

# making it happen



## **Making it happen — for healthcare consumers, providers and organisations around Australia.**

With the launch of the Healthcare Identifiers (HI) Service we have entered a new era in healthcare — e-health.

The e-health initiative is the backbone of one of the most ambitious and powerful information integration projects ever undertaken by the governments of Australia.

And at NEHTA, we are helping to make it happen by establishing the foundations for seamless electronic information exchange across the health sector.

The advantages are simple: no boundaries, no walls, but with the promise of the highest level of messaging security and privacy standards.

The health information revolution is just beginning.

Across the healthcare landscape, there are real benefits to be had from this unifying process: faster, more accurate diagnoses; reduced wait times for treatment; safer prescriptions with fewer adverse events; and eventually, an electronic health record for every Australian.



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Software vendors

Practice managers

Allied health



## Introduction to e-health

E-health is the electronic collection, management, use, storage and sharing of healthcare information. It includes individual healthcare information such as medical records, test results, discharge summaries, diagnoses, prescriptions and referrals but instead of them being paper records they are in electronic form and delivered electronically.

The governments of Australia are committed to providing personally controlled electronic health records for all Australians. Australians will be able to check their medical history online boosting patient safety, improving healthcare delivery, and cutting waste and duplication. A national e-health records system was identified as a national priority by the National Health and Hospitals Reform Commission and the draft National Primary Health Care Strategy. It was also supported by the National Preventative Health Strategy.

E-health systems are already in use across Australia. But until Australia has a truly national system operating to the highest standards of safety and security, the safety and quality benefits that e-health can bring to the Australian healthcare sector will not be realised—notably the potential to improve direct patient care due to timely access to and transfer of quality, more accurate clinical information.

The National E-Health Transition Authority (NEHTA) is a company established by the Australian, State and Territory governments in 2005 to develop better ways of electronically collecting and securely exchanging health information. As the lead organisation supporting the national vision for e-health in Australia, NEHTA has focused on establishing a national e-health infrastructure.

## How will e-health improve the current health system?

An ageing population will result in far greater calls on Australia's healthcare resources. The accompanying rises in healthcare costs will make it important that the health system has at its disposal tools that will increase efficiency and productivity.

E-health will potentially provide significant benefits in particular to patients, healthcare providers and healthcare organisations.

- One of the biggest drains on the time of clinicians is the identification and collection of patient information. The inability to electronically access this information often results in the duplication of tests and procedures.
- Patients, particularly those with serious and chronic illnesses, can find themselves carrying X-rays, MRIs, compact discs, discharge summaries, referrals, scripts, pathology results and other vital information from provider to provider. As a result, important information is often lost or mislaid.
- The accurate identification of individuals is critical in all health communication. Mismatching of patients with their records and results is a documented problem for the health system and a clear link has been established between avoidable harm to patients and poor medical records management.
- The lack of a cohesive approach to records management also significantly increases the risk of errors such as misdiagnoses, lack of awareness of adverse reactions to treatment and over-prescription of medications.
- E-health enables the cross-referencing of vital health information electronically, which can improve medical decisions by providing clinicians with more relevant information, faster.
- In the future, e-health will provide patients with electronic access to their own health records, significantly increasing their ability to track their own health status, risk factors and treatment history.

One of the most important aspects of e-health is its role in rural and remote medicine. It will enable healthcare providers to rapidly access help and assistance from better-equipped medical centres. For example, it has the potential to enable virtually instantaneous review of medical images by experienced radiologists and surgeons in serious cases. It will also allow real-time diagnosis using teleconferences. In the case of isolated patients, it could support providers using teleconferencing to conduct examinations and examine symptoms or injuries.



The passage of the *Healthcare Identifiers Act 2010* by the Federal Parliament in June signified a turning point for both NEHTA and the Australian health system.

The Act and its supporting Regulations enabled the governments of Australia to launch the new Healthcare Identifiers (HI) Service on 1 July 2010, the first step on the path to e-health implementation and a milestone in NEHTA's quest for the introduction of reliable and available e-health services in Australia.

It was an historic achievement shared by the National E-Health Transition Authority (NEHTA), its HI Service operator Medicare Australia and our partners in State, Territory and Federal governments.

Though widely acknowledged as intrinsic to health reform, the commencement of the HI Service could not be expected to revolutionise healthcare overnight. The approach which NEHTA has advocated and government has endorsed is a phased and incremental one, designed to engage multiple stakeholder groups including clinicians and healthcare consumers in business transformation on a journey of at least 12 to 18 months. During a national program of rigorous consultation prior to the introduction of the Bill, our stakeholders made it clear they would not accept unworkable reform. From clinicians to privacy and consumer groups, software vendors and informatics experts, all views were taken into consideration. We need sustainable national change if we are to make a real difference to safety, quality and effectiveness in health and NEHTA is committed to this.

The use of national healthcare identifiers will ensure clinicians can associate health information with the right patient more accurately, securely and consistently than was previously possible. We expect early adopter sites in both public and private health to use their identifiers for 21st century digital health services including electronic discharge summaries, prescriptions and referrals and, in the future, personally controlled electronic health records.

Personally controlled electronic health records continue to be supported by the public, which was fitting in a year with renewed focus on primary health care, the opportunity for new national broadband and the empowerment of the healthcare consumer. At the release of Australia's first National Primary Health Care Strategy by the Federal Government this year it was recognised that the health system had to focus more on keeping people well and able to participate in life and work, and less on just looking after them when they are sick.

Central to this precept is e-health.

By enabling patients to access health information when and where they need it, we will be meeting the demands of Australians readily accustomed to a myriad of online services.

We have been buoyed this year by the launch of the Healthcare Identifiers Service which delivers to the Council of Australian Governments (COAG) a key funded initiative. Our next challenge is to progress in collaboration and partnership, as we introduce the Service to early adoption sites using not only healthcare identifiers but clinical terminology, authentication and secure messaging systems developed by NEHTA.

On behalf of the Board, I would like to thank the supporters of NEHTA who worked tirelessly this year on the legislative program.

