qualitative research into current attitudes and behaviour regarding cervical cancer and screening and evaluation of revised communication materials following the implementation of revised National Health and Medical Research Council guidelines.	65,137	Select Tender	C	*

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
The Allen Consulting Group	Consultancy for an economic and process evaluation of funding for HIV/AIDS sector organisations, World AIDS Day activities and the National Research Centres in HIV, Hepatitis and Sexually Transmissible Infections.	122,700	Open Tender	C	
The Lead Education Abatement Design Group	Consultancy services for the assessment of lead compounds.	14,000	Direct Sourcing	A	
The Social Research Centre Pty Ltd	Conduct the National Tobacco Survey – November 2005.	44,000	Direct Sourcing	B	*
The Social Research Centre Pty Ltd	Provision of the Tobacco Retailers Survey.	209,871	Select Tender	B	*
University of New South Wales, represented by the National Drug and Alcohol Research Centre	To draft the National Cannabis Strategy, based on the best available evidence and refined through widespread stakeholder consultation.	170,763	Direct Sourcing	B	
University of Queensland	Research on the determination of triclosan in the Australian population by analysis of human breast milk.	87,956	Direct Sourcing	A	
Urbis JHD Pty Ltd	Review of the Hepatitis C Education and Prevention Initiative.	46,750	Panel	B	
Woolcott Research Pty Ltd	Health Warnings Campaign Omnibus Survey.	**25,421	Direct Sourcing	A	*
Woolcott Research Pty Ltd	National Youth Tobacco Campaign concept testing.	**329,780	Panel	C	*
Woolcott Research Pty Ltd	Consumer omnibus survey to evaluate the 2005 World AIDS Day communications activities.	13,789	Select Tender	C	*
Woolcott Research Pty Ltd	National Tobacco Campaign Health Warnings concept testing.	94,540	Select Tender	A	*

Outcome 2

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Acumen Alliance (ACT) Pty Ltd	Probity advice in the implementation of the Community Service Obligation funding pool.	18,356	Select Tender	A & C	
Coote Practice Pty Ltd	Review of the objectives and role of the Professional Services Review Scheme.	68,060	Direct Sourcing	A & C	
Healthcare Management Advisors Pty Ltd	Review the operational arrangements of the Australian Pharmaceutical Advisory Council and the Pharmaceutical Health and Rational use of Medicines Committee.	91,300	Open Tender	A & C	
Human Capital Alliance	Review of the Enhanced Divisional Quality Use of Medicines Program.	90,000	Select Tender	C	
Mark Williams Management	Pharmaceutical industry expert advice in implementation of the Community Service Obligation funding pool.	27,747	Direct Sourcing	A & B	
Repatriation General Hospital Daw Park South Australia	Development of teaching materials and delivery of two day short course.	29,601	Direct Sourcing	A	
RSM Bird Cameron	Probity advice for procurement of branch level IT system.	20,000	Panel	A	
RSM Bird Cameron	Administrative compliance audit of the Highly Specialised Drugs Program.	96,580	Select Tender	A & C	
Stone Wilson Consulting	Facilitation of Industry Liaison Officer trial workshops for provision of customer workshop relationship training.	15,000	Direct Sourcing	A	
XIP Pty Ltd	Provision of services relating to patent information.	34,738	Select	A	

Outcome 3

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Apis Consulting Group Unit Trust	Consultancy services to assist with an invitation to apply a procurement process.	21,783	Panel	B	
Acumen Alliance (ACT) Pty Ltd	Probity and ethics training and advice for the 2006 Aged Care Approvals Round.	38,222	Panel	B	
Alzheimer's Australia	Report on Extended Aged Care at Home Dementia, Dementia Development Research Project: Review of best practice in dementia care.	24,000	Select Tender	A	
Anne Markiewicz and Associates Pty Ltd	Information sessions for Aged Care Assessment Teams and Extended Aged Care at Home Dementia Approved Providers regarding the Extended Aged Care at Home Dementia Program.	94,620	Panel	A	
Australian Healthcare Associates Pty Ltd	Development of educational material for Home and Community Care Program Standards identified as being poorly met in the Review of the First Three Year Appraisal Process (Standards 5,6 and 7).	47,190	Panel	A	
Australian Healthcare Associates Pty Ltd	Development of a national quality reporting framework and tools for the management of quality assurance across community care programs.	246,455	Panel	A	
Australian Institute of Health and Welfare	Provision of expert advice related to the creation of an Ageing and Aged Care Division strategic data management plan.	32,475	Direct Sourcing	B	
Bentleys MRI (Qld)	Provision of expert and professional financial assessment of applications for funding in the 2005 Aged Care Approvals Round.	151,320	Open Tender	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
CHIK Services Pty Ltd	IT Readiness Survey, to research current levels of IT use within the aged care sector and the sector's capacity to take-up eBusiness and e-Health initiatives.	**123,914	Panel	C	*
Ernst & Young	Provision of expert and professional financial assessment of applications for funding in the 2005 Aged Care Approvals Round.	56,430	Open Tender	A	
Fujitsu Australia Ltd	Extraction and documentation of business rules for aged care payment systems and provision of architectural advice for future system support.	174,768	Panel	C	
Hammond Care Group	Report on an enhanced service model for Extended Aged Care at Home Dementia.	79,445	Select Tender	A	
Healthcare Management Advisors	Consultancy evaluation of the Innovative Care Rehabilitation pilot projects.	76,200	Open	B	
Health Outcomes International Pty Ltd	Review and evaluation of the Department's forms and processes for approved residential aged care providers.	55,000	Panel	C	
Inside Story Knowledge Management Pty Ltd	Market research (phase 2) services for the Aged Care Choices web site project.	**101,000	Select Tender	C	*
La Trobe University	Development of an evaluation model for the Community Aged Care Packages Continence Research Project.	67,100	Direct Sourcing	A	
Lincoln Centre for Ageing and Community Care Research La Trobe University	Identification of evidence supporting the efficacy of low to medium levels of home and community care.	52,993	Panel	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Matthews Pegg Consultancy Pty Ltd	Provision of legal policy advice on new prudential arrangements and the Guarantee Scheme for aged care residents' accommodation bonds.	101,008	Direct Sourcing	A	
National Institute of Labour Studies	Analysis of conditional adjustment payment training data.	53,479	Select Tender	B	
Resolution Consulting Services Pty Ltd	Expert advice on internal resourcing of quality and accountability activities.	126,090	Panel	A	
Resolution Consulting Services Pty Ltd	Consulting service for the Quality Framework Resourcing Review.	165,000	Panel	A	
Tactics Consulting Pty Ltd	Review and refinement of the Community Packaged Care Programs Guidelines.	45,000	Select Tender	A	
The Allen Consulting Group	Evaluation of National Aged Care Advocacy Program service delivery.	95,000	Select Tender	B	
The Nous Group	Review of business functions and infrastructure supporting Commonwealth Carer Respite Centres and Commonwealth Carelink Centres and recommendations for streamlining.	231,539	Open Tender	A	
University of Queensland	Report analysing data from the Australian Longitudinal Study on Women's Health on women identified as carers who are employed or otherwise, which will inform policy development on employed carers initiatives.	38,500	Direct Sourcing	A	
Urbis Keys Young	Evaluation frameworks for the Overnight Respite Houses, Respite for Employed Carers and Employed Carers Innovative Projects initiatives.	688,743	Panel	A	

Outcome 4

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Apis Consulting Group Pty Ltd	Provision of a risk management and implementation strategy for the rollout of the new Primary Care Division initiatives.	26,972	Select Tender	A	
Ascent Consulting Pty Ltd	Provide advice on costing and implementation issues associated with a potential National Health Call Centre Network for consideration by the Council of Australian Governments.	146,999	Direct Sourcing	A	
Ascent Consulting Pty Ltd	Advice relating to the establishment and implementation of a National Health Call Centre Network.	200,000	Direct Sourcing	A	
B Corcoran	Review of the Royal Australian College of General Practitioners Indigenous projects.	35,000	Direct Sourcing	A	
Banscott Health Consulting Pty Ltd	Provide strategic advice to the Department relating to the establishment of a National Health Call Centre Network.	139,250	Direct Sourcing	A	
Banscott Health Consulting Pty Ltd	Strategic advice relating to a proposal to Government for a National Health Call Centre Network.	217,850	Direct Sourcing	A	
Coote Practice Pty Ltd	To provide strategic advice to Primary Care Division on emerging issues in primary care, with regard to the development and implementation of initiatives targeted to the primary care sector and potential stakeholder management issues.	66,000	Direct Sourcing	A	
DH4 Pty Ltd	To provide advice to the Department on the Australian Divisions of General Practice Network Information Management Project – Phase 1 planning study.	75,000	Direct Sourcing	B	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Furnidall Enterprises Pty Ltd	To develop the strategic directions for an Information Management Strategy for the Divisions of General Practice.	50,000	Direct Sourcing	A	
KPMG	Evaluation of the Australian Primary Care Collaboratives Program.	289,000	Open Tender	A	
OOSW Consulting Pty Ltd	Primary Care Division Central Office and State or Territory Office activities restructure.	21,120	Direct Sourcing	A	
Price Waterhouse Coopers	Assess compliance issues with the Australian Accounting Standards and Australian Auditing Standards with regard to the Divisions of General Practice Program.	199,000	Panel	A	
RSM Bird Cameron	Review the National Primary Care Collaboratives budget.	11,192	Direct Sourcing	C	
S Caesar	Provision of expert advice regarding structural efficiency business cases and accreditation standards for the Divisions of General Practice Program.	16,500	Direct Sourcing	A	
Siggins Miller Consultants Pty Ltd	Review the Health Services Advisory Committee as a forum for liaison between health professionals and the Australian Competition and Consumer Commission.	38,400	Panel	A	
University of Adelaide	Provision of geo-spatial analysis and advice for the boundary re-alignment for Divisions of General Practice.	28,245	Direct Sourcing	A	

Outcome 5

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Fresbout Consulting Pty Ltd	Evaluate the efficiency and effectiveness of the service currently delivered by the Tasman Multi Purpose Service.	30,000	Panel	B	

Outcome 6

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Huntly Consulting Group	Review of professional qualification for the hearing services program.	75,420	Open Tender	C	

Outcome 7

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Atkinson Kerr and Associates Pty Ltd	To evaluate the Office for Aboriginal and Torres Strait Islander Health service development and reporting framework trial sites.	63,397	Select Tender	C	
Australian Rural Health Education	Consultancy contract for the mid-term review of the Aboriginal and Torres Strait Islander Workforce Strategic Framework.	90,629	Open Tender	A	
Barbara Schmidt and Associates	To undertake a strategic and business planning project with the Apunipima Cape York Health Council.	49,980	Select Tender	B	
BDO Chartered Accountants	Provision of audit and quality assurance services.	16,500	Select Tender	A	
Biotext Pty Ltd	Review of data and technical writing.	11,110	Panel	A	
Bowchung Pty Ltd	Consultancy services for phase 2 of the Service Reporting and Development Framework.	97,408	Direct Sourcing	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Clark Phillips Pty Ltd	Undertake the Health Services Review.	22,000	Select Tender	A	
Cultural Perspectives Pty Ltd	Independent evaluation of the five Vibe Australia Media products to determine the degree to which the Department's health-related objectives are being achieved through the sponsorship of the products and activities.	165,000	Open Tender	A	
David Jess and Associates Pty Ltd	Provision of procurement services to complete the Advisory and Development Panel specific to the Office for Aboriginal and Torres Strait Islander Health and Indigenous health services.	23,904	Open Tender	A	
Deeble John Stewart	Research into expenditure on the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme for Indigenous people.	69,900	Direct Sourcing	B	
Deloitte Touche Tohmatsu	Implementation of agreed forms to administration governance – Gippsland Victoria and East Gippsland Aboriginal Cooperative.	22,000	Direct Sourcing	A	
Department of Health Queensland	Participating and providing advice on the development of the technical specifications for Aboriginal and Torres Strait Islander Health performance framework.	93,744	Direct Sourcing	C	
Department of Health Western Australia	Governance review of the Ngaanyatjarra Health Service.	16,852	Direct Sourcing	C	
Edwards Marshall and Co	Consultancy services required for the provision of Funds Administration for Oak Valley, Maralinga, South Australia.	23,452	Select Tender	B	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
General Practice and Primary Health Care	Study into the current allied health workforce in Indigenous primary mental health in the Northern Territory.	42,446	Select Tender	B	
Gevers Goddard-Jones Pty Ltd	Evaluation of the Quality Improvement Initiative Program.	67,418	Open Tender	A	
Health Policy Analysis Pty Ltd	Consultancy services for Aboriginal and Torres Strait Islander Health Performance Framework.	227,400	Open Tender	A	
Healthcare Management Advisors Pty Ltd	Provision of consultancy services for the Healthy for Life Evaluation and Outcomes Framework.	330,224	Open Tender	A	
Healthcare Management Advisors Pty Ltd	Review of the Drug and Alcohol Council of South Australia.	70,000	Panel	C	
Indigenous Psychological Services	Review of the Social and Emotional Wellbeing program in New South Wales.	79,887	Select Tender	A	
Institute for Healthy Communities	Operational review and consulting services.	29,810	Direct Sourcing	A	
Institute for Healthy Communities	Design and deliver four workshops for the Office for Aboriginal and Torres Strait Islander Health service development and reporting framework.	12,200	Panel	A	
Kavanagh Consultancy	Provision of independent advice to the social health program area of the Office for Aboriginal and Torres Strait Islander Health.	35,000	Open Tender	A	
Kordamentha Pty Ltd	Review of the National Aboriginal Community Controlled Health Organisation.	33,550	Select Tender	B	
Kordamentha Pty Ltd	Consultancy services required for the provision of funds administration and associated tasks for the Danila Dilba health service, Northern Territory.	172,400	Select Tender	B	
KPMG Darwin	Provide audit and quality assurance services as requested.	13,200	Select Tender	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Kristine Battye Consulting Pty Ltd	To undertake the review of the Northern Territory district medical officer Medicare Bulk Billing Project.	79,035	Select Tender	A	
La Trobe University	Review of the National Donavanosis Eradication Project.	33,405	Direct Sourcing	A	
La Trobe University	Performance review of an Aboriginal Community Controlled (Health) Organisation (Ngwala).	30,663	Select Tender	B	
Merit Partners	Provision of audit/quality assurance services.	10,700	Select Tender	A	
Nicholls Consulting	Consultancy services for the Anangu Pitjantjatjara Lands Council of Australian Governments Trial.	137,979	Direct Sourcing	A	
Quay Connection	Workshop facilitation – Partnership for Aboriginal Care business planning.	15,861	Select Tender	B	
Shannon Consulting Services Trust	To undertake an operational, clinical and organisational review of the Indigenous health service – Armidale, New South Wales and District Services Incorporated.	40,942	Select Tender	B	
Shannon Consulting Services Trust	To undertake an operational, clinical and organisational review of an Indigenous health service.	22,000	Panel	B	
SMS Consulting Group Ltd	Provision of IT transition advice to the Office for Aboriginal and Torres Strait Islander Health.	92,950	Select Tender	A	
Tactics Consulting Pty Ltd	Provision of an update to the Program Management Guidelines.	40,000	Select Tender	C	
The Trustee for MW Consulting Trust	Review the effectiveness of Medicare Systems Officer in assisting the Victorian Aboriginal Community Controlled Health Organisation.	32,065	Open Tender	B	
University of South Australia	Develop agreed South Australia state wide, regional and organisational implementation proposals for workforce strategic framework strategies.	77,000	Open Tender	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Urbis JHD Pty Ltd	Continuous Improvement Project for the Healthy for Life Program.	68,772	Select Tender	A	
Urbis JHD Pty Ltd	Evaluation of Bringing Them Home and Indigenous Mental Health Program.	290,000	Select Tender	A	
Urbis Keys Young	Development of an evaluation framework for the Petrol Sniffing Prevention Program.	45,012	Select Tender	A	
Vision Method Outcome	Provision of research into the governance of Community Controlled Health and Substance Misuse Services.	75,320	Select Tender	B	
Walterturnbull Pty Ltd	Consultancy services required for the provision of funds administration at Tullawon Health Service Yalata, South Australia.	29,225	Direct Sourcing	A	
Walterturnbull Pty Ltd	Assess financial administrative governance and staff management arrangements of the Ceduna/Koonibba health service, South Australia.	17,570	Panel	B	
Walterturnbull Pty Ltd	Provision of funds administrator services.	91,265	Panel	A	
Wendy Bloom and Associates Pty Ltd	Market research to evaluate the effectiveness and appropriateness of design concepts and written materials for the Healthy for Life program.	43,938	Select Tender	A	*