In particular, we are grateful to the clinical leads from across Australia who ensured their voices were heard in every quarter when we needed them. Stakeholders who worked with us this year including consumer representatives, software vendors, standards groups and industry leaders, spoke up and shared their opinions publicly and we thank them for ensuring e-health was vigorously debated.

Finally, the Board warmly thanks and commends the staff of NEHTA led by Chief Executive Peter Fleming who delivered on this challenging program to meet our aspirations.

On a personal note, I would also like to thank all of the members of NEHTA's Board of Directors, each of whom have worked tirelessly and unitedly throughout the year for the benefit of NEHTA and its worthy goals.

## Chair's Report

DAVID GONSKI AC

# The year of delivery

## CEO's Report

PETER FLEMING



The National E-Health Transition Authority (NEHTA) was founded by the governments of Australia in 2005 to deliver essential e-health infrastructure on a national scale. This year we completed the priority foundational work with the launch of the Healthcare Identifiers (HI) Service on 1 July 2010.

Approximately 23 million individual healthcare identifiers have been created by our contracted service operator Medicare Australia for people with a Medicare Card or a Department of Veterans' Affairs Card. The HI Service also expects to allocate 500,000 healthcare provider identifiers through the newly created Australian Health Practitioner Regulation Agency (AHPRA) process and 200,000 to other healthcare providers outside of the national registration process.

These numbers will eventually populate the data systems and health records of all Australians in a "behind the scenes" technology able to transform the efficiency of the health system.

Medicare Australia is the initial operator of the HI Service and in 2010-2011 we will be jointly focused on supporting the early adopter sites to ensure healthcare identifier numbers are seamlessly integrated. This will require considerable engagement with Australia's medical software vendors, who will need to update their GP software and other products to incorporate identifier numbers before the clinical sector can start to use them for sending discharge summaries or referrals electronically.

The HI Service, together with the *Healthcare Identifiers Act 2010* and the Healthcare Identifiers Regulations 2010, will enable community participation in e-health initiatives to optimise the quality and efficiency of healthcare delivery.

These regulatory arrangements limit the use of healthcare identifiers to the management of healthcare and communications, as part of delivering healthcare services, health service management activities and health research.

Another of the key funded initiatives which we have delivered was the development of a standard clinical terminology.

The Australian health sector is moving towards the use of standard terminology, which is essential if we are to enable and progress e-health.

We were pleased to announce the first live implementation of the Australian Medicines Terminology (AMT) in a clinical environment. Box Hill Hospital, part of Eastern Health Services (one of Melbourne's largest metropolitan health services), has started generating prescriptions for outpatients and discharge using AMT, through their HealthSMART Clinical System.

AMT delivers a standard national approach for the identification and naming of medicines. This includes standardised naming conventions and associated coded terminology structure to accurately describe marketed medications for computer systems, clinicians and patients. The terminology is for use by medication management computer systems, in both primary and secondary healthcare and is made available to computer system developers and their users without charge.

AMT contains 99% of marketed Therapeutic Goods Administration (TGA) registrable products including all medicines, dressings, nutritional supplements and diagnostic agents listed under the Pharmaceutical Benefits Scheme (PBS).

The Department of Health Victoria (DoHV) is using AMT identifiers and descriptions to underpin its new outpatient and discharge prescribing system. The application uses the identifiers and descriptions from AMT as the basis for search and selection of medication items to create an electronic record and a prescription that is then printed.

We believe our role and capacity to deliver essential e-health infrastructure will accelerate next year. Our plan is to develop a security and access framework that will support implementation of e-health products in public, primary and private healthcare.

We will develop technical specifications for standards development that are world class. Australia has an opportunity to lead in many ground breaking areas of e-health technology, collaborating with software vendors of all types, our standards partners and health informaticians.

NEHTA published its Strategic Plan in 2009–2010 and this is now being revisited to move with the changing expectations of the health sector. One of these is the introduction of the personally controlled electronic health record.

This year NEHTA worked closely with hundreds of stakeholders through our established consultation framework: the Stakeholder Reference Forum and its attendant reference groups covering medications management, diagnostic services, clinical terminology and information, continuity of care, architecture and technology and identification, authentication and access. Our Clinical Leads Forum led by Dr Mukesh Haikerwal was a dynamic force and we greatly relied on the expert views of our clinicians.

Through our clinical leads, we were also able to forge closer relationships with peak health bodies such as the Australian Medical Association, the Royal Australian College of General Practitioners and the Australian General Practice Network. The ability of governments to bring about generational change in health will not happen in isolation. Many joint initiatives are taking shape that will ensure we embark on the e-health journey together.

I was pleased this year with the success of our Model Healthcare Community (MHC). Launched at Medicare Australia in Canberra in December 2009, it made e-health and in particular the HI Service, more tangible to all of us. Many members of parliament, clinicians, consumers, administrators

The HI Service, together with the *Healthcare Identifiers Act 2010* and the Healthcare Identifiers Regulations 2010, will enable community participation in e-health initiatives to optimise the quality and efficiency of healthcare delivery.

and vendors have visited the MHC and left with an understanding of the simplicity of healthcare identification and its ability to overhaul safety, quality and efficiency.

This has been a challenging but rewarding year for the staff and management of NEHTA whom I would like to thank, not just for their commitment, but their unwavering belief in the difference we can make through the delivery of e-health.

Finally, I would like to thank the Chair and the Board of NEHTA for the vision they provide to guide our way forward each year.

## Governance

NEHTA's governance framework provides the structure for effective management and decision making, and provides a strong basis for accountability and advancement of the NEHTA work program.

The governance structure consists of:

- NEHTA Members are the States, Territories and the Commonwealth of Australia and are represented by the CEOs of each of the nine Australian State, Territory and Federal Health Departments
- The NEHTA Board of Directors
- Board Committees
- The Chief Executive Officer
- The Company Secretary
- The NEHTA Organisation.

NEHTA's Board of Directors consists of the CEOs of all nine Australian State, Territory and Federal Health Departments, an Independent Director and an Independent Chair.

The Board is responsible for the strategic direction of NEHTA and the delivery of NEHTA's mandated program of work.