Outcome 8

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Access Economics Pty Ltd	Further development of the Private Health Insurance Sector Policy Model for Australia.	140,580	Direct Sourcing	A	
Access Economics Pty Ltd	Services for the Provision of Private Health Insurance Industry Modelling.	137,480	Open Tender	A	
Ernst & Young ABC Pty Ltd	Risk equalisation and high costs claims pool scoping.	78,000	Direct Sourcing	A	
Ernst & Young ABC Pty Ltd	Provision of advice on risk equalisation arrangements in the private health industry.	103,567	Open Tender	A	
The Allen Consulting Group Pty Ltd	Review of second tier, basic default benefits and gap cover.	106,200	Select Tender	B	

Outcome 9

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Applied Economics Pty Ltd	Assessment of the effects on service delivery in public settings of implementing a proposed medical specialist training model.	200,608	Direct Sourcing	C	
Australian Institute of Health and Welfare	Purchase of information on the activity of general practitioners.	275,000	Direct Sourcing	A	
Australian National University	Services for Public Health Informatics and Health Care Research.	65,175	Open Tender	A	
Bearingpoint Australia Pty Ltd	Evaluation of the Private Pathology Training Program.	47,619	Direct Sourcing	A	
Cleanses Australia Pty Ltd	Develop and deliver the 9th Medical Training Review Panel Annual Report.	18,426	Direct Sourcing	A	
Coote Practice Pty Ltd	Provide advice on the implementation of expanded training model for specialists.	75,000	Direct Sourcing	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
CSIRO	Consultancy services for a project to review statistical disclosure control methodologies.	77,660	Open	A	
Dr E Long	Conduct a comprehensive review of Section 19AB guidelines and recommend changes.	40,000	Direct Sourcing	A	
Evans and Peck Pty Ltd	Review of the Health System Expenditure and the Diabetes Model.	44,000	Open Tender	A	
Eureka Strategic Research	Developmental research for the Asthma Awareness Communication Initiative.	159,984	Panel	A	*
Harvey Whiteford Medical Pty Ltd	Provision of clinical advice on mental health issues.	27,720	Direct Sourcing	A	
Hassall & Associates Pty Ltd	An Asia-Pacific Economic Cooperation Project: Functioning Economics in Times of Pandemic.	142,393	Open Tender	B	
Health Outcomes International Pty Ltd	Evaluate the rapid assessment units which the Department is funding in seven specialist colleges.	110,000	Open Tender	A	
Healthcare Management Advisors Pty Ltd	Risk assessment of the costs/benefits of a formal implementation of a training model for medical specialists.	230,990	Panel	A	
J Burnett and Associates Pty Ltd	Assist and provide advice on the evaluation of the tender for the broadband testing facility for the Broadband for Health Program.	50,000	Direct Sourcing	B	
La Trobe University	The evaluation of the Arthritis and Musculoskeletal Conditions Quality Improvement Program.	156,827	Open Tender	A	
Margaret Goode Consulting Pty Ltd	Review of the Health Services Improvement Division's Business Management Unit.	12,320	Select Tender	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Matthews Pegg Consulting Pty Ltd	To assist in the development of amendments to the *National Health and Medical Research Council Act 1992*.	34,000	Direct Sourcing	A	
Palm Consulting Group Pty Ltd	Conduct a review of the operations of the Australian Health Information Council's scope, terms of reference and membership.	24,493	Direct Sourcing	A	
Price Waterhouse Coopers	Evaluation of the More Doctors for Outer Metropolitan Areas Program.	134,410	Open Tender	A	
Price Waterhouse Coopers	Analyse the costs and benefits of an expanded training model for medical specialists.	632,500	Panel	C	
Oceansesu Australia Pty Ltd	Develop and deliver the 9th Medical Training Review Panel Annual Report.	18,426	Direct Sourcing	A	
Queensland University of Technology	Evaluate the Diabetes Prevention Pilot Initiative.	110,985	Open Tender	A	
Rapcor Pty Ltd	Biennial Review of the Medicare Provider Number Legislation.	70,491	Direct Sourcing	C	
Red3 Pty Ltd	To develop a common medication chart for use in residential aged care facilities.	47,971	Select Tender	A	
The Social Research Centre Pty Ltd	Consumer Perspectives Survey – undertake qualitative research leading to question the development for new survey modules and quantitative research involving implementation of the survey.	**1,874,939	Open Tender	B	*
University of South Australia	Consultancy contract to recommend an optimal model for secondary prevention of Rheumatic Heart Disease in the Australian health care context, using the Northern Territory as an exemplar.	71,830	Direct Sourcing	B	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Wizard Information Services Pty Ltd	Operational Review of Health*Insite*.	99,619	Select	A	

Outcome 10

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
A & D Richardson Pty Ltd	Undertake a clinical content review of emergency department term sets.	12,047	Direct Sourcing	A	
Adelaide Research and Innovation Pty Ltd	Consultancy contract for geographical and mapping information for Magnetic Resonance Imaging.	54,450	Direct Sourcing	B	
AM Actuaries Pty Ltd	Consultancy services to develop a background paper on the Impact of Tort Law Reform.	129,200	Open Tender	B	
Australian Healthcare Associates Pty Ltd	Independent review of the National Cord Blood Collection Network.	206,700	Open Tender	A	
Banscott Health Consulting Pty Ltd	Provision of strategic policy and communications advice for the Review of Australia's Plasma Fractionation Arrangements.	134,112	Open Tender	A	
Banscott Health Consulting Pty Ltd	Provision of consultancy services to undertake the development of a strategic framework for the Jurisdictional Blood Committee.	69,494	Panel	A	
Communio Pty Ltd	Collection of data and development of an evaluation methodology for two Council of Australian Governments initiatives.	106,480	Panel	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Department of Treasury	Provision of actuarial services.	200,000	Direct Sourcing	B	
Health Policy Analysis Pty Ltd	Development of a framework for measuring performance in the delivery of acute care hospital services in Australia.	73,200	Select Tender	B	
KPMG	Provision of policy advice on acute care funding.	47,680	Open Tender	B	
KPMG	To undertake a review of the arrangements for the regulation of approved pathology collection centres.	107,800	Open Tender	B	
KPMG	Development of a standard pricing model for the Australian Refined Diagnosis Related Group international sales and exportation.	57,283	Panel	A	
Little Oak Pty Ltd	Provision of technical advice in relation to the Emergency Department National Minimum Data Set.	50,000	Open Tender	A	
Little Oak Pty Ltd	Development of data items and performance information for emergency departments.	225,107	Open Tender	A	
Monash University	Health economists to review pathology and radiology claims.	10,000	Direct Sourcing	B	
Nova Public Policy	Development of a national strategy for the quality use of pathology program and accountable processes for its administration.	59,950	Select Tender	C	
Price Waterhouse Coopers	Expert financial advice on the selection of providers of Magnetic Resonance Imaging in Gippsland, Victoria and Dubbo, New South Wales.	40,000	Panel	B	
Royce (Victoria) Pty Ltd	Provision of communications consultancy and advice for the Review of Australia's Plasma Fractionation arrangements.	478,460	Panel	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
The Allen Consulting Group Pty Ltd	Provision of business research and analysis for the Review of Australia's Plasma Fractionation Arrangements.	176,692	Open Tender	A	
The Allen Consulting Group Pty Ltd	Provision of advice on actuarial, demographic and indemnity insurance for the Review of Australia's Plasma Fractionation Arrangements.	185,000	Open Tender	A	
Walterturnbull Pty Ltd	Probity advisor on Magnetic Resonance Imaging initiatives.	30,000	Panel	B	

Outcome 11

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Errol Malta Pty Ltd	Administrative review of the Diabetes Vaccine Development Centre.	34,640	Select Tender	A	
New South Wales Department of Health	Contribution to working group for 'A streamlined national approach to ethical and scientific review multi centre research'.	33,550	Select Tender	C	
Resolution Consulting Services Pty Ltd	Conduct a zero-based budget project.	20,000	Panel	A	
S Webb	Provide advice as a member of the review committee overseeing the administrative review of the Diabetes Vaccine Development Centre.	11,104	Select Tender	A	

Outcome 12

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Australian National University	The use of mathematical models to assess public health responses to an outbreak of a highly infectious viral respiratory disease.	79,335	Select Tender	A	
Blue Moon Research and Planning Pty Ltd	Qualitative research on pandemic influenza, May 2006.	**69,245	Direct Sourcing	C	*
Blue Moon Research and Planning Pty Ltd	Qualitative research on pandemic influenza, November 2005.	198,000	Direct Sourcing	C	*
Interflu Pty Ltd	Consultancy to provide expert and informed advice on the World Health Organization centre.	175,000	Direct Sourcing	A	
Lucas Partners Pty Ltd	Executive search agency services to select candidates for possible recruitment as World Health Organization influenza centre director.	77,000	Select Tender	A	
Monash University	Consultancy to provide Air Standards health advice.	79,200	Direct Sourcing	A	
OOSW Consulting Pty Ltd	Development of a report into Australia's border protection capabilities and arrangements.	25,000	Direct Sourcing	A	
SMS Consulting Group Ltd	To conduct a scoping study of the syndromic surveillance system.	27,500	Select Tender	C	
Stratsec.Net Pty Ltd	To conduct a threat and risk assessment of the syndromic surveillance system.	10,560	Select Tender	C	
Templeton Galt Pty Ltd	Consultancy to provide expert advice for the national pandemic influenza exercise.	320,000	Direct Sourcing	A	
University of Canberra	Review of the national disaster medicine course and the national stock take of disaster medicine education and training opportunities.	105,284	Select Tender	A	
University of Sydney	Development of the bioaerosols and airborne infection in public health - short course.	37,934	Direct Sourcing	B	

Cross Outcome

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Acumen Alliance (ACT) Pty Ltd	Review of IT strategic costing.	33,000	Direct Sourcing	A	
Acumen Alliance (ACT) Pty Ltd	Development of the departmental Enterprise Risk Management Plan.	12,672	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Finalise and facilitate the pilot of the Department's Enterprise Risk Management Plan.	19,200	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Conduct trial of the Department's risk management framework with Ageing and Aged Care Division, Outcome 3.	19,872	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Development of the Avian Influenza Business Continuity Plan.	20,864	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Review of the IT Governance Framework.	21,896	Panel	A	
Acumen Alliance (ACT) Pty Ltd	To review the feasibility of the Department moving to multi-function devices.	41,209	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Development, facilitation and assistance to the Department's State and Territory Offices to complete business continuity plans.	45,000	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Review on hand held communication devices (Blackberry) infrastructure.	46,530	Panel	A	
Acumen Alliance (ACT) Pty Ltd	For provision of advice relating to the IT Governance Framework.	49,803	Panel	A	
Acumen Alliance (ACT) Pty Ltd	To review Service Level Agreements under the current outsourcing contract with IBM Global Services.	88,935	Panel	A	
Acumen Alliance (ACT) Pty Ltd	Conduct post-implementation review of travel reforms.	22,000	Select Tender	B	
Australia Market Research Pty Ltd	Provision of quantitative research to evaluate the Health and Ageing web site <www.health.gov.au>.	44,550	Select Tender	A	*

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Carroll Communications Pty Ltd	Provide services relating to market research and social marketing formulation and implementation across all campaigns.	249,500	Open Tender	A	
Cathy Mauk and Associates	Provision of services to review HR Assist.	21,505	Direct Sourcing	A	
Colmar Brunton Social Research	Provision of qualitative research to evaluate the Health and Ageing web site.	43,852	Select Tender	A	
David Jess & Associates Pty Ltd	Assistance with the preparation of the Request for Tender for the risk and security panel.	24,140	Open Tender	A	
EOC Creative	Provision of employer branding research and development services.	16,940	Direct Sourcing	A	
Naidu Consulting Services	Provision of services to manage the Request for Tender process for the national paper supply.	30,720	Panel	A	
Naidu Consulting Services	Provision of consultancy services to manage the Request for Tender process for warehousing and distribution services.	36,000	Panel	A	
Oliver Winder Pty Ltd	Independent member on Audit Committee.	30,000	Direct Sourcing	B	
Plaut IT (Australia) Pty Ltd	Provision of strategic advice on SAP.	66,000	Panel	B	
Plaut IT (Australia) Pty Ltd	Provision of strategic advice on SAP – Stage 2 Business Plan.	30,000	Direct Sourcing	B	
Plaut IT (Australia) Pty Ltd	Scoping of SAP upgrade.	44,000	Direct Sourcing	B	
The Allen Consulting Group Pty Ltd	Provision of legal services for research and assessment of policy issues related to national health arrangements.	60,000	Direct Sourcing	A	
The Rhumb-Line Group Pty Ltd	Provision of analysis and recommendation on the total space requirements for the 2009 accommodation project.	11,550	Direct Sourcing	A	

Consultant Name	Description	Contract Price $ (GST Incl)	Selection Process (1)	Justification (2)	Advertising and Market Research Consultancy (*)
Attorney-Generals Department	Provision of Legal Services	50,000	Panel	A	
Australian Government Solicitor	Provision of Legal Services	731,977	Panel	A	
Clayton Utz	Provision of Legal Services	417,378	Panel	A	
Corrs Chambers Westgarth	Provision of Legal Services	245,000	Panel	A	
Mallesons Stephen Jaques	Provision of Legal Services	12,000	Panel	A	
Minter Ellision	Provision of Legal Services	59,327	Panel	A	
Phillips Fox	Provision of Legal Services	969,344	Panel	A	

* These contracts are also reported in Appendix 1 – Advertising and Market Research.
** The amount quoted reflects the total contract value. The amounts in the Appendix 1 – Advertising and Market Research, record the amounts paid by the Department during the financial year.