NEHTA's CEO is the custodian of NEHTA's strategic direction and is responsible for the fulfilment of this in the day-to-day operation of the company.

NEHTA currently has four Board Committees. These are:

- Audit Committee
- Risk Committee
- Finance Committee
- Remuneration Committee.

NEHTA's Organisation comprises the following:

- National Infrastructure Services
- Solutions Development
- Strategy and Architecture
- Program Governance and Support including Collaborations and Engagement, Policy and Privacy, Public Affairs and Communications and the Program Management Office
- Corporate Governance and Support including the NEHTA Executive, Human Resources, Finance and Administration and Information Technology.

## Internal Governance at NEHTA

In order to better coordinate the complexities associated with achieving integrated health outcomes, NEHTA has established program boards for Solutions Development, Collaborations and National Infrastructure Services which provide delivery governance over the work program. The program boards are supported by the Project Management Office (PMO) to ensure coordinated governance arrangements and progression towards best practice approaches.

NEHTA has also established project boards to govern the delivery of specific project outputs required by each of the programs in line with PRINCE2 methodology that was adopted by NEHTA in 2009.

NEHTA continues its risk and issues governance through the Risk and Issues Management Team. This group, acting on behalf of the full Management Review Group, meets regularly to review risks of a strategic nature and ensures that mitigation plans are appropriate and being actioned.

# NEHTA Board of Directors



**Mr David Gonski AC**  
NEHTA Chair



**Dr Peggy Brown**  
Interim Chief Executive  
ACT Health



**Mr Chris Hale**  
Company Secretary



**Ms Jane Halton PSM**  
Secretary  
Australian Department of  
Health and Ageing



**Ms Lynda O'Grady**  
Independent Director



**Prof Debora Picone AM**  
Director-General NSW Health



**Mr Michael Reid**  
Director-General Queensland Health



**Mr David Roberts**  
Secretary  
Department of Health and Human  
Services Tasmania



**Dr Tony Sherbon**  
Chief Executive  
SA Department of Health



**Mr Kim Snowball**  
Director-General  
WA Department of Health



**Ms Fran Thorn**  
Secretary  
Victorian Department of Health



**Mr Alan Wilson**  
Acting Chief Executive  
Northern Territory Department of  
Health and Families

# NEHTA Program Overview

NEHTA is continuing to develop the essential foundations required to enable e-health in Australia. Together, these will form the backbone of Australia's e-health systems.

The national infrastructure stream of our work program is aimed at establishing the core foundations for electronic information exchange across the health sector. This stream is fundamental as, without the basic ability to share health information securely, there will effectively be no national e-health capability.

Focal points of this program of work include:

- Establishing a national approach to identifiers and authentication
- Implementing common mechanisms for information protection and privacy
- Establishing national e-health information standards.

## Healthcare Identifiers (HI) Service

One of the key foundations for a national approach to e-health is a standard process across the health sector to consistently identify everyone involved in a healthcare event. This includes the person receiving healthcare, the person providing healthcare, and the place where the care is given. On 24 June 2010, the Healthcare Identifiers Bill 2010 was passed by Federal Parliament enabling the Healthcare Identifiers Service to be launched on 1 July 2010—achieving the task set for NEHTA by the governments of Australia.

There are three different types of identifiers:

- Individual Healthcare Identifier (IHI)—for individuals receiving healthcare services
- Healthcare Provider Identifier—Individual (HPI-I)—for healthcare providers and other health personnel involved in providing patient care
- Healthcare Provider Identifier—Organisation (HPI-O)—for organisations that deliver healthcare (such as hospitals or medical practices).

Using healthcare identifiers provides a way for healthcare providers to more consistently match the right records to the person they are treating and improve accuracy when communicating information to other healthcare providers.

The introduction of healthcare identifiers will have safety, quality and efficiency benefits for Australians. For the healthcare provider, using identifiers will reduce the likelihood of any confusion over patient information. (For example, between family members with the same name, initials and address.) It will also significantly reduce the time required to access patient information, particularly in emergencies.

Using an IHI provides a way for healthcare providers to more accurately match the right records to the person they are treating and improve accuracy when communicating information to other healthcare providers. This will help to avoid medical mix-ups or one person's information being recorded on another patient's file.

The privacy of patients is protected by legislation banning unauthorised access to patient information. The system will contain protocols and controls designed to ensure access is limited to those requiring it and will be subject to random audits to ensure compliance.

Individuals and their authorised representatives will be able to access demographic information held by Medicare Australia as part of the HI Service and an audit log of which organisations have obtained their identifier.

The HI Service operates in conjunction with a standardised authentication infrastructure and complies with international best practice for information security.

It is acknowledged that software vendors will play a vital role in the implementation of the HI Service and the broader national e-health strategy. They will provide the interface between the HI Service and healthcare providers. NEHTA is committed to addressing vendor needs at each stage of the vendor journey:

- Probity—no business will be given favourable consideration
- Clarity—briefings will be aligned with HI Service releases to provide software vendors with clear guidance on regulatory and best-practice security and privacy requirements to underpin their product development
- Flexibility—product development can be staged to match each jurisdiction's e-health timetable.

A large communications and engagement strategy was developed this year to support the implementation of the HI Service. A high level view of the communications and implementation approach is available for public review on the NEHTA website [www.nehta.gov.au](http://www.nehta.gov.au).

NEHTA was a finalist in the 2010 Data Quality Asia Pacific Award for its outstanding achievement and commitment to the quality of information used in the Healthcare Identifier Service.

## Clinical terminologies

The way clinical information about individual consumers is captured and shared by healthcare providers is vital to improving the quality and safety of healthcare delivery and is fundamental to the success of e-health. To ensure this information is captured safely, e-health uses a standard clinical language (or terminology) and structure that is recognisable to both users and the computer systems.