Comparison Expenditure on Consultancy Services during 2003-04, 2004-05 and 2005-06

2003-04 $	2004-05 $	2005-06 $
38,986,995	33,266,291	33,445,141

APPENDIX 04

DISCRETIONARY GRANT PROGRAMS

Discretionary grants are payments where the portfolio minister or paying agency has discretion in determining whether or not a particular applicant receives funding and may or may not impose conditions in return for the grant. The payment can be made to an organisation or individual and is provided without expectation of a service to government in return for the grant. This definition includes program grants as well as ad-hoc and one-off payments and excludes:

- service agreements, which should now be treated as contracts rather than grants;
- intra-Australian Government funding;
- payments to States and other government agencies;
- Specific Purpose Payments, inter-government transfers;
- payments to overseas aid organisations;
- Government income support programs;
- emergency payment programs;
- grants under commercial industry development programs (including increasing research and development, and assisting exporters);
- grant programs specifically for educational institutions and medical research institutions;
- grants approved by Commonwealth bodies outside the General Government Sector; and
- payments of a specific sum of money or fixed percentage of shared funding to an organisation or individual that are made according to a Cabinet Decision, a letter from the Prime Minister, or a determination of a Ministerial Council.

In 2005-06, the overall value of discretionary grants increased by 7.8 per cent. Variances in outcomes from 2004-05 to 2005-06 were due to the re-classification of some grant programs as discretionary or otherwise, after discussions with the Department of Finance and Administration to clarify the application of the Discretionary Grant Guidelines.

An increase of over $200 million against 2004-05 to 2005-06 in Outcome 7 – Indigenous Health is attributed to the inclusion of annual recurrent funding agreements being included in 2005-06. The Aboriginal and Torres Strait Islander Health program commenced reporting of discretionary grants during 2003-04 after being removed from the exclusion list, and systems were not capable of identifying all discretionary grants at that point in time.

A decrease is also noted against Outcome 3 – Aged Care and Population Ageing, due to the change in program structure during 2004-05 from discretionary grant to service agreement. This process was done under agreement between the Minister for Ageing and the Minister for Finance and Administration.

Discretionary grant reporting was moved from outcome level to program group level in 2005-06 to improve the quality of data reported. The following list details discretionary grants by outcome and program group within the Department and the total aggregate payments made in 2005-06 (GST inclusive). Only outcomes and program groups with discretionary grants are listed.

Outcome	Outcome Description and Program Group	Total Expensed for 2005-06 $
Outcome 1 Population Health	**The incidence of preventable mortality, illness and injury in Australians is minimised.**	
	Communicable Disease Control	2,485,238
	Drug Strategy	4,648,284
	Immunisation	275,000
	Public Health	190,000
	OUTCOME 1 TOTAL	**7,598,522**
Outcome 2 Medicines and Medical Services	**Australians have access through Medicare to cost-effective medicines and medical services.**	
	Targeted Assistance - Pharmaceuticals, Aids and Appliances	469,836
	OUTCOME 2 TOTAL	**469,836**
Outcome 3 Aged Care and Population Ageing	**Older Australians enjoy independence, good health and wellbeing. High quality, cost-effective care is accessible to frail older people, and their carers are supported.**	
	Community Care	299,872
	Culturally Appropriate Aged Care	5,356,590
	Residential Care	24,100,032
	OUTCOME 3 TOTAL	**29,756,494**
Outcome 4 Primary Care	**Australians have access to high quality, well-integrated and cost-effective primary care.**	
	Primary Care Education and Training	367,385
	Primary Care, Financing, Quality and Access	4,875,007
	Primary Care, Policy, Innovation and Research	218,900
	OUTCOME 4 TOTAL	**5,461,292**
Outcome 5 Rural Health	**Improved health outcomes for Australians living in regional, rural and remote locations.**	
	Rural Health Services	22,942,163
	OUTCOME 5 TOTAL	**22,942,163**
Outcome 7 Indigenous Health	**Improved access by Aboriginal and Torres Strait Islander peoples to effective primary health care and substance use services and population health programs.**	
	Aboriginal and Torres Strait Islander Health	324,925,880
	OUTCOME 7 TOTAL	**324,925,880**
Outcome 9 Health System Capacity and Quality	**The capacity and quality of the health care system meet the needs of Australians.**	
	Health Information	3,441,923
	Mental Health	220,000
	Rural Workforce	171,666
	OUTCOME 9 TOTAL	**3,833,589**
Outcome 10 Acute Care	**Australians have access to public hospitals, related hospital care, diagnostic services and medical services underpinned by appropriate medical indemnity arrangements.**	
	Alternative Funding for Health Service Provision	3,746,282
	OUTCOME 10 TOTAL	**3,746,282**
Outcome 12 Biosecurity and Emergency Response	**Australia's health system has coordinated arrangements to respond effectively to national health emergencies, including infectious disease outbreaks, terrorism and natural disasters.**	
	Health Emergency Planning and Response	30,800
	Surveillance	95,000
	OUTCOME 12 TOTAL	**125,800**
Departmental	Grants paid from departmental funding.	699,907
	DEPARTMENTAL TOTAL	**699,907**

APPENDIX 05
ECOLOGICALLY SUSTAINABLE DEVELOPMENT

The Department of Health and Ageing's environmental performance in 2005-06 is discussed against Section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*.

The Department is committed to reducing its environmental impacts and operating in an ecologically sustainable way while improving service delivery. The Department is working towards achieving this by applying a balanced best practice approach and greater strategic environmental, social and economic consideration.

The National Strategy for Ecologically Sustainable Development (NESD),[1] endorsed by all Australian jurisdictions in 1992, defines the goal of Ecologically Sustainable Development (ESD) as:

> *'Development that improves the total quality of life, both now and in the future, in a way that maintains the ecological processes on which life depends.'*

Legislation Administered by the Department during 2005-06 Accords with Ecologically Sustainable Development Principles (Section 516A(6)(a))

In 2005-06, the Department managed in excess of 50 pieces of legislation. Examples of legislation that meet ESD principles include:

- the *Gene Technology Act 2000*, administered by the Department in consultation with the Office of the Gene Technology Regulator (OGTR). The aim of this Act is to protect the health and safety of people and the environment, by identifying risks posed by, or as a result of, gene technology and by managing those risks through regulating certain dealings with genetically modified organisms (GMOs). The Act supports a regulatory framework which provides that where there are threats of serious or irreversible environmental damage, a lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation;
- the *Industrial Chemicals (Notification and Assessment) Act 1989*, administered by the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). This Act provides for a national notification and risk assessment scheme for industrial chemicals. All chemical risk assessment activities undertaken by NICNAS are within an internationally agreed policy framework that is consistent with the principles of ESD; and
- the *National Health and Medical Research Council Act 1992*, which requires a member of the Council to be a person with knowledge of environmental issues. The National Health and Medical Research Council's (NHMRC) Health Advisory Committee includes a person with expertise in environmental health.

Outcome Contribution to Ecologically Sustainable Development (Section 516A(6)(b))

The Department's 12 outcomes provide a framework to support the improvement of Australia's health and meet the needs of older Australians. In working to achieve these outcomes, the Department undertook a number of activities in 2005-06 that addressed ESD principles and had ESD relevance. These included long-term strategic issues, such as the relationship between health and sustainable development, health and climate change, and improving the evidence-base for environmental health decision-making.

For example, in 2005-06, the Department supported an independent panel appointed by the Gene Technology Ministerial Council (GTMC) in the

1 Accessible at: <www.deh.gov.au/esd/national/nsesd/index.html>.

Statutory Review of the *Gene Technology Act 2000* and the Gene Technology Agreement 2001. The review concluded that the objective of the *Gene Technology Act 2000* should remain unchanged, which means the regulation of GMOs will continue to be consistent with ESD principles. The report of the review was presented to the GTMC (comprising Australian, state and territory representatives) and tabled in the Australian Parliament on 27 April 2006. The draft response to the recommendations of the review will be considered by the GTMC in late October 2006.

The OGTR continued to support the Gene Technology Regulator (the Regulator) in regulating certain dealings with live and viable GMOs. The Regulator's work ranges from contained work in certified laboratories to general releases of GMOs into the environment to protect human health and safety, and the environment. The Regulator has extensive powers to monitor and enforce license conditions for licence holders and persons covered by licenses. In 2005-06, the Regulator received 38 licence applications; 11 for dealings involving intentional release of GMOs into the environment and 27 for dealings not involving intentional release of GMOs into the environment. In addition, the Regulator issued 22 licenses to deal with GMOs. Further details can be found in the Regulator's 2005-06 Annual Report.[2]

NICNAS risk assessments and risk management strategies operated within the framework for environmentally sound management of chemicals and were aligned with the United Nations Conference on Environment and Development Agenda 21 (Rio Declaration). Consistent with the NESD principles and policies, NICNAS risk assessments comprised a hazard assessment, dose-response relationships, exposure assessment and risk assessment including risk management options. In recommending risk management strategies for industrial chemicals, NICNAS sought to balance economic and social benefits afforded by these strategies with the economic, political and social costs of implementation.

The NICNAS Low Regulatory Concern Chemicals reforms implemented in 2005-06 include strategies which encourage the introduction of less hazardous chemicals that pose a lower risk to the environment. Promotion of innovative new technologies through direct financial incentives for chemicals that pose a lower regulatory risk will result in a more sustainable overall regulatory framework and chemical industry in Australia. NICNAS environmental risk assessment activity is undertaken through a cooperative partnership arrangement with the Department of Environment and Heritage. Further details can be found in the *NICNAS Annual Report 2005-06*.[3]

Capital work projects funded in rural areas by the Department included feasibility studies that took into account environmental issues. For example, the Department commissioned a feasibility study to investigate local environment, economic, culture, operational and aesthetic issues involved in providing a swimming pool to the Waturru Community in the APY Lands of South Australia. The study confirmed the project was viable and sustainable from an environmental perspective and ensured key issues such as water, power, waste disposal, aesthetics and cultural safety were adequately considered in the design.

In 2005-06, the Department published the *Management of Asbestos in the Non-Occupational Environment (2005)*[4] to support decisions by environment and health authorities in avoiding new asbestos exposures from existing materials containing asbestos. The guide covers asbestos detection, risk assessment and risk management.

2 Accessible at: <www.ogtr.gov.au>.
3 Accessible at: <www.nicnas.gov.au/Publications/Annual_Reports.asp>.
4 Accessible at: <www.health.gov.au/internet/wcms/Publishing.nsf/Content/phd-envhlth-asbestos-cnt.htm>.

The Effect of Departmental Activities on the Environment (Section 516A(6)(c))

The Department's continued commitment to the environment is reflected through its Environmental Management System (EMS), based on AS/NZA ISO 14:0001:1996. In 2005-06, the Department reviewed EMS action-plans to moderate the effects of departmental business activities and adjusted performance indicators to continue process improvement for 2006-08. Through the initiatives undertaken and the regular monitoring regimes implemented under the EMS, the Department was able to identify areas for further discussion to ensure that it can continue to reduce the environmental footprint of its activities.

Identified key impacts from departmental office-based activities included the consumption of energy and goods, and the generation of waste.

The Department, through the Office for Aboriginal and Torres Strait Islander Health's Capital Works Program, provided health infrastructure that is built and designed to be durable, locally sustainable, and appropriate to the cultural and physical environment. It also encouraged community development and ownership, and enabled Aboriginal and Torres Strait Islander organisations to deliver high quality health care services that meet the changing needs of their communities. Capital works guidelines include requirements for passive solar design principles, shaded buildings and adequate wall and ceiling insulation to reduce heating and cooling requirements. As at 30 June 2006, 166 capital works projects were in progress across Australia.