A standard clinical terminology enables both the ideas and the words used to represent them in clinical communications to be clearly recorded and consistently interpreted. A standard representation of information structure provides a means for standard clinical terminologies, health identifiers and other information to be combined together in a reusable way to support the interchange of information for specific clinical pathways, such as discharge summary, referral, medication management, etc. Such a combination of standards and specifications gives healthcare providers and developers of e-health applications a common way to facilitate consistency and clarity in the information that they record, exchange and report, hence enabling efficiency and supporting continuity of care of patients across different times, settings and providers.

The ultimate vision for clinical terminology and information is to be able to collect information once and support its reuse in a number of different ways, including to support its presentation to many different classes of user, to drive decision support tools, to support better research and analysis of clinical data, to support improved coding for billing and claiming and to support improved interoperability between systems.

In order to enable this an integrated set of standards are required to be able to capture clinical terms (i.e. the model of meaning) and clinical information (i.e. the model of use). NEHTA has evaluated various options to standardise the clinical terms and information used by systems within Australian healthcare, and determined to align with international trends in adopting Systematised Nomenclature of Medicine, Clinical Terms® (SNOMED CT) nationally. Australia has joined 14 other countries to become world leaders in the development of SNOMED CT. In its simplest form, SNOMED CT has a 'three table' structure (concepts, descriptions and relationships) designed to comply with the principles of good terminology practice. SNOMED CT ensures that the concepts can be consistently identified and versioned so that any recorded data will be consistent over time and across boundaries.

## What is SNOMED CT-AU?

SNOMED CT-AU\*\* is the Australian release of SNOMED CT with additional customised content for the Australian healthcare market. SNOMED CT-AU is now freely available for use in Australia, under NEHTA's licensing arrangements with the International Health Terminology Standards Development Organisation (IHTSDO). NEHTA is also working with other international participants through the IHTSDO to develop mappings between SNOMED CT Core and other popular international terminologies to help facilitate its uptake.

### The first release of SNOMED CT-AU to Australian licence holders was in December 2009.

The initial release of SNOMED CT-AU included:

- relevant components from the SNOMED CT international release
- a list (known as a reference set) of the Australian English preferred descriptions
- context-specific reference sets designed to support the data requirements for NEHTA's clinical information specifications
- documentation explaining the release, contents and implementation
- terminology viewers to access the files in Windows and Mac formats.

There was another release with updated content in May 2010. Subsequent releases will be available every six months.

\* This material includes SNOMED Clinical Terms® (SNOMED CT®) which is used by permission of the International Health Terminology Standards Development Organisation (IHTSDO®). All rights reserved. SNOMED CT was originally created by The College of American Pathologists. IHTSDO®, SNOMED® and SNOMED CT® are registered trademarks of the IHTSDO.

## National Emergency Department Reference Set (EDRS) Project

NEHTA was contracted by the Department of Health and Ageing to produce a standardised and clinically appropriate SNOMED CT-AU terminology set for use in emergency departments nationally.

The National Emergency Department Project Advisory Committee (NEDPAC) is the peak national committee for consideration of suitable SNOMED CT content for use in emergency department clinical information systems. The committee membership comprises senior clinician users of emergency department information systems nationally.

A production ready version of the Emergency Department Reference Set has been made available to major vendor partners to support an early adoption and implementation of the reference set content in pilot sites nationally. Experience in these early adoption sites will inform a consultative national roll-out.

CSIRO researchers at the Australian E-Health Research Centre (AEHRC) developed a software tool, Snapper,<sup>™</sup> designed to assist the healthcare sector adopt SNOMED CT-AU.

One of the challenges facing SNOMED CT-AU users is how to 'translate' existing records to contain standard terminology from SNOMED CT- AU.

Snapper<sup>™</sup> helps overcome this by providing an easy-to-use tool to browse, edit and create specially categorised sets of SNOMED terms for use in specific clinical settings.

A key benefit of the tool will be to ease the process of converting the existing descriptions of patient symptoms, treatments and outcomes used in electronic health records. This in turn will speed the transition to a standard terminology in Australia.

## AMT

In the area of medication management, SNOMED CT currently lacks the specific concepts required to support nationally relevant medication product concepts. NEHTA has developed an Australian extension to fill this gap—Australian Medicines Terminology (AMT)—that has been designed to permit the seamless integration of its information into that of SNOMED CT.

The AMT includes concepts for unambiguous description of medicinal products used in the Australian health system. It operates as a dictionary of medicines and medicinal products and is designed to support effective and safe medication management (prescribing, dispensing and administration) practices. The AMT separates the 'medicinal' compound from the 'trade' name of the product and can distinguish between the unit of use from the common types of packages and containers it is distributed in.

The AMT provides a consistent approach to the identification and naming of medicines, which can be used to support medicines management activities including prescribing, dispense notifications, administration recording and other related activities across the entire health domain.

All monthly AMT releases have been delivered on schedule.

AMT now contains 99% of marketed Therapeutic Goods Administration (TGA) registered products including all medicines, dressings, nutritional supplements and diagnostic agents listed under the Pharmaceutical Benefits Scheme.

## First clinical use of AMT

The first live implementation of the Australian Medicines Terminology (AMT) in a clinical environment was scheduled for August 2010. Box Hill Hospital, part of Eastern Health Services (one of Melbourne's largest metropolitan health services), will be generating prescriptions for outpatients and discharge using AMT, through their HealthSMART Clinical System.

The Department of Health Victoria (DoHV) is using AMT identifiers and descriptions to underpin their new outpatient and discharge prescribing system. The application uses the identifiers and descriptions from AMT as the basis for search and selection of medication items to create an electronic record and a prescription that is then printed.



NEHTA Board Member and Secretary Victorian Department of Health Fran Thorn at Box Hill Hospital

It is expected that over the coming months NEHTA will assist with further AMT implementations (within the Cerner Millennium system) across Victorian hospitals.

NEHTA continues to progress the influencing of strategic direction for international standards development organisations through attendance and contribution at the International Health Terminology Standards Development Organisation (IHTSDO), International Standards Organisation (ISO) and HL7 international meetings throughout the year.

## Secure Messaging

Efficient and secure movement of electronic information is a key building block for e-health. Without a common way for systems to interconnect, they become islands of information that need to deal with a myriad of different exchange formats and communication protocols.