The NHMRC continued to provide advice on environmental health matters through its guiding documents: the *Community Water Planner – A Tool for Small Communities to Develop Drinking Water Management Plans User Manual 2005*; and community resource *Water Made Clear*. These publications aim to assist local authorities and agencies to minimise the impact and affect of their services on the environment, to improve community awareness of what constitutes safe drinking water, and to provide a safe quality of drinking water to the Australian public. These publications are available on the NHMRC web site.[5]

Measures the Department is Taking to Minimise the Impact of Activities on the Environment (Section 516A(6)(d))

In 2005-06, the Department worked to operate in an ecologically sustainable way and to reduce negative environmentalal impacts through its EMS. Since its initial development in 2003, the Department's EMS has focused on the ESD principles. Examples of the Department's achievements this year include:

- **Reduced Energy Consumption**

  The Department continued to pursue energy efficient initiatives with the refurbishment of Scarborough House for Central Office and the co-location of staff into six buildings.

Table 1: Greenhouse Gas Reductions from Energy Use – Central Office 2002-2006

Central Office	2002-03	2003-04	2004-05	2005-06
Leased sq meters (per annum)	45,830	45,410	44,900	52,300 #
Energy use (kWh)	8,120,400	7,061,000	5,998,600	5,575,156
Greenhouse gas (GHG) emissions (tonnes)	7,999	6,955	5,791	5,161
Continuous annual reduction in GHG emissions	n/a	-1,044	-1,164	-630
% reduction in GHG emissions (per annum)	n/a	-13%	-17%	-11%
Reduction in GHG emissions compared to 2002-03				-35%

Source: The Department of Health and Ageing.
Reflects the rolling termination of leases from October – December 2005 and the occupation of Scarborough House from September 2005.

5 Accessible at: <www.nhmrc.gov.au/publications/synopses/eh19syn.htm>.

Scarborough House is the 'greenest' building the Department occupies. The refurbishment has an overall (base building and tenant light and power) energy consumption target equivalent to a 4 star rating by the Sustainability Energy Development Authority. The building represents the largest single space occupied by the Department and, as Table 1 demonstrates, has delivered significant energy savings. The average monthly energy consumption is 110,000 kWh, equivalent to another Health building which is only 55 per cent of its size. The major contributor to the reduced electricity consumption is the installation of an energy efficient lighting system.

- **Increased Green Power Purchases Saving Greenhouse Gas Emissions**

  In line with the Australian Government Energy Policy and the National Greenhouse Strategy, the Department purchased eight per cent green power for most of its Central Office buildings under the whole-of-government energy supply contract managed by the Department of Defence.

- **Improvement in 'Greenness' of Leased Vehicle Fleet**

  As of June 2006, 35 per cent of the pool fleet and 31 per cent of the entire leased fleet was rated between 10.5 and 17 according to the *Green Vehicle Guide* (GVG). This marks a steady progress towards the Australian Government target of 38 per cent for pool vehicles. The Department's preference for higher-GVG rated vehicles reduces the potential impact of air pollution and greenhouse gas (GHG) emissions.

- **Expansion of Office Recycling to Reduce Waste Going to Landfill**

  In 2005-06, the Department recycled 78-85 per cent of its office paper waste and continued to expand its recycling activities. Old and broken mobile phones were recycled through the mobile phone industry collection service. Used toner cartridges were also recycled through a specialist manufacturer that reuses or breaks down components for remanufacture or other sustainable waste stream recycling. By 2008, the Department aims to reduce the amount of office waste going to landfill by a further 25 per cent.

Table 2: Minimising Impact of Activities – Central Office 2005-06

Central Office	Volume	Environmental Impact Minimised
Office paper recycled	169.8 tonnes	Paper can be recycled eight times, reducing the demand for virgin material. In addition to saving 425 tonnes of GHGs, the reuse of 170 tonnes of office paper saves 83 trees, 425 barrels of oil, 700,000 kWh of electricity, 680 cubic metres of landfill and 5.4 megalitres of water.[6]
Old mobile phones and batteries recycled	87 items	Mobile phones contain highly toxic materials (cadmium, lead, nickel), which have the potential to leach into the water-table and contaminate the environment.[7]
Used toner cartridges recycled	1152 items	Printer inks and toners contain potentially hazardous materials (such as carbon black and cadium-based phosphors) which may pollute the environment. Used toner cartridges also take up valuable space by being deposited in landfill.[8]
Commingle recycling/ reusing stationery, including: paper/card; metal; and plastics	4,075 kg	Manufacturing products from recycled materials use up to 95 per cent less energy than is required to make these products from virgin materials. This figure includes 175 kg off office stationery recycled for reuse internally.[6]

Source: The Department of Health and Ageing.

6 Source: <www.visy.com.au/divisions/category_page.aspx?did=1&sid=3&cid=89>.
7 Source: <www.dcita.gov.au/ict/publications/data_magazine/issue_5/mobile_phone_recyling>.
8 Source: <www.facilities.unsw.edu.au/recycling/toner_reuse.htm>.

- **Increased Use of Recycled Office Products**

  Large quantities of vinyl folders, plastic and metal goods, and cardboard items are recycled by the Department. In 2005-06, 74 per cent of office paper used was recycled stock, manufactured in Australia from 60 per cent recycled pulp and 40 per cent sourced from sustainable managed plantations.

- **Continued Implementation of Initiatives to Moderate the Consumption of Office Paper**

  In 2005-06, the Department continued to moderate its paper consumption and increase the use of recycled paper stock.

  The steady move towards the provision of electronic information continues. In 2006-07, the Department plans to rollout a print production portal to save 25 per cent in consumerables, for example 12 pallets and six facsimile toner cartridges per annum.

  The Therapeutic Goods Association's (TGA) EMS has been in place since December 2003 and complies with the relevant Australian Standard AS/NZS ISO 14004:1996. Since 2002, the TGA has also promoted environmental procurement when undertaking refurbishment programs.

Mechanisms for Reviewing and Improving Measures to Minimise the Impact of the Department on the Environment (Section 516A(6)(e))

The Department continually improves its environmental performance through its EMS. The EMS incorporates regular review and audit schedules and an evaluation process to ensure that objectives, targets and plans are met. The EMS's 2005-08 targets seek a 10 per cent improvement on 2004-05 achievements.

The Department reports electricity and fuel consumption annually in the *Energy Use in the Australian Government's Operations Report*, highlighting progress against government and internal targets in relation to electricity and vehicle fuel consumption.

In 2005, the Department contributed to the Australian National Audit Office survey on Green Office Procurement. The survey and recommendations were published by the Australian National Audit Office in December 2005.

Table 3: The Department's Paper Consumption

Paper	2003-04	2004-05	2005-06
Total reams	92,040	63,200	68,036
% change in consumption	n/a	-31%	8%
% white paper with recycled component	64%	66%	75%

Source: The Department of Health and Ageing.

APPENDIX 06
FREEDOM OF INFORMATION

Section 8 of the *Freedom of Information Act 1982* (the FOI Act) requires a Commonwealth agency to publish, in an annual report, information about:

- its functions;
- its decision-making powers that affect the public;
- arrangements for public participation in the formulation of policy;
- the categories of documents that are held by the agency; and
- how these documents can be accessed by the public.

Particulars of the Department

Information about the structure of the Department can be found in Part 1 - Departmental Overview of this report, while organisational functions are explained in Part 2 - Outcome Performance Reports. Information can also be found on the Department's internet site.[1]

Decision-making Powers

In 2005-06, Ministers and/or departmental officers exercised decision-making powers under the following Acts, or parts of Acts, which were administered by the Department:

- *Aged or Disabled Persons Care Act 1954;*
- *Aged Care (Bond Security) Act 2006;*
- *Aged Care (Bond Security) Levy Act 2006;*
- *Aged Care Act 1997;*
- *Aged Care (Consequential Provisions) Act 1997;*
- *Alcohol Education and Rehabilitation Account Act 2001;*
- *Australian Hearing Services Act 1991;*
- *Australian Institute of Health and Welfare Act 1987;*
- *Australian Nuclear Science and Technology Organisation Act 1987,* Part VIIA;
- *Australian Radiation Protection and Nuclear Safety Act 1998;*
- *Australian Radiation Protection and Nuclear Safety (Licence Charges) Act 1998;*
- *Cancer Australia Act 2006;*
- *Commonwealth Serum Laboratories Act 1961;*
- *Delivered Meals Subsidy Act 1970;*
- *Epidemiological Studies (Confidentiality) Act 1981;*
- *Food Standards Australia New Zealand Act 1991;*
- *Gene Technology Act 2000;*
- *Gene Technology (Licence Charges) Act 2000;*
- *Health and Other Services (Compensation) Act 1995;*
- *Health and Other Services (Compensation) Care Charges Act 1995;*
- *Health Care (Appropriation) Act 1998;*
- *Health Insurance Act 1973;*
- *Health Insurance Commission (Reform and Separation of Functions) Act 1997;*
- *Health Insurance (Pathology) (Fees) Act 1991;*
- *Hearing Services Administration Act 1997;*
- *Hearing Services AGHS Reform Act 1997;*
- *Home and Community Care Act 1985;*
- *Home Nursing Subsidy Act 1956;*
- *Industrial Chemicals (Notification and Assessment) Act 1989;*
- *Industrial Chemicals (Registration Charge - Customs) Act 1997;*
- *Industrial Chemicals (Registration Charge - Excise) Act 1997;*
- *Industrial Chemicals (Registration Charge - General) Act 1997;*
- *Medical Indemnity Act 2002;*
- *Medical Indemnity (Prudential Supervision and Product Standards) Act 2003;*

1 Accessible at: <www.health.gov.au>.

- *Medical Indemnity (Competitive Advantage Payment) Act 2005;*
- *Medical Indemnity (Run-off Cover Support Payment) Act 2004;*
- *Medical Indemnity (UMP Support Payment) Act 2002;*
- *Medical Indemnity Agreement (Financial Assistance – Binding Commonwealth Obligations) Act 2002;*
- *Narcotic Drugs Act 1967*, Sections 9, 10, 11, 13, 19 and 23 and Subsection 24(1), and so much of the remaining provisions of the Act (other than Sections 12 and 22 and Subsection 24(2)) as relates to powers and functions under those Sections;
- *National Blood Authority Act 2003;*
- *National Health Act 1953;*
- *National Health and Medical Research Council Act 1992;*
- *Nursing Home Charge (Imposition) Act 1994;*
- *Nursing Homes Assistance Act 1974;*
- *Private Health Insurance (ACAC Review Levy) Act 2003;*
- *Private Health Insurance (Collapsed Organization Levy) Act 2003;*
- *Private Health Insurance Complaints Levy Act 1995;*
- *Private Health Insurance (Council Administration Levy) Act 2003;*
- *Private Health Insurance Incentives Act 1998;*
- *Private Health Insurance (Reinsurance Trust Fund Levy) Act 2003;*
- *Prohibition of Human Cloning Act 2002;*
- *Research Involving Human Embryos Act 2002;*
- *Quarantine Act 1908*, in relation to human quarantine;
- *Quarantine (Validation of Fees) Act 1985*, in relation to human quarantine;
- *States Grants (Home Care) Act 1969;*
- *States Grants (Nurse Education Transfer Assistance) Act 1985;*
- *States Grants (Paramedical Services) Act 1969;*
- *Therapeutic Goods Act 1989;*
- *Therapeutic Goods (Charges) Act 1989;*
- *Tobacco Advertising Prohibition Act 1992;* and
- *World Health Organization Act 1947*.

Portfolio Agencies that Produce an Annual Report

The following prescribed authorities (as defined by the FOI Act) in the Health and Ageing portfolio are separate agencies for the purpose of the FOI Act. They publish their own annual report and are therefore not covered by this statement:

- Food Standards Australia New Zealand;
- Aged Care Commissioner for Complaints;
- Australian Institute of Health and Welfare;
- Australian Radiation Protection and Nuclear Safety Agency;
- National Blood Authority;
- National Health and Medical Research Council;
- National Industrial Chemicals Notification and Assessment Scheme;
- Private Health Insurance Administration Council;
- Private Health Insurance Ombudsman; and
- Professional Services Review.

Contact details for agencies not covered by this Statement can be found in the Section 8 Statement contained in each agency's annual report.

Portfolio Authorities Covered by the Department's Annual Report

In 2005-06, the Therapeutic Goods Administration was a division of the Department, and its documents were considered to be documents of the Department.

For the purposes of the administration of the FOI Act, the Department was responsible in 2005-06 for processing requests for access to documents of the following prescribed authorities (as defined by the FOI Act):

- Acute Care Advisory Committee;

- Aged Care Planning Advisory Committees;
- Australian Community Pharmacy Authority;
- Australian Drug Evaluation Committee;
- Complementary Medicines Evaluation Committee;
- Gene Technology Regulator;
- Gene Technology Community Consultative Committee;
- Gene Technology Ethics Committee;
- Gene Technology Technical Advisory Committee;
- Hearing Services Consultative Committee;
- Medical Device Evaluation Committee;
- Medicines Evaluation Committee;
- National Drugs and Poisons Schedule Committee;
- National Pathology Accreditation Advisory Council;
- Pathology Services Table Committee;
- Pharmaceutical Benefits Advisory Committee;
- Pharmaceutical Benefits Remuneration Tribunal;
- Therapeutic Goods Advertising Codes Council;
- Therapeutic Goods Committee; and
- Therapeutic Goods Complaints Resolution Panel.

Arrangements for Outside Participation in the Formulation of Policy

The Department welcomes views and comments from members of the public and bodies outside the Commonwealth on its policy formulation and administration of portfolio legislation. Public consultation, consumer and stakeholder participation is widely encouraged at varying levels, across all fields of policy and output delivery. Formal arrangements for outside participation include cross-portfolio bodies and bodies specific to outcome classes. Further information regarding formal arrangements can be obtained from the Australian Government Directory[2] and from the Department's internet site.

Categories of Documents

The Department maintains records in various forms and locations relating to the functions of the Health and Ageing portfolio. Records are retained for varying periods, depending on their administrative and historical value, and are disposed of in accordance with standards and practices approved by the National Archives of Australia. The following categories of documents are common throughout the Department and its portfolio agencies (unless specified otherwise):

- briefing papers and minutes prepared for the Ministers, the Parliamentary Secretary and senior departmental officers;
- Cabinet documents, including Cabinet submissions/memoranda and documents submitted to Cabinet;
- documents prepared for the Executive Council;
- documents relating to the development of, and explanatory memoranda to Acts, Regulations and other legislative instruments;
- internal administration documents relating to staff management and the organisation and operation of the Department, including personnel records, organisational and staffing records, financial and resource management records, audit records and internal operating procedures, Requests for Tender, instructions and indexes;
- instruments of appointment;
- ministerial and departmental responses to correspondence and parliamentary questions;
- inter-departmental and general correspondence and papers;
- policy documents, including the development and implementation of government and departmental policy, recommendations and decisions;
- working papers covering functions and issues handled by the Department, including program, fund and grant administration and planning documents;
- documents relating to complaints about Commonwealth-funded services;
- agreements, Memoranda of Understanding and contracts between the Commonwealth, State and Territory governments and other bodies and organisations;
- legal documents, including legislation, contracts, leases, instruments of delegation, legal advices and court documents;
- requests for information under the *Freedom of Information Act 1982* and files and papers relevant to the consideration of those requests;
- standard operating procedures and fact sheets;

2 Accessible at: <www.agd.com.au>.

- separate records of internal departmental management meetings and teleconferences, such as agendas and minutes;
- correspondence with non-government parties (stakeholders);
- records of meetings and teleconferences with external stakeholders, including agendas and minutes;
- financial reports, expenditure estimates and expenditure reports;
- maps, charts, photographs, technical drawings, specifications and technical manuals;
- statistics and databases;
- documents prepared by international agencies;
- reports prepared by other government agencies and consultants;
- international agreements, Memoranda of Understanding and treaties;
- documents submitted by third parties;
- departmental publications and occasional papers;
- training materials;
- media releases;
- committee records; and
- mailing lists.

A large number of departmental publications are available free of charge to the public. A list of these publications can be accessed via the Department's internet site.

Authorised FOI Decision-makers

The authority to provide access to documents is held widely throughout the Department primarily at section-head level (Executive Level 2) and above. Occupants of positions classified as Band 1 or higher in the Senior Executive Service are authorised to provide and refuse access to documents under the FOI Act. Authority to make other decisions, such as imposing and remitting charges, has also been given to appropriate officers.

Facilities for Access

Facilities for inspecting documents to which access is given under the FOI Act are provided by the Department in each state and territory capital city and in Central Office.

Departmental Manuals

In accordance with Section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents provided by the Department to officers to assist in making decisions or recommendations that affect the public. The list, as at July 2006, is available on request from the FOI Coordinator or any office of the National Archives of Australia.

Freedom of Information Statistics 2005-06

The following prescribed authorities covered by this Statement received requests for access under the FOI Act in 2005-06:

Table 1: Requests for Access

Agency	Matters On-hand (Start 2005-06)	Requests Received (2005-06)	Requests Finalised (2005-06)	Requests Outstanding (End 2005-06)
Department of Health and Ageing	32	132	136	28
Australian Community Pharmacy Authority	-	2	1	1
Gene Technology Regulator	-	1	1	-

Table 2: FOI Internal Review Matters

Agency	Matters On-hand (Start 2005-06)	Requests Received (2005-06)	Requests Finalised (2005-06)	Decision	Reviews Outstanding (End 2005-06)
Department of Health and Ageing	1	10	10	2 affirmed original decisions. 5 greater access given. 1 withdrawn. 1 charge reduced. 1 charge not imposed.	1
Gene Technology Regulator	-	1	1	Affirmed original decision.	-

Table 3: FOI Administrative Appeals Tribunal Matters

Agency	Matters On-hand (Start 2005-06)	Requests Received (2005-06)	Requests Finalised (2005-06)	Decision	Appeals Outstanding (End 2005-06)
Department of Health and Ageing	1	3	2	1 affirmed original decision. 1 greater access given.	2

FOI Procedures and Contact Details

A request for access to documents under the FOI Act must be in writing, enclosing a $30 application fee and an address in Australia to which notices can be sent. In certain circumstances the fee is not required or can be remitted. To enable a prompt response and to help an agency to meet its obligations under the FOI Act, you should provide as much information as possible about the documents you are seeking. It is also advisable to include a telephone number or an electronic mail address to allow departmental officers handling your request to contact you in case clarification is needed. Applicants may be liable to pay charges at rates prescribed by the Freedom of Information (Fees and Charges) Regulations.

Department of Health and Ageing

Inquiries regarding submission of a formal request under the FOI Act should be directed to the Department's FOI Coordinator or State/Territory Office FOI Contact Officers at:

FOI Coordinator (Central Office)	(02) 6289 1666
New South Wales	(02) 9263 3926
Victoria	(03) 9665 8872
Queensland	(07) 3360 2724
South Australia	(08) 8237 8025
Western Australia	(08) 9346 5456
Tasmania	(03) 6221 1506
Northern Territory	(08) 8946 3409
Australian Capital Territory	(02) 6289 3352

Requests should be sent to the appropriate office of the Department at the following address:

Department of Health and Ageing
GPO Box 9848
CAPITAL CITY

In accordance with the *Electronic Transactions Act 1999*, FOI requests may be made by email, addressed to FOI@health.gov.au. However, as a request must be accompanied by an application fee, in most cases no action will be taken on an emailed request until the application fee is received or a request has been made for the remission of the application fee.

APPENDIX 07

MINISTERIAL RESPONSIBILITIES AS AT 30 JUNE 2006

The Hon Tony Abbott MHR, Minister for Health and Ageing

The Hon Tony Abbott MHR, as senior Minister and member of Cabinet, holds overarching policy responsibility for all health and ageing issues including specific responsibility for:

- Medicare benefits;
- hospitals;
- medical indemnity;
- private health insurance;
- medical workforce issues;
- the Pharmaceutical Benefits Scheme;
- pharmacy issues;
- population health, including issues concerning HIV/AIDS and other communicable diseases, immunisation, obesity, specific women's and men's health issues, environmental health issues and drug abuse reduction;
- biosecurity and bioterrorism;
- national health priorities (with the exception of injury prevention, arthritis musculoskeletal conditions and asthma);
- rural and regional health;
- health and medical research and biotechnology;
- diagnostics and technology;
- Indigenous health issues;
- e-Health;
- strategic policy analysis and evaluation; and
- corporate leadership and resource management.

Senator The Hon Santo Santoro, Minister for Ageing

As Minister for Ageing, Senator the Hon Santoro has responsibility for:

- the National Strategy for an Ageing Australia;
- the National Continence Management Strategy;
- a range of programs to meet the needs of Australia's ageing population, including:
  - Home and Community Care;
  - Residential Care;
  - National Respite for Carers – including the Carer Information and Support Program, Carer Respite Centres and Carer Resource Centres;
  - Aged Care Assessment;
  - Community Care Packages;
  - Assistance with Care and Housing for the Aged;
  - the Complaints Resolution Scheme;
  - Dementia Support Services;
  - Advocacy Services;
  - the Aged Care Standards and Accreditation Agency Ltd; and
  - Safe at Home Program.
- the Hearing Services Program and policy;
- injury and falls prevention;
- arthritis and musculoskeletal conditions; and
- human cloning and stem cell research.

The Hon Christopher Pyne MP, Parliamentary Secretary to the Minister for Health and Ageing

Mr Pyne assists Minister Abbott by assuming responsibility for matters relating to:

- the Therapeutic Goods Administration;
- the Office of the Gene Technology Regulator;
- the National Industrial Chemicals Notification and Assessment Scheme;
- Food Standards Australia New Zealand;
- food policy;
- the Australian Radiation Protection and Nuclear Safety Agency;
- blood and organ donation;
- mental health and suicide prevention;
- alcohol;
- tobacco;
- illicit drugs; and
- asthma.

APPENDIX 08

OCCUPATIONAL HEALTH AND SAFETY

During 2005-06, the Department continued its commitment to providing a safe and healthy work environment for staff, contractors and visitors at or near its workplaces. This commitment is underpinned by the Department's Certified Agreement 2004-2007, which articulates the organisation's commitment to legislative compliance and the pursuit of better practice in injury prevention and management; the Department's Occupational Health and Safety (OH&S) Policy and Agreement; and the identification of OH&S as a priority in the Department's People Strategy 2004-2007.

In 2005-06, the Department continued towards achieving OH&S targets identified in the National Occupational Health and Safety Strategy 2002-2012 and actively promoted the Department's Health and Life Strategy.

The Department's approach to injury prevention and management is reflected in the organisation's workers' compensation premium reduction performance, as levied by Comcare. Over the last four years, the Department has reduced its workers' compensation premium rate from 141 per cent of the Australian Government average in 2001-02 to 96 per cent of the average in 2006-07.

This performance, and the package of innovative reforms underpinning it, was recognised in July 2005 by the Safety Rehabilitation and Compensation Commission (SRCC) at its annual Safety Awards. The SRCC awarded the Department a Safety Award 2005 in the category of 'Leadership in Injury Prevention and Management'.

The maturity of the Department's OH&S systems was also acknowledged by Comcare in 2005 when it withdrew as a project partner in the Workplace Injury Prevention and Management Strategy 2002-2007 in order to focus on assisting other agencies in these respects. The Department, however, is continuing the work under this strategy.

At the request of the Australian Public Service Commission (APSC), the Department's approach to injury prevention was included as a case study in the APSC publication *Fostering an Attendance Culture: A Guide for APS Agencies*.[1]

The following provides details on matters specified for inclusion in an annual report under Section 74 of the *Occupational Health and Safety (Commonwealth Employment Act) 1991*.

The occupational health and safety policy of the department or authority during the financial year, including details of:

- any agreement made with employees relating to occupational health and safety;
- the establishment of committees to deal with occupational health and safety matters; and
- the selection of health and safety representatives.

The Department has an Occupational Health and Safety Policy and Agreement (2002) with relevant unions which will be updated in late 2006 to reflect the proposed changes to the *Occupational Health and Safety (Commonwealth Employment Act) 1991*.

The Department's current Certified Agreement 2004-2007 includes a strong focus on OH&S, with a range of commitments to maintaining healthy and safe workplaces and staff wellbeing.

1 Accessible at: <www.apsc.gov.au/publications06/fosteringattendance.htm>.

In 2005-06, established OH&S Committees continued to meet on a quarterly basis in Central Office, in the Therapeutic Goods Administration (TGA) and in each State and Territory Office. Other committees with key roles in addressing safety included staff consultative forums in organisational units of the Department, the Institutional Bio Safety Committee in the TGA, the Laboratory Safety Committee in the TGA, and emergency planning committees.

Measures taken during the year to ensure the health, safety and welfare at work of employees and contractors of the Department.

Measures taken by the Department in 2005-06 to ensure health, safety and welfare at work included:

- continuing focus on the Department's Workplace Injury Prevention and Management Strategy 2002-2007 and the Health and Life Strategy;
- providing OH&S programs for first aid services, emergency evacuation systems, fire safety systems, eyesight testing and workstation setup assistance for staff;
- employer-funded immunisation (including Hepatitis B and flu) for staff identified at risk or presenting a potential risk to clients; and
- provided training, awareness seminars and OH&S guidance material on safety related topics.

Statistics of any accidents or dangerous occurrences during the year that arose out of the conduct of undertakings by the Department and that required the giving of notice under Section 68.

In 2005-06, there were three dangerous occurrences and four serious personal injury notifications to Comcare under Section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*.

Investigations conducted during the year that relate to undertakings carried on by the employer, including details of all:

- tests conducted on any plant, substance or thing in the course of such investigations;
- directions given to the employer under Section 45 during the year; and
- notices given to the employer under Sections 29, 46 and 47 during the year.

In 2005-06, examinations conducted for ongoing staff safety included testing for eyesight, electrical equipment, air quality, cooling tower functions and medicals for individuals.

No directions or notices under the *Occupational Health and Safety (Commonwealth Employment) Act 1991* were served on the Department by Health and Safety Representatives or Comcare during the year.

APPENDIX 09
PORTFOLIO GOVERNANCE

Cooperation between the Department and the portfolio agencies in 2005-06 has been fundamental to the implementation of the Australian Government's response to the recommendations arising from the *Review of the Corporate Governance of Statutory Authorities and Office Holders* (the Uhrig Review) by Mr John Uhrig AC.

Thirteen portfolio agencies or statutory office holders were subject to individual reviews under the Uhrig governance principles with the aim of establishing a consistent approach to accountability and reporting arrangements, and clarifying roles of the portfolio agencies and the Department in relation to the Minister.

In 2005-06, the Australian Government made decisions on the future governance of seven portfolio agencies, taking into account the outcomes of reviews undertaken by the Department. The Department of Finance and Administration and the portfolio agencies were consulted as part of the review process.

The Australian Government decided that the existing governance arrangements for five of these agencies continue to provide both effective governance and appropriate accountability for Australian Government budget allocations. These agencies are the:

- Australian Radiation Protection and Nuclear Safety Agency;
- National Blood Authority;
- Gene Technology Regulator;
- National Industrial Chemicals Notification and Assessment Scheme; and
- General Practice Education and Training Ltd.

For two other agencies, the National Health and Medical Research Council (NHMRC) and the National Institute of Clinical Studies Ltd (NICS), new governance arrangements will be established under the *Financial Management and Accountability Act 1997* (FMA Act) and the *Public Service Act 1999*.

The Australian Government decided in early 2005-06 to establish the NHMRC as a financially independent statutory agency from 1 July 2006 by prescribing it under the FMA Act. Under the new arrangements, the Chief Executive Officer (CEO) is the head of the agency for the purposes of the *Public Service Act 1999*. The CEO is responsible for staffing arrangements, and is directly accountable for expenditure under the FMA Act.

The new governance arrangements provide for clearer lines of accountability and reporting by the CEO as head of the agency to the portfolio Minister.

The Department managed the amendment of the *National Health and Medical Research Council Act 1992* in June 2006 to reflect the new governance arrangements. Under the amended Act, the agency continues to be responsible for raising the standard of individual and public health, by fostering health and medical research and training, and by monitoring ethical issues relating to health throughout Australia.

The Australian Government also decided that NICS, an Australian Government company, be incorporated into the NHMRC in 2007. These new arrangements should strengthen the translation of research findings into improvements to health care practice. An Australian Government decision on the final operational structure will be determined in 2006-07.