NEHTA has created and documented specifications and processes for standardising electronic data exchange, so that users of systems can safely and efficiently communicate with as wide a variety of other systems as possible.

The SMD supports a range of modes of interaction, including:

- Deferred mode, which provides one-way messaging, often delivered in a store-and-forward fashion with no expectation of an immediate or synchronous response. The delivery of the message may be done directly, via a receiving intermediary or via a sending and a receiving intermediary; and
- Immediate mode, which provides two-way messaging with an expectation of an immediate

and synchronous response. The delivery of the message can either be done directly or via a sending intermediary.

This approach aims to deliver these key benefits:

- Implementing SMD can be done much quicker than implementing numerous interfaces, one for each clinical domain supported;
- SMD supports the build-once, run-everywhere approach favoured by the private sector. Many software companies do not want to face multiple deployments of their software; and
- Adoption of a common approach to secure messaging will facilitate increased sharing of health information and hence support improved continuity of care.

The specification for secure message delivery has been completed and a technical specification is now available through Standards Australia.

Official publication by Standards Australia marks the culmination of a year-long collaboration between NEHTA, the standards community, and representatives from the health informatics and medical software industries. Software developers have begun implementing specifications for secure e-health messaging following the release of Australia's first national guidelines in March, 2010.

The Secure Message Delivery (SMD) specification describes the transport of messages between healthcare organisations, either directly, or indirectly using one or more intermediaries. It is applicable to a wide range of clinical message types and formats, and uses common Internet protocols and transport infrastructure, or web services, to allow different software systems to connect irrespective of the technologies in which they were built. The publications include:

- **ATS 5820 – 2010:** E-Health Web Services Profiles (WSP)
- **ATS 5821 – 2010:** E-Health XML Secured Payload Profiles (XSP)
- **ATS 5822 – 2010:** E-Health Secure Message Delivery (SMD)

NEHTA is currently supporting early adopters by developing and publishing a free open source implementation code, providing technical workshops and consultancy assistance, and producing test specifications and test tools to help developers assess whether their implementations conform to the specification.

More than a dozen commercial software companies trialed connectivity between their products at an industry event, Connectathon, in Canberra, in April. The event was hosted by Integrating the Healthcare Enterprise (IHE) Australia and funded by the Federal Department of Health and Ageing, with technical support from NEHTA.

## E-health innovation in Northern Territory

In December 2009, a national consortium of health organisations launched an innovative secure messaging delivery system in the Northern Territory which aligns with emerging national e-health standards.

The system, known as the Web Services Messaging Application (WSMA), uses new web-services technologies to send health information between different clinical software systems. It is based on a first generation messaging specification, drafted by NEHTA earlier this year, which is the front-runner to a national specification for secure messaging delivery currently pending release.

Sponsored by the Northern Territory Department of Health and Families (DHF), with software developed by local IT firm Diverse Systems Consulting, the project has been a joint initiative of NEHTA, General Practice Network NT, and commercial software vendors Communicare Systems Pty Ltd and PEN Computer Systems Pty Ltd. The new system is part of the Northern Territory's ongoing program of e-health innovation aimed at improving clinical information exchange and service delivery, particularly for patients in remote areas.



## National certification capability for e-health

The design of a national approach to conformity assessment is a key element of the national implementation strategy.

NEHTA's approach to conformity assessment is based on the ISO/IEC International and Australian Standards [ISO17000]. The ISO Standard Terminology definitions include:

- Industry Test Capability Analysis, September 2009
- Conformance Testing—the determination of one or more characteristics of an object of conformity assessment (materials, products, processes), according to a procedure (test method)
- A Conformity Assessment Body (CAB)—responsible for all actions included in a particular conformance testing scheme, including sampling, testing, assessment of the production process or quality system, and surveillance of the assessed products
- Accreditation—the third-party attestation related to a conformity assessment body (CAB) conveying formal demonstration of its competence to carry out specific conformity assessment tasks.

Key milestones achieved this year included:

- CCA Assessment Concept of Operations and Initial Results, December 2009
- National Certification Capability Discussion Paper, June 2010
- SMD Assessment Scheme and Conformance Test Specifications, June 2010
- HI B2B Assessment Scheme and Conformation Test Specifications, (date TBC).

In addition, a CCA Industry Consensus Statement was finalised in December 2009. Additional engagement with the vendor community is being facilitated through the CCA Test Interest Group.

Over the next year, the work of the CCA team is expected to gather pace with the finalisation of standards for Secure Messaging, ETP, and Continuity of Care.

As the e-health initiative gains pace, it is expected that every e-health product will have to comply with national standards of interoperability, privacy, security and safety. National testing and certification processes are a pre-requisite to providing the optimum level of quality assurance.

## Supply Chain

An efficient supply chain relies heavily on accurate and up-to-date product information being available to purchasers, and the ability to order products in a standardised, well organised manner. Currently, purchasers are reliant on having to manage a variety of catalogues and the business processes around the ordering of products leave much room for human error.

Supply Chain reform within the health sector offers the potential for substantial savings, estimated at over 5% of non-human expenditure, thereby freeing up \$150 million to \$250 million for redirection to direct care.

Supply chain reform was one of NEHTA's first initiatives designed to provide the critical standards and infrastructure required to support connectivity and interoperability of electronic health information systems across Australia. There was also recognition that inefficient data management in the healthcare supply chain may impact patient safety and result in increased costs.

NEHTA is now working with the Australian health sector to adopt the following solutions:

- The National Product Catalogue (NPC)
- A common approach to e-Procurement
- Business Intelligence (BI) tools
- GS1Locatenet for Healthcare.

## National Product Catalogue

The primary purpose of the National Product Catalogue (NPC) is to provide, for the first time, one centralised, standardised data repository for all medicines, medical devices and medical consumables supplied to the public health system. This in fact will mean that this data is also available to the private sector and is likely to cover all of their product information needs for supply chain purposes. The NPC data set contains both product data and pricing data.

Suppliers are responsible for the population of the NPC with the required data for all of the products they supply to the health system at all levels of packaging. Suppliers are also required to populate the relevant pricing for all products to all of their trading partners.