Final decisions on governance arrangements for the remaining six portfolio agencies will be made in 2006-07, taking into account Australian Government decisions on broader policy matters pertinent to those agencies. The agencies are the Aged Care Standards and Accreditation Agency Ltd, the Australian Institute of Health and Welfare, Food Standards Australia New Zealand, the Private Health Insurance Administration Council, the Private Health Insurance Ombudsman, and the Professional Services Review.

The Department managed the establishment of a new portfolio agency, Cancer Australia, in late 2005-06. The new agency will guide improvements in prevention, provide support to consumers and health professionals and make recommendations to the Australian Government about cancer policy and priorities. It has been established as a statutory authority under the *Cancer Australia Act 2006*. Cancer Australia is led by a CEO subject to the FMA Act, and supported by an Advisory Council.

The Department also made progress managing the establishment of the Australia New Zealand Therapeutic Products Authority. The bi-national Authority will replace the Australian Therapeutic Goods Administration and New Zealand's Medicines and Medical Devices Safety Authority. It is anticipated that the Authority will commence operations in late 2007.

In 2005-06, the Department was actively involved in a number of significant corporate governance and performance monitoring activities in the portfolio. This included managing the financial monitoring role for small portfolio agencies as required under the Australian Government's review of the Budget Estimates Framework.

Portfolio Agencies

The Department pursued the achievement of the portfolio's outcomes in 2005-06 in association with a number of other agencies in the portfolio. These agencies, which are discussed below, produce their own annual report.

Aged Care Standards and Accreditation Agency Limited
Telephone: (02) 9633 1711 Internet: <www.accreditation.org.au>

The Aged Care Standards and Accreditation Agency Limited (the Agency) was established as a wholly owned Australian Government company limited by guarantee, and incorporated in October 1997. It is subject to the *Commonwealth Authorities and Companies Act 1997* and the *Corporations Act 2001*.

Functions

Under the *Aged Care Act 1997,* all aged care homes must meet an accreditation requirement to be eligible to receive residential care subsidy. While the Department pays the residential care subsidy, it is the Agency that decides whether or not to accredit a home. The primary functions of the Agency are to:

- manage the residential aged care accreditation process using the Accreditation Standards;
- promote high quality care and help industry to improve service quality by identifying best practice and providing information, education and training to industry;
- monitor ongoing compliance within the Accreditation Standards; and
- liaise with the Department about homes that do not meet the Accreditation Standards.

During 2005-06, the Agency contributed to the Department's Outcome 3 – Aged Care and Population Ageing.

Aged Care Standards and Accreditation Agency Limited continued

Key Achievements for 2005-06

- At the end of June 2006 there were 2,937 accredited homes, and 96 per cent of homes were fully compliant with the 44 expected outcomes of the Accreditation Standards. Of the accredited homes, 93 per cent were awarded three years or more accreditation.
- Conducted education and information sharing activities including Better Practice seminars in all states and territories and Quality Education on the Standards seminars. Over 9,400 staff in 830 homes attended the seminars.
- Published *The Standard* newsletter on a monthly basis and expanded the 'for assessors' section on the Agency's web site.
- Updated self-directed learning packages and reprinted the *Pocket Guide to the Accreditation Standards*.
- Maintained the Agency's certification to the Australian quality standard (ISO 9001:2000).

Australian Institute of Health and Welfare

Telephone: (02) 6244 1000 Internet: <www.aihw.gov.au>

The Australian Institute of Health and Welfare (AIHW) is a statutory authority established under the *Australian Institute of Health and Welfare Act 1987*. It is subject to the *Commonwealth Authorities and Companies Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

The primary functions of the AIHW relate to the collection and production of health-related and welfare-related information and statistics. The AIHW:

- identifies and meets the information needs of governments and the community to enable them to make informed decisions to improve the health and welfare of Australians;
- provides authoritative and timely information and analysis to the Australian, State and Territory governments and non-government clients through the collection, analysis and dissemination of national health, community services and housing assistance data; and
- develops, maintains and promotes, in conjunction with stakeholders, information standards for health, community services and housing assistance.

The AIHW promotes and puts into the public domain the results of its work.

During 2005-06, the AIHW contributed to its own specific Outcome 1 – Better health and wellbeing for Australians through better health and welfare statistics and information.

Key Achievements for 2005-06

- Remained consistent with its Mission – Better health and welfare for Australians, through providing better health and welfare statistics.
- Continued to provide statistics and information services to support the work of the Department.

Australian Radiation Protection and Nuclear Safety Agency

Telephone: (02) 9541 8333 Internet: <www.arpansa.gov.au>

The Chief Executive Officer of the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) is a statutory office holder established under the *Australian Radiation Protection and Nuclear Safety Act 1998* (the ARPANS Act). ARPANSA is prescribed under the *Financial Management and Accountability Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

The main objective of ARPANSA, under the ARPANS Act, is to protect the health and safety of people, and to protect the environment, from the harmful effects of radiation. ARPANSA:

- is a resource of knowledge about ionizing and non-ionizing radiation;
- has a leading role in measuring radiation, researching the health effects of radiation exposure, and translating this knowledge into developing standards, guidelines and codes of practice;
- provides information and advice to the Australian Government, the Parliament and the Australian public;
- provides some radiation protection services;
- learns about international best practice in radiation protection and nuclear safety, and contributes to international deliberations ensuring that Australia's interest and priorities are appropriately reflected;
- promotes national uniformity in radiation protection and nuclear safety in states and territories on major radiation issues such as the security of radioactive sources, emergency response and the safety of radioactive waste management; and
- is responsible for regulating all radiation and nuclear activities undertaken by Australian Government entities.

During 2005-06, ARPANSA contributed to the achievement of its own specific Outcome 1 – The Australian people and the environment are protected from the harmful effects of radiation.

Key Achievements for 2005-06

- Established assessment and analysis teams to assist the states to respond to radiological emergencies.
- Conducted the assessment of the application for the operating licence for the Australian Nuclear Science and Technology Organisation Open Pool Australian Light-Water Research Reactor and Compliance with the construction licence.
- Published the *Code of Practice and Safety Guide for Radiation Protection and Radioactive Waste Management in Mining and Mineral Processing* and the *Code of Practice and Safety Guide for Radiation Protection in Dentistry.*
- Developed a new operations management system and database to enable the Personal Radiation Monitoring Service to continue to provide effective monitoring of occupational doses of ionizing radiation.

Cancer Australia

Cancer Australia is a statutory authority established under the *Cancer Australia Act 2006*. It is prescribed under the *Financial Management and Accountability Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

Cancer Australia's main function is to provide strategic leadership in cancer care by bringing together key cancer organisations. It is accountable to the Minister for Health and Ageing and will:

- provide national leadership in cancer control;
- guide improvements to cancer prevention and care, to ensure treatment is scientifically based;
- coordinate and liaise with a wide range of groups and providers with an interest in cancer;
- make recommendations to the Australian Government about cancer policy and priorities; and
- oversee a dedicated budget for research into cancer.

Cancer Australia has its own specific Outcome 1 – National consistency in cancer prevention and care that is scientifically based. This Outcome came into operation on 1 July 2006.

Key Achievements for 2005-06

- Establishment of Cancer Australia in May 2006.
- Appointment of the Cancer Australia Advisory Council.

Food Standards Australia New Zealand

Telephone: (02) 6271 2222 Internet: <www.foodstandards.gov.au> <www.foodstandards.govt.nz>

Food Standards Australia New Zealand (FSANZ) is a bi-national statutory authority established under the *Food Standards Australia New Zealand Act 1991*. It is based on a partnership between the Australian, State and Territory, and New Zealand governments. FSANZ is subject to the *Commonwealth Authorities and Companies Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

FSANZ's core function is to develop, vary or review food standards, whether from application from an outside body or on its own initiative. In Australia, FSANZ develops food standards to cover the whole of the food supply chain, 'from paddock to plate', for both the food manufacturing industry and primary producers. Other functions of FSANZ include:

- coordinating the surveillance of food available in Australia in consultation with State and Territory governments;
- conducting research and surveys in consultation with State and Territory governments;
- coordinating the recall of food;
- providing advice on the assessment of imported food;
- developing codes of practice;
- food safety education; and
- providing advice to the Minister for Health and Ageing and the Parliamentary Secretary to the Minister for Health and Ageing on matters related to food.

During 2005-06, FSANZ contributed to its own specific Outcome 1 – A safe food supply and well-informed consumers.

Key Achievements for 2005-06

- Made significant progress on the development of a health claims standard and on regulatory measures for mandatory fortification of certain foods with folic acid and iodine.
- Finalised new requirements for country of origin labelling of foods.
- Drafted food safety standards for the poultry meat and dairy industries.
- Took the first steps towards overhauling administrative practices to provide the food industry with a more certain and faster means of amending the Food Standards Code.
- In collaboration with regulatory partners, played a key role in developing *A Strategy for Consistent Implementation of Food Regulation in Australia*, which includes an annual survey plan.

General Practice Education and Training Limited

Telephone: (02) 6263 6777 Internet: <www.agpt.com.au>

General Practice Education and Training Limited (GPET) was established as a wholly owned Australian Government company limited by guarantee, and incorporated in March 2001. It is subject to the *Commonwealth Authorities and Companies Act 1997* and *Corporations Act 2001*.

Functions

GPET's primary function is to manage, promote, monitor and evaluate a national system of regionalised general practice (GP) education and vocational training across Australia on behalf of the Australian Government. GPET's statement Outcomes of Regionalisation – Regional Training Providers Objectives details expectations in relation to business, training, innovation and performance for regional training providers. GPET:

- operates the regionalised system known as Australian General Practice Training (AGPT). This system aims to be responsive to the existing and changing needs of the community, including individual sections of the community, and to produce doctors who are capable of meeting community needs across Australia, in particular those of rural and remote Australia;
- encourages vertical and horizontal integration of education and training resources at a regional level and works with the professional colleges to ensure that AGPT is strategic and meets professional standards; and
- aims to position AGPT as a world leader in general practice education and training, and provides strategic advice to the Australian Government accordingly.

During 2005-06, GPET contributed to the Department's Outcome 4 – Primary Care.

General Practice Education and Training Limited continued

Key Achievements for 2005-06

- The number of GP registrars in training reached historically high levels, peaking at more than 2,000. The number of GPs entering training in January 2006 was the highest since 1998 (approximately 560), despite increasing competition from other medical specialties. This reflects the success of the regionalised training program and GPET's operations.
- Implementation of the Remote Outreach Vocational Education program for overseas trained doctors, to provide greater support and training to international medical graduates working in areas of medical service need.
- Trained an increased number of registrars in outer metropolitan locations around Australia.
- Provided the Enhanced Rural Training Framework to an increased number of registrars requiring support to prepare for rural practice.
- Completed the accreditation of all 22 regional training providers under its Quality Framework as part of the review and accreditation program.
- Awarded 21 contracts, consistent with the Commonwealth Procurement Guidelines, for delivery of regionalised GP training for 2007-2009.

National Blood Authority

Telephone: (02) 6211 8300 Internet: <www.nba.gov.au>

The National Blood Authority (NBA) is a statutory authority established under the *National Blood Authority Act 2003*. It is prescribed under the *Financial Management and Accountability Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

The primary function of the NBA is to manage and coordinate Australia's blood supply on behalf of all Australian governments in accordance with the National Blood Agreement. The NBA does this by:

- working collaboratively with the Australian Government and State and Territory governments and other key stakeholders to ensure that Australia's blood supply is adequate, safe, secure and affordable;
- negotiating, entering into and managing national blood and blood products supply contracts; and
- providing advice and information to the Minister for Health and Ageing and the Australian Health Ministers' Conference through the Jurisdictional Blood Committee.

During 2005-06, the NBA contributed to its own specific Outcome 1 – Australia's blood supply is secure and well managed.

Key Achievements for 2005-06

- Negotiated and implemented a range of new contracts for the provision of key blood products (including recombinant products for hemophiliacs' treatments) for consumers with financial savings to governments.
- Managed the supply of blood and blood products to the satisfaction of all jurisdictions.
- Negotiated contracts with the Australian Red Cross Blood Service (ARCBS).
- Finalised a Strategic Capital Investment Plan with the ARCBS.
- Completed the report *Information Systems Infrastructure and Knowledge Management* which analysed the inter-relationship between the NBA and the sector in terms of data and information needs.
- Commenced a number of initiatives to improve the effectiveness and appropriateness of blood use in Australia.
- Created the NBA Fellows program to obtain advice and input from eminent clinical specialists.
- Made submissions to, and provided advice and input to, the Plasma Fractionation Review.

National Institute of Clinical Studies Limited

Telephone: (03) 8866 0400 Internet: <www.nicsl.com.au>

The National Institute of Clinical Studies Limited (NICS) was established as a wholly owned Australian Government company limited by guarantee, and incorporated in December 2000. It is subject to the *Commonwealth Authorities and Companies Act 1997* and *Corporations Act 2001*.

Functions

The main function of NICS is to improve health care in Australia by helping to close important gaps between best available evidence and current clinical practice. NICS does this by:

- leading and supporting clinicians in finding and applying evidence to close gaps;
- developing the knowledge base for the science and practice of evidence implementation; and
- advocating for systemic change to improve the use of evidence in clinical practice.

During 2005-06, NICS contributed to the Department's Outcome 9 – Health System Capacity and Quality.

Key Achievements for 2005-06

- Established an Effective Practice and Organisation of Care Cochrane Review Group in Australia.
- Negotiated the renewal of the national license for the Cochrane Library, ensuring all Australians have free access to the best health care evidence.
- Launched a national Venous Thromboembolism Prevention Program, which will save lives by helping hospitals take a more systematic approach to assessing and managing patients at risk of developing life threatening blood clots.
- Implemented the *FightFLU* campaign to increase vaccination rates. Every GP, practice nurse and pharmacist in Australia received the NICS *FightFLU* kit. An educational web site was launched and media awareness campaign conducted.
- Trained 1,400 health care professionals in evidence implementation.
- The Fellowship program, which is sponsored by NICS, produced its first graduate.
- Conducted through its Community of Practice program, a project to improve the timeliness and quality of mental health care in emergency departments, through the use of evidence, in 41 hospitals nationally.
- Participation of over 60 per cent of public hospitals with more than 100 beds in NICS's 'implementing evidence to improve patient care' programs.

Private Health Insurance Administration Council

Telephone: (02) 6215 7900 Internet: <www.phiac.gov.au>

The Private Health Insurance Administration Council (PHIAC) is a statutory authority, established under the *National Health Act 1953*. It is subject to the *Commonwealth Authorities and Companies Act 1997*.

Functions

The main functions and powers of PHIAC are to:

- develop, implement, and monitor compliance with the Solvency and Capital Adequacy Standards, to ensure that private health insurers remain prudentially sound;
- administer the Health Benefits Reinsurance Trust Fund;
- undertake the supervisory functions in relation to Registered Health Benefits Organisations (RHBOs), including the appointment of inspectors and administrators;
- approve the registration, de-registration and merger of RHBOs;
- approve the voluntary winding up of a RHBO;
- collect and disseminate financial and statistical data, including tabling of an annual report to Parliament on the operations of RHBOs;
- levy RHBOs for the general administrative costs of the PHIAC and the Acute Care Advisory Committee;
- produce membership and coverage statistics quarterly. These statistics detail the proportion of the population with private health insurance. The gap statistics provide information about the out-of-pocket costs and availability of no-gap cover to consumers with private health insurance;
- report on the 30 per cent Rebate annually; and
- collect and disseminate information about private health insurance to allow consumers to make informed choices about the product.

During 2005-06, PHIAC contributed to its own specific Outcome 1 – The prudential safety of registered private health insurance funds, the best interests of members of those funds, and a competitive level of private health insurance premiums, are efficiently regulated to support a viable industry.

Private Health Insurance Administration Council continued

Key Achievements for 2005-06

- Expanded its program for the review of RHBOs and continued to work with the Australian Prudential Regulatory Authority to undertake reviews of the larger private health insurance organisations.
- Updated and reprinted the consumer information brochure *Insure? Not Sure?* and made it available for distribution by all RHBOs.
- Released to the industry, a discussion paper on the development of corporate governance guidelines for the private health insurance industry.
- Produced the fund financial condition report on the operations of the fund.

Private Health Insurance Ombudsman

Telephone: (02) 8235 8777 (Administration) 1800 640 695 (Inquiries and Complaints)
Internet: <www.phio.org.au>

The Private Health Insurance Ombudsman (PHIO) is a statutory office holder (who is a Corporation with perpetual succession) established under Part VIC of the *National Health Act 1953*. The PHIO is subject to the *Commonwealth Authorities and Companies Act 1997*.

Functions

The main functions of the PHIO are to:

- deal with complaints regarding private health insurance arrangements;
- investigate the procedures and practices of health funds;
- make recommendations to the Minister for Health and Ageing and the Department about private health insurance regulatory and industry practices;
- produce and publish the *State of the Health Funds Report* providing comparative information on the performance and service delivery of all registered organisations; and
- distribute independent information on private health insurance for consumers including the Private Patients' Hospital Charter.

During 2005-06, the PHIO contributed to its own specific Outcome 1 – Consumers and providers have confidence in the administration of private health insurance.

Key Achievements for 2005-06

- Published the second annual *State of the Health Funds Report*, including individual performance reports for all funds.
- Completed a review and redesign of consumer information products about private health insurance, including the PHIO web site.

Professional Services Review

Telephone: (02) 6120 9100 Internet: <www.psr.gov.au>

The Director of the Professional Services Review (PSR) Scheme is a statutory office holder established under the *Health Insurance Act 1973*. PSR is prescribed under the *Financial Management and Accountability Act 1997* and is a statutory agency for the purposes of the *Public Service Act 1999*.

Functions

The main functions of the PSR are to:

- undertake the examination of health practitioners' conduct to ascertain whether or not they have practised inappropriately in relation to services that attract Medicare (or Pharmaceutical) benefits. It covers services provided and/or initiated by medical and dental practitioners, optometrists, and medical services initiated by chiropractors, physiotherapists, and podiatrists; and
- review cases requested by Medicare Australia of suspected inappropriate practice. The Director conducts the review and may inquire into any services claimed during the review period. After the review, the Director may dismiss a request, negotiate an agreement, or establish a committee of professional peers to further investigate the practitioner's conduct.

  If a committee finds inappropriate practice, the Determining Authority comprising three independent persons, decides the sanctions to be imposed (including reprimand, counselling, repayment of Medicare benefits and full and/or partial suspension from access to Medicare benefits for up to three years). For a negotiated agreement to become effective it must be ratified by the Determining Authority.

During 2005-06, PSR contributed to its own specific Outcome 1 – Australians are protected from meeting the cost and associated risks of inappropriate practices of health service providers.

Key Achievements for 2005-06

- Achieved significant outcomes despite a second year of an 80 per cent reduction in requests from Medicare Australia.
- Participated in the Review of the Professional Services Review Scheme.
- Successfully negotiated with persons under review to enter into agreements resulting in a significant increase in the amount of Medicare benefits repaid to the Australian Government through Medicare Australia.
- Published *A Report to the Professions* which outlined the operation of the Scheme and included details of cases where inappropriate practice had been found by a PSR Committee. The report received considerable support across the medical community.

APPENDIX 10
STAFFING INFORMATION

Number of Australian Public Service (APS) Employees (including Ongoing and Non-Ongoing) as at 30 June 2006

Table 1: Senior Executive Service (SES) and Executive Professional Officers by Classification at 30 June 2006

Classification	Female	Male	Total
Senior Executive Band 3	1	3	4
Senior Executive Band 2	7	7	14
Senior Executive Band 1	40	32	72
Chief Medical Officer	0	1	1
Medical Officer Class 6	1	2	3
Medical Officer Class 5	6	11	17
Senior Principal Research Scientist	1	2	3
Holder of Public Office*	2	1	3
Total	**58**	**59**	**117**

* Includes the Director, National Industrial Chemicals Notification Assessment Scheme.
The above table represents a head count by classification as at 30 June 2006.
It includes inoperative staff and staff acting at a higher level for more than three months as at 30 June 2006 (ie these staff are listed against their higher classification).

Table 2: Staff Numbers by Classification at 30 June 2006

	Female		Male		
Classification	Full Time	Part Time	Full Time	Part Time	Total
Secretary*	1	0	1	0	2
Holder of Public Office	2	0	1	0	3
Senior Executive Band 3	1	0	2	0	3
Senior Executive Band 2	8	1	9	0	18
Senior Executive Band 1	43	1	35	0	79
Executive Level 2	249	26	241	12	528
Executive Level 1	605	144	391	23	1,163
APS 6/APS 6 Registered Nurse	678	162	273	14	1,127
APS 5	386	78	148	9	621
APS 4	235	26	65	1	327
APS 3	120	21	46	9	196
APS 2	17	13	7	15	52
APS 1	6	6	4	6	22
Cadet	3	0	5	0	8
Graduate	36	0	17	0	53
Legal	24	8	13	0	45
Medical	14	2	31	3	50
Professional**	4	2	1	0	7
Public Affairs	14	7	13	3	37
Research Scientist	1	1	2	0	4
Total	**2,447**	**498**	**1,305**	**95**	**4,345**

* Includes acting arrangements in place as the Secretary was on duty overseas at 30 June 2006.
** Includes Professional, Engineer, Legal Officers and Public Affairs Officers.
The above table represents the head count figures of all staff by classification as at 30 June 2006.
It includes inoperative staff and staff acting at a higher level, for any period, as at 30 June 2006 (ie these staff are listed against their higher classification).

Table 3: Distribution of Staff by Unit at 30 June 2006

	Female		Male		
Unit	Ongoing	Non-ongoing	Ongoing	Non-ongoing	Total
Acute Care Division	161	12	78	8	259
Ageing and Aged Care Division	206	40	79	15	340
Audit and Fraud Control Branch	3	0	8	0	11
Business Group	269	55	165	57	546
Executive	12	0	5	3	20
Health Services Improvement Division	210	36	65	13	324
Office for Aboriginal and Torres Strait Islander Health	91	19	36	6	152
Office of Health Protection	85	21	30	8	144
Medical and Pharmaceutical Services Division	165	31	92	19	307
National Health and Medical Research Council	95	24	37	18	174
Portfolio Strategies Division	97	21	44	7	169
Population Health Division	207	9	34	6	256
Primary Care Division	149	13	46	1	209
Therapeutic Goods Administration non-trust	15	2	27	1	45
Office of Gene Technology Regulator	17	5	25	0	47
National Industrial Chemicals Notification and Assessment Scheme	19	4	15	5	43
Central Office Total	**1,801**	**292**	**786**	**167**	**3,046**
Australian Capital Territory Office	12	11	4	2	29
New South Wales Office	107	16	43	9	175
Northern Territory Office	44	4	11	1	60
Queensland Office	105	12	28	6	151
South Australia Office	49	7	27	0	83
Tasmania Office	27	10	11	2	50
Victoria Office	85	34	42	3	164
Western Australia Office	58	8	28	3	97
State Office Total	**487**	**102**	**194**	**26**	**809**
Core Department Total	**2,288**	**394**	**980**	**193**	**3,855**
Therapeutic Goods Administration trust	243	20	220	7	490
Departmental Total	**2,531**	**414**	**1,200**	**200**	**4,345**

The above table represents the head count figures of all staff by Unit as at 30 June 2006.
It includes inoperative staff. Non-ongoing figures include casual staff.

Table 4: Distribution of Staff by State and Territories at 30 June 2006

State	Core	TGA* Trust	Total
Australian Capital Territory**	3,003	474	3,477
New South Wales	233	6	239
Victoria	169	8	177
Queensland	158	0	158
South Australia	83	2	85
Western Australia	99	0	99
Tasmania	51	0	51
Northern Territory	59	0	59
Total	**3,855**	**490**	**4,345**

* Therapeutic Goods Administration (TGA).
** Includes the Australian Capital Territory Office and Central Office.
The above table represents the head count figures of all staff by State and Territories as at 30 June 2006.
It includes inoperative staff and out posted staff.

Information on Certified Agreements and Australian Workplace Agreements (AWAs)

Table 5: SES and equivalent Executive Professionals with AWAs current at 30 June 2006

			Number of Approved AWAs
Level	Female	Male	Total
Senior Executive Band 3	1	1	2
Senior Executive Band 2	4	8	12
Senior Executive Band 1	38	22	60
Chief Medical Officer	0	1	1
Medical Officer Class 6	1	2	3
Medical Officer Class 5	4	9	13
Senior Principal Research Scientist	1	2	3
Total	**49**	**45**	**94**

This table includes SES and equivalent Executive Professionals who had an approved AWA and were employed by the Department at 30 June 2006.

Table 6: Non-SES with AWAs current at 30 June 2006

Level	Number of Approved AWAs
Medical Officers 1 - 4	13
Other non-SES staff	374
Total	**387**

This table includes staff who had an approved AWA and were employed by the Department at 30 June 2006.
Staff who were on leave at 30 June 2006 have been included in the figures.

Table 7: APS Levels Salary Structure

Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Executive Level 2	93,362*	96,910*
Executive Level 2	91,803	95,292
Executive Level 2	88,836	92,212
Executive Level 2	81,448	84,543
Executive Level 2	77,246	80,182
Executive Level 1	74,779	77,620
Executive Level 1	71,238	73,945
Executive Level 1	68,269	70,863
APS 6	62,671	65,053
APS 6	61,299	63,628
APS 6	58,247	60,460
APS 6	55,553	57,664
APS 5	53,150	55,170
APS 5	51,727	53,693
APS 5	50,358	52,272
APS 4	48,919	50,778
APS 4	47,573	49,381
APS 4	46,300	48,059
APS 3	45,295	47,016
APS 3	43,240	44,883
APS 3	42,022	43,619
APS 3	40,865	42,418
APS 2	38,589	40,055
APS 2	37,516	38,941
APS 2	36,423	37,807
APS 2	35,362	36,706
APS 1	33,979	35,270
APS 1	32,399	33,630
APS 1	31,326	32,517
APS 1	30,256	31,406
At 20 years	27,533	28,579
At 19 years	24,508	25,439
At 18 years	21,179	21,984
Under 18 years	18,154	18,844

* Retention point for staff classified as Senior Professional Officer Engineering Grade A at the time of translation to the Australian Public Service Classification Structure.

Table 8: Professional 1 Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Professional 1	APS 5	53,150	55,170
	APS 5	51,727	53,693
	APS 4	47,573	49,381
	#APS 4	46,300	48,059
	##APS 3	43,240	44,883
	APS 3	42,022	43,619

Salary on commencement for a 4 year degree (or higher).
Salary on commencement for a 3 year degree.

Table 9: Medical Officer Salary Structure

Local Title	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Medical Officer Class 4	115,832	120,234
	109,334	113,489
	105,234	109,233
Medical Officer Class 3	101,037	104,876
	96,499	100,166
Medical Officer Class 2	90,933	94,388
	86,303	89,583
Medical Officer Class 1	78,867	81,864
	71,446	74,161
	66,384	68,906
	61,279	63,608

Table 10: Legal Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Legal 2	Executive Level 2	97,110	100,800
		94,139	97,717
		88,911	92,289
Legal 1	Executive Level 1	82,654	85,795
	Executive Level 1	74,986	77,835
	Executive Level 1	68,269	70,863
	APS 6	61,060	63,380
	APS 6	57,846	60,044
	APS 6	54,632	56,709
	APS 5	51,419	53,373
	APS 4	48,205	50,037
	APS 3	44,991	46,701

Table 11: Public Affairs Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Senior Public Affairs 2	Executive Level 2	96,335	99,995
		93,362	96,910
Senior Public Affairs 1	Executive Level 2	88,836	92,212
Public Affairs 3	Executive Level 1	82,661	85,802
		77,246	80,182
		72,286	75,033
Public Affairs 2	APS 6	62,737	65,121
	APS 6	58,247	60,460
	APS 6	55,553	57,664
Public Affairs 1	APS 5	53,150	55,170
	APS 5	51,727	53,693
	APS 4	48,919	50,778
	*APS 4	46,300	48,059

* This level is generally reserved for staff with less than two years experience.