The product identifier assigned by the product manufacturer and shared between all trading partners is the Global Trade Item Number (GTIN). This is a prominent international standard supported by GS1 worldwide for the identification of medical and other industry products. This system means that all products, at all levels of packaging, within the NPC, are uniquely identified.

The NPC is used for the storage, management and distribution of product data between suppliers and trading partners. For the first time, suppliers are able to supply their product data once, to a centralised point, and distribute them to the health system and the 700+ public hospitals in the sector. Conversely, all public sector procurement areas (e.g. State health departments, area health services and hospitals) are able to access standardised and synchronised data from one point. The NPC is currently being accessed and utilised by private sector healthcare organisations including private hospitals and pharmacies.

\* The National Product Catalogue is hosted by GS1 Australia, a non-for-profit organisation that locally administers a global multi-industry system of product identification and communication for products, services, assets and locations.

### NPC adoption to date across health sector

- Over 140,000 items to date
- Over 250 companies committed to the NPC
- All major wholesalers signed up
- Most large pharmaceutical and medical devices companies have populated or are getting data organised
- All health jurisdictions using data
- Growing demand from the private sector

## e-Procurement

e-Procurement is the electronic generation of transactions, business to business. This includes the automation of the fundamental procurement functions, for example:

- Generation of a Purchase Order (PO)
- Confirmation and amendment of the Purchase Order by a PO Response (POR)
- Dispatch advice (Advanced Shipment Notification)
- Generation of an Invoice.

The main drivers for e-Procurement are:

- Getting the Right Product to the Right Patient at the Right Time and Place
- Transactional Benefits
- Lower Prices
- Improved Compliance
- Improved Payment
- Management Information.

The benefits of adopting this solution are an increase in quality of operations by utilising clean, reliable data available from all suppliers who participate in the NPC, and one standardised approach by all jurisdictions.

The specifications provided by this solution will also help ensure consistent and accurate messages are sent, which in turn will reduce error rates by removing mistake-prone human interactions.

The NEHTA e-Procurement solution includes a set of detailed, documented business requirements, technical XML messaging standards and implementation guidelines that provide trading partners with the opportunity for a structured implementation built on technical and business compatibility.

The Western Australian Department of Health is implementing NEHTA's e-Procurement solution and is successfully trading with two large suppliers with at least another four suppliers projected by the end of 2010.

ACT Health, NSW Health and SA Department of Health are actively working with NEHTA to develop their e-Procurement capability and conformance to NEHTA's guidelines.

GS1Locatenet for Healthcare is the first electronic location directory connecting healthcare purchasers and suppliers around Australia and is the result of an ongoing partnership between NEHTA and GS1 Australia. GS1Locatenet for Healthcare was developed for Australia's healthcare sector, to facilitate direct electronic communication between organisations wanting to source, supply and trace medical goods, equipment, devices and pharmaceutical suppliers from the NPC.



Ken Nobbs, Program Manager

“Receiving the right products, at the right time and in the right location has enormous safety benefits for patients, as well as massive savings for the healthcare businesses involved.”

**Ken Nobbs**

Ken Nobbs, Program Manager Medical Products was awarded the GS1 Australia—Excellence in Supply Chain Award 2009. The award recognises the contribution made by Ken in championing the promotion and implementation of global best practice standards through the strong cooperative relationship formed with GS1 Australia to develop and implement the National Product Catalogue. It also recognises Ken's leadership role as an agent of change and the flow-on achievement has contributed to the international recognition of his work in the healthcare supply chain community both in Australia and internationally.

This is one of only two awards given by GS1 Australia annually.

## Standards

Although electronic communication of clinical information is possible in the current environment, there are significant issues when sending information from one provider to another. The issues arise from many different competing solutions at every step of the way: what information should be shared; when information should be shared; the type of information to be sent; the format it should be delivered in; and the technology to be used when sending the information.

The development of nationally consistent standards and specifications for e-health software and service delivery is a core principle underpinning NEHTA's work program and a vital mechanism for ensuring the quality and consistency of domestic systems and effective alignment with international products and services. The specifications developed by NEHTA are used by Standards Australia in the standards consultation process.

The first national guidelines for secure electronic messaging between healthcare providers were officially published by Australia's peak standards body, Standards Australia, in March 2010.

Comprising three technical specifications and one technical report, the publications were the first in a portfolio of specifications being initiated by NEHTA and presented for consideration by IT-014 Technical Committee on Health Informatics. They describe a common set of open standards to be used when exchanging clinical information. These include patient referrals, diagnostic reports and hospital discharge notices, with the aim of ensuring effective connectivity between diverse information systems across the healthcare system.

A close working relationship between NEHTA, Standards Australia and the medical software industry resulted in accelerated release of the secure messaging documents which will provide the base for a full Australian Standard in the future, subject to the majority consensus of IT 014.

Standards Manager Tina Connell-Clark received an award from the Medical Software Industry Association (MSIA) in recognition of her leadership contribution to the Practice Incentive Program (PIP) Working Group.

Tina has also been appointed to the Health Level 7 Australia (HL7) Advisory Board to help progress national e-health standards. She has been co-opted to the Board as a non-voting advisor to further develop the strong partnership that already exists between NEHTA and HL7.



Tina Connell-Clark, Standards Manager

Much of this preparatory work was undertaken by the Practice Incentives Program (PIP) Working Group, a joint NEHTA and industry taskforce, designed to support secure messaging provisions in the Federal Government's Practice Incentives Program—a subsidy scheme promoting the uptake of e-health technologies in general medical practice.



## E-health solutions

NEHTA is coordinating the progression of the priority e-health solutions and processes. The benefits of e-health are being realised immediately by implementing and delivering early e-health services for the most commonly exchanged health information.

## Continuity of care

**e-Discharge summaries:** The timely delivery of high quality discharge summaries is essential for effective continuity of care. Discharge practices directly impact on patient outcomes, including the ability of primary and other community-based providers to deliver quality care. Using electronic methods will provide significant benefits for the community.

When a patient leaves hospital, and information about ongoing care is sent electronically to their healthcare providers, the provider will be able to more accurately match the information to the current provider.

The NEHTA e-Discharge summary program has been tasked to develop key specifications required for software vendors, GPs and hospitals to establish a national environment for standardised discharge summary exchange, one where summaries can be sent securely and reliably to identified recipients, viewed by healthcare providers, and integrated into recipient clinical information systems.

The discharge summary capability is currently in a phase of profiling standards based on consensus with stakeholders on the requirements and design. The solution will allow for a range of existing approaches to co-exist, including support for current paper-based approaches and point-to-point messaging approaches.

During the year, progress has been made with the:

- Publication of nationally endorsed Discharge Summary Release 1.0—Hospital to GP.
- Jurisdictional Discharge Summary alignment studies and recommendations for implementation conducted with Queensland Health, NSW Health, Victorian Department of Health, ACT Health, Northern Territory Department of Health and Families.

NSW Health implemented all high priority recommendations outlined in the NEHTA Discharge Summary alignment report and implementation recommendations.

**e-Referrals:** Referrals are a major activity in Australia's health sector.

When patient records and case histories are sent electronically between the referring healthcare provider and a specialist, the specialist can more efficiently check they have the correct information for the correct patient.

The NEHTA e-Referral program has been tasked to develop key specifications required for software vendors, GPs and specialists to establish a national environment for standardised electronic referral exchange, one where referrals can be sent securely and reliably to identified recipients, viewed by healthcare providers, and integrated into recipient clinical information systems.

The referral capability is currently in a requirements collection phase. The solution will allow for a range of existing approaches to co-exist, including support for existing paper-based approaches and point-to-point messaging approaches.

During the year, progress has been made with the:

- Publication of Electronic Referrals package draft release 1.0 for national review.

Queensland Health implemented standardised Referral templates based on draft Referrals package release 1.0.

**e-Medication Management:** NEHTA's Electronic Medications Management (eMM) program is responsible for developing e-health specifications designed to provide improved medication related outcomes across the Australian health sector and supporting organisations in the implementation of those specifications. Electronic Transfer of Prescriptions (ETP) delivers the first of several capabilities within the eMM program.

Pharmacists can be more confident when receiving electronically lodged scripts that the script is matched to the correct patient, resulting in safer dispensing of medication.

The NEHTA e-Medication Management program has the key objectives of ensuring the secure, consistent and timely provision of medication information to healthcare providers and consumers. The first stage in the program enables prescriptions to be securely transmitted from the prescriber's desktop to the dispensing pharmacy. Medication information can then be stored securely and consistently in a wide range of healthcare settings, from hospitals to community health centres and pharmacies. This will result in an improved use of medicines and a reduction in the number of adverse medication events.

The medication capability is currently in a phase of building consensus with stakeholders on the design in preparation for a range of standards to be profiled. Dispensing of electronic prescriptions based on the agreed standard will be funded under the 5th Pharmacy Agreement.

Progress was made by:

- Publication of Electronic Transfer of Prescription (ETP) draft specifications on 30 October 2009
- Publication of Electronic Transfer of Prescription (ETP) 2nd draft of specifications for consultation to be released 20 July 2010
- Version 1.0 currently before Standards Australia.

### 5th Community Pharmacy Agreement

The 5th Community Pharmacy Agreement was released on 12 May. Part of the agreement includes a 15 cent subsidy to community pharmacists for dispensing medication from an electronic prescription. Importantly, compliance with NEHTA Electronic Transfer of Prescription (ETP) specifications is a core requirement for the payment. This is expected to improve the rate of implementation of NEHTA compliant ETP.

## Continuity of care continued

**e-Pathology:** Access to timely and high quality pathology results is an essential part of many healthcare diagnostic processes. The majority of decisions affecting diagnosis or treatment involve a pathology investigation, with 17.4% of all patient encounters with a GP resulting in a request for at least one pathology test. Approximately 40% of pathology testing in the Australian primary care setting is used for diagnostic purposes, 40% for monitoring and 20% for preventative purposes.

Improvements in the current processes have the potential for a range of benefits across the health system if these processes can be further streamlined through the use of standardised code sets, messaging structure and protocols.

When a patient's test results are sent to their healthcare provider and a specialist electronically, the specialist can more efficiently check they have the correct information for the correct patient.

The NEHTA e-Pathology program is focused on the development of specifications and supporting material to improve the electronic exchange of pathology information. The proposed requirements for the pathology capability are currently under review and subject to ongoing consultation with the sector.

This year:

- NEHTA continues to progress the e-Pathology package specification after delivering a review of the program in April 2010 following wide consultation with key industry stakeholders
- The e-Pathology Concept of Operations is scheduled as a draft for public comment on 20 August 2010.



## Privacy

NEHTA is committed to ensuring confidentiality and privacy safeguards are embedded in all aspects of its work. NEHTA's approach to privacy seeks to find a balance between protecting information where it needs to be protected and allowing access to information to trusted people in trusted circumstances.

NEHTA aims to assure the Australian community that the proposed e-health systems are designed to enhance the protection of clinical and personal information. Australia's current health information can be found in a mixture of paper and electronic records, with no national security standards or accountability for access to systems across the health information "ecosystem". In the absence of a national scheme, health professionals and practices have increasingly adopted varying electronic means to store patient information; systems that may have limited interoperability and unverified security. A national e-health system will provide greater information and privacy protections through a mix of legislative protections and national operational standards. These will ensure nationally consistent access restrictions, audit logs and accountability for the use of and access to personal health information.

NEHTA has finalised a new privacy management framework, a key component of which has been the development of a five-step privacy compliance process. Introduced this year, this process forms part of the wider NEHTA Delivery Framework, overseen by the Project Management Office, to ensure best-practice privacy management through the life-cycle of project development.

Also this year, the Privacy Impact Assessment (PIA) process for the Healthcare Identifiers (HI) Service was finalised. Privacy Impact Assessments are designed to identify risks to personal information that may arise through the deployment of a particular initiative or piece of work. The PIA process enhanced NEHTA and DoHA's ability to address privacy risks through the design of the operational and legal frameworks for the HI Service. The PIA recommendations and NEHTA's responses were made available to the public in late 2009.