Table 12: Research Scientist Salary Structure

Local Title	APS Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Senior Principal Research Scientist	Executive Level 2	121,514	126,132
		109,731	113,900
Principal Research Scientist	Executive Level 2	105,788	109,808
		101,949	105,823
		99,142	102,909
		96,512	100,179
		93,539	97,094
Senior Research Scientist	Executive Level 2	93,362	96,910
		87,530	90,856
		81,448	84,543
		77,246	80,182
Research Scientist	Executive Level 1	73,358	76,145
	Executive Level 1	66,941	69,484
	APS 6	58,355	60,573
	APS 6	55,307	57,409
	APS 6	53,802	55,847

Table 13: Graduate APS Salary Structure – Commencement Salary

Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Graduate APS	38,589	40,055

Table 14: Cadet Salary Structure

Classification	Salary Ranges as at 1 July 2005	August 2005 3.8% Increase
Cadet Full Time Study	16,920	17,563
	15,398	15,983
	13,705	14,226
	11,845	12,295
	10,152	10,538
Cadet Practical Training	33,846	35,132
	32,030	33,247
	31,189	32,374
	30,176	31,323
	27,461	28,504
	24,444	25,372
	21,123	21,926
	18,106	18,794

Table 15: SES and Senior Medical Officer Indicative Salary Bandwidths*

Classification	Minimum	Maximum
Senior Executive Band 1	115,000	128,000
Senior Executive Band 2	140,000	165,000
Senior Executive Band 3	175,000	190,000
Medical Officer Class 5	140,000	145,000
Medical Officer Class 6	150,000	155,000

* These are indicative as the Secretary may approve salary rates outside these bands.

Table 16: Non-salary Benefits – Core Department including the Therapeutic Goods Administration (TGA) group of regulators

Non-SES staff – Certified Agreement	• Access to the Employee Assistance Program.
	• Extended purchased leave.
	• Flextime.
	• Study assistance.
	• Support for professional and personal development.
	• Award scheme.
	• Flexible working locations including, where appropriate, access to lap-top computers, dial in facilities, and mobile phones.
	• Access to negotiated discount registration/membership fees to join a fitness or health club.
	• Reimbursement of eyesight testing and eyewear costs prescribed specifically for use with screen based equipment.
	• Influenza and hepatitis B vaccinations for staff who are required to come into regular contact with members of the community classified as at increased risk with regard to influenza.
	• Flexible working hours.
	• Parental leave.
	• Leave for personal compelling reasons and exceptional circumstances.
	• Pay-out of additional duty in certain circumstances.
	• Recognition of travel time.
Non-SES staff – Australian Workplace Agreement	• All the above benefits except flextime.
	• Private use of motor vehicles or an allowance in lieu (not all officers).

Information on Performance Pay

Table 17: SES Performance-based Payments, 1 July 2005 to 30 June 2006

Level	Number	Aggregated Amount	Average	Minimum	Maximum
SES Bands 2 and 3	19	266,847	14,045	6,500	23,250
SES Band 1	71	610,230	8,595	1,955	26,660
Total	**90**	**877,077**	-	-	-

The above figures include Executive Professional classifications and payments have been aggregated to preserve employees' privacy.
The majority of performance payments made in 2005-06 relate to assessments for the 2004-05 cycle; a small number relate to assessments for the 2005-06 cycle.
Due to the small numbers of staff at the SES Band 3 level, details for SES Bands 2 and 3 have been combined.

Table 18: Non-SES Performance-based Payments, 1 July 2005 to 30 June 2006

Level	Number	Aggregated Amount	Average	Minimum	Maximum
Medical Officers 3 and 4	11	57,595	5,236	1,981	13,900
Other non-SES staff	345	1,663,317	4,821	290	11,016
Total	**356**	**1,720,912**	-	-	-

Payments have been aggregated to preserve employees' privacy.
The majority of performance payments made in 2005-06 relate to assessments for the 2004-05 cycle; a small number relate to assessments for the 2005-06 cycle.
The Department of Health and Ageing only has performance payments available to staff with a current AWA in place.

APPENDIX 11

DEPARTMENT OF HEALTH AND AGEING CONTACT DETAILS

Central Office	**Postal Address:** GPO Box 9848 Canberra ACT 2601 Australia	**Switchboard:** (02) 6289 1555 Freecall: 1800 020 103 After Hours: (02) 6122 2747 General Fax: (02) 6281 6946
Australian Capital Territory Office	**Physical Address:** Ground Floor Borrowdale House Woden ACT 2606 **Postal Address:** PO Box 9848 Canberra ACT 2601	**Switchboard:** (02) 6289 1555 Freecall: 1800 020 102 General Fax: (02) 6289 3388
New South Wales State Office	**Physical Address:** 1 Oxford Street Darlinghurst NSW 2010 **Postal Address:** GPO Box 9848 Sydney NSW 2001	**Switchboard:** (02) 9263 3555 Freecall: 1800 048 998 General Fax: (02) 9263 3509
Northern Territory Office	**Physical Address:** Cascom Centre 13 Scaturchio Street Casuarina NT 0800 **Postal Address:** GPO Box 9848 Darwin NT 0801	**Switchboard:** (08) 8946 3444 General Fax: (08) 8946 3400
Queensland State Office	**Physical Address:** Samuel Griffith Place 340 Adelaide Street Brisbane QLD 4000 **Postal Address:** GPO BOX 9848 Brisbane QLD 4001	**Switchboard:** (07) 3360 2555 Freecall: 1800 177 099 General Fax: (07) 3360 2999
South Australia State Office	**Physical Address:** 55 Currie Street Adelaide SA 5000 **Postal Address:** GPO Box 9848 Adelaide SA 5001	**Switchboard:** (08) 8237 8111 Freecall: 1800 188 098 General Fax: (08) 8237 8000

Tasmania State Office	**Physical Address:** 21 Kirksway Place Battery Point Tas 7004 **Postal Address:** GPO Box 9848 Hobart Tas 7001	**Switchboard:** Freecall: General Fax:	(03) 6221 1411 1800 005 119 (03) 6221 1412
Victoria State Office	**Physical Address:** Casselden Place 2 Lonsdale Street Melbourne Vic 3000 **Postal Address:** GPO Box 9848 Melbourne Vic 3001	**Switchboard:** Freecall: General Fax:	(03) 9665 8888 1800 020 103 (03) 9665 8181
Western Australia State Office	**Physical Address:** Central Park Reception 14th Floor 152-158 St George's Terrace Perth WA 6000 **Postal Address:** GPO Box 9848 Perth WA 6001	**Switchboard:** Freecall: General Fax:	(08) 9346 5111 1800 198 008 (08) 9346 5222

APPENDIX 12

OMISSIONS 2004-05 ANNUAL REPORT

Consultancy Services

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During 2004-05, the Department entered into 362 new consultancy contracts valued at $10,000 or more, involving total actual commitment of $43,834,850. In addition, 449 ongoing consultancy contracts valued at $10,000 or more, were active during the year involving total actual expenditure of $33,266,361.

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The following consultancies should have been included in the *Department of Health and Ageing 2004-05 Annual Report*, Appendix 3 – Consultancy Services, under Outcome 1.

Outcome Number	Consultant Name	Description	Selection Process (1)	Justification (2)	Contract Price $ (GST Inc)
1	External Evaluators.	Evaluation of data for the registration of medicines.	3	A	1,723,494

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Comparison expenditure on consultancy services during 2004-05 should read as $33,266,291 instead of $32,580,229.

PART 05

REFERENCES

GLOSSARY AND ACRONYMS

Glossary

Outcomes	The results, impacts or consequences of actions by the Australian Government on the Australian community.
Outputs	The goods or services produced by agencies on behalf of the Australian Government for external organisations or individuals.
Performance measures	Measures that provide information on administered items and departmental outputs in terms of quality, quantity and efficiency.
Portfolio Budget Statements	Statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and outputs.
Portfolio Additional Estimates Statements	Statements prepared by portfolios to explain the Additional Estimates Budget appropriations in terms of outcomes and outputs.

Acronyms

Acronym	Full Meaning
ABHI	Australian Better Health Initiative
ACAT	Aged Care Assessment Team
ACCHO	Aboriginal Controlled Community Health Organisations
ADGP	Australian Divisions of General Practice
ADIA	Australian Diagnostic Imaging Association
AHCAs	Australian Health Care Agreements
AHMAC	Australian Health Ministers' Advisory Council
AHPC	Australian Health Protection Committee
AICS	Australian Inventory of Chemical Substances
AIHW	Australian Institute of Health and Welfare
ALWSH	Australian Longitudinal Study on Women's Health
ANAO	Australian National Audit Office
ANZTPA	Australia New Zealand Therapeutic Products Authority
AODR	Australian Organ Donor Register
APCCP	Australian Primary Care Collaboratives Program
APY	Anangu Pitjantjatjara Yankunytjatjara
AQIS	Australian Quarantine and Inspection Service
ARC	Australian Research Council
ARCBS	Australian Red Cross Blood Service
AR-DGR	Australian Refined Diagnosis Related Groups

ART	Assisted Reproductive Technologies
ARTG	Australian Register of Therapeutic Goods
BHC	Building Healthy Communities
BLP	Benefit Limitation Period
CAP	Conditional Adjustment Payment
CBRN	Chemical, Biological, Radiological or Nuclear
CDM	Chronic Disease Management
CDNA	Communicable Diseases Network of Australia
CIP	Continuous Improvement Projects
CJD	Creutzfeldt-Jakob Disease
COAG	Council of Australian Governments
CPD	Continuing Professional Development
CPE	Continuing Professional Education
CPI	Community Partnerships Initiative
CSO	Community Services Obligation
DPMP	Donors per Million Population
EACH	Extended Aged Care at Home
ECLIPSE	Electronic Claim Lodgement and Information Processing Service Environment
EMS	Environmental Management System
ESD	Ecologically Sustainable Development
GHG	Greenhouse Gas
GMO	Genetically Modified Organisms
GMP	Good Manufacturing Practice
GP	General Practitioners or General Practice
GTMC	Gene Technology Ministerial Council
GVG	Green Vehicle Guide
HACC	Home and Community Care
HGAC	Human Genetics Advisory Committee
HPFB	Health Products and Food Branch
HREC	Human Research Ethics Committees
IAG	Implementation Advisory Group
IBNR	Informed but not Reported
ICC	Indigenous Coordination Centres
IFC	Informed Financial Consent
IVDs	*In vitro* diagnostics
IVF	*In vitro* fertilisation
JDRF	Juvenile Diabetes Research Foundation
LIME	Leaders in Indigenous Medical Education
MAHS	More Allied Health Services
MBS	Medicare Benefits Schedule
Medsafe	New Zealand Medicines and Medical Devices Safety Authority
MoU	Memorandum of Understanding
MPS	Multipurpose Service
MRI	Magnetic Resonance Imaging
MSOAP	Medical Specialist Outreach Assistance Program
NBCSP	National Bowel Cancer Screening Program
NCIRS	National Centre for Immunisation Research and Surveillance
NDSS	National Diabetes Services Scheme
NEAF	National Ethics Application Form
NESD	National Strategy for Ecologically Sustainable Development
NHCCN	National Health Call Centre Network
NHMRC	National Health and Medical Research Council
NICS	National Institute of Clinical Studies

NICNAS	National Industrial Chemicals Notification and Assessment Scheme
NQPS	National Quality and Performance System
NRVs	Nutrient Reference Values
OCS	Office of Chemical Safety
OGTR	Office of the Gene Technology Regulator
PBAC	Pharmaceutical Benefits Advisory Committee
PBS	Pharmaceutical Benefits Scheme
PDC	Prostheses and Devices Committee
PET	Positron Emission Tomography
PHC	Prohibition of Human Cloning
PHCRED	Primary Health Care Research Evaluation and Development
PHERP	Public Health Education and Research Program
PHIO	Private Health Insurance Ombudsman
PIRS	Patient Information Recall Systems
PPHG	Promoting Private Health Group
PSD	Public Summary Document
QMS	Quality Management System
RANZCR	Royal Australian and New Zealand College of Radiologists
RHSET	Rural Health Support, Education and Training Program
RIHE	Research Involving Health Ethics
ROCS	Run-off Cover Scheme
SDRF	Service Development Reporting Framework
SRA	Shared Responsibility Agreement
TGA	Therapeutic Goods Administration
TKP	Tjungungku Kuranyukutu Palyantjaku
UDRH	University Departments of Rural Health
WHA	World Health Assembly
WHO	World Health Organization

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P.S. Did You Know….

- The Department was established in 1921. Early initiatives focused on lung diseases in miners; communicable disease and cancer research; and various public awareness campaigns including how to preserve cows' milk.
- The Department has served 42 health ministers, had 13 heads of department and seven name changes since 1921.
- The National Fitness Scheme in 1939, encouraged Australians to be physically fit so they could defend both their country and their principles in the second World War.
- The Pharmaceutical Benefits Scheme (PBS) started in June 1948 and provided the community with a number of life saving and disease preventing drugs.

  The Government introduced the PBS we know today, on 1 March 1960. At that time, the scheme provided the community with access to an expanded range of drugs, and introduced a patient contribution (or co-payment) of five shillings.
- Dr H W Wunderly, head of the TB Division, was knighted in 1954 for his work in setting up a national scheme to control tuberculosis, which reduced the rate of tuberculosis-related deaths from 25 per 100,000 in 1949 to 11 per 100,000 in 1953. The use of x-rays to detect the disease in its early stages was an essential part of this campaign.
- The Department purchased its first computer in 1965 to handle the large number of claims by chemists under the PBS.
- Government expenditure on medical benefits, pensions, services to school children, campaigns and technology increased from $143 million in 1960-61 to over $426 million in 1970-71.
- The Government introduced Medicare, a national health insurance scheme, in 1984.
- Following the October 2002 Bali bombing, the Department worked with the Health Insurance Commission (now Medicare Australia) to ensure victims did not face out-of-pocket costs for health care conditions caused by the bombing.
- The Department had a major role in the coordination of the national health response to the Asian tsunami, which included supplying nine medical teams comprising doctors, nurses, paramedics and other health care professionals in tsunami affected regions.

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