NEHTA was one of only 50 Australian organisations to be designated an official 'Privacy Awareness Week 2010 Partner' by the Australian Office of the Privacy Commissioner as part of its 2010 Privacy Awareness Week program.

## Collaboration and Consultation

The success of e-health in Australia is dependent on the uptake and adoption of the users of these systems and the wider community. NEHTA actively engages and collaborates across many key stakeholder groups.

### Reference groups

NEHTA has a number of reference groups comprising a range of stakeholders. These groups were established as a mechanism to ensure stakeholders are given an opportunity to provide their input to NEHTA's work program and where appropriate relay information back to their members.

NEHTA hosts a Stakeholder Reference Forum and six reference groups:

- Medications Management Reference Group
- Diagnostic Services Reference Group
- Clinical Terminology and Information Reference Group
- Continuity of Care Reference Group
- Architecture and Technology Reference Group
- Identification, Authentication and Access Reference Group.

### Role of our reference groups:

- To help NEHTA succeed with quality advice and inputs
- To guide and advise NEHTA on how to navigate the external decision-making process
- To accelerate the process of delivering quality documents by bringing the right people with the right information together at the right time
- To develop champions for NEHTA's work effort in a number of priority stakeholder bodies
- To develop bi-directional feedback loops so that NEHTA can send its messages through reference group participants and receive feedback
- To guide work program governance.

Five Stakeholder Reference Forums and 35 reference group meetings were held this year, along with 38 working group meetings. The co-chairs of each of the reference groups met three times during the year to review progress and plan the work program of reference groups. A summit of Reference Groups was held in March 2010 to discuss and provide feedback on the NEHTA Blueprint and the 2010–11 NEHTA strategic work program.

### Significant achievements for reference groups this year included:

- Reviewing the work plans of NEHTA program areas
- Developing the Healthcare Identifier Service—Concept of Operations
- Reviewing and endorsing the draft specifications for the Electronic Transfer of Prescription Release 1 for public consultation
- Reviewing and endorsing the formation of three Clinical Terminology and Information consultative groups
- Providing guidance and validation of the terminology versioning and policy documents to support the implementation of terminology products
- Guiding and validating the National Clinical Terminology and Information Service approach to Reference Set Development
- Reviewing and endorsing a standards assessment approach for medical software in Australia
- Reviewing and endorsing the Discharge Summary Release 1.0—Hospital to GP.
- Reviewing and endorsing the draft Referrals Package Release 1.0 for public consultation
- Reviewing and endorsing the e-Pathology Concept of Operations for public consultation.

## Industry heavyweights unite on Australian e-health software standards

Four peak industry groups joined with NEHTA to develop a standards assessment approach for medical software in Australia. The agreement defined the principles on which compliance, conformance and certification of software producers will be based and outlined a cost-effective pathway to standards development using existing industry mechanisms.

The consensus statement represented a landmark agreement between heavyweights in Australia's medical software and standards compliance industry, including the Medical Software Industry Association (MSIA), Australian Information Industry Association (AIIA), National Association of Testing Authorities (NATA) and Joint Accreditation System of Australia & New Zealand (JAS-ANZ).



Left to right: Michael Hedley Chair of the Australian Information Industry Association (AIIA) e-health Interest Group; Alan Patterson Chief Executive National Association of Testing Authorities (NATA); Dr Geoffrey Sayer Chairman Medical Software Industry Association (MSIA); Tina Connell-Clark NEHTA Standards Manager.

NEHTA continues to engage and participate in state, national and international health governance through:

- Its contribution to the National Health Information Standards and Statistics Committee (NHISSC) and National E-Health Information Principal Committee (NEHIPC) coordinating committees as key governance groups within Australia.
- Its membership on the Board of Open Health Tools (OHT) and attendance at the Technical, Board and regular meetings of the Architecture Council. Emerging OHT tools are fed into the NEHTA work program to support informatics modelling and development, conformity assessment, and terminology development.
- Membership of the HL7 Architect Review Board as well as active participation in HL7 Australia and IT14 committees. NEHTA representatives attend all committees related to the NEHTA work program contributing to standards development with Standards Australia (IT14) and this year attended an international standards meeting.
- Influencing of strategic direction for international standards development organisations through attendance and contribution at the International Health Terminology Standards Development Organisation (IHTSDO), International Standards Organisation (ISO) and HL7 international meetings throughout the year.

The Clinical Terminology and Information program established a number of groups to assist in gaining input and feedback from stakeholders on its work program.

- Australian Medicines Terminology (AMT) Group: Comprised 20 subject matter experts from state and national health organisations, jurisdictions and software vendors. It is a reference body established to support further development of the specifications, standards, and naming conventions in order to continually improve the range, quality and usability of AMT.
- General Practice Reference Set (GPRS) Group: The newly formed GPRS Group has focused on the review of the requirements and design documents for the GP terminology set.
- Australian Clinical Terminology User Group (ACT-UG): The group received over 130 nominations to join, the first meeting involving 60 people including the four NEHTA-sponsored standing committee members of International Health Terminology Standards Development Organisation (IHTSDO), met (via web and teleconference) for the first time on 30 June 2010. The purpose of the group is to harness the Australian clinical informatics community's interest and willingness to contribute to the development of clinical terminology components that support the national e-health agenda.



The Model Healthcare Community in Medicare Australia's Canberra office.



Rupert Lee (left) Business Development Manager, Collaborations & Change and Dr Nathan Pinski leading a tour of the Model Healthcare Community in Canberra.

## Model Healthcare Community

In December 2009, in conjunction with Medicare Australia, NEHTA launched the Model Healthcare Community (MHC) to simulate the Healthcare Identifier (HI) Service and other NEHTA e-health initiatives to key stakeholder groups. The MHC became an important part of NEHTA's engagement program during the year.

Initially located in the atrium of Medicare Australia's National Office in Canberra, the MHC was then relocated in March 2010 to the office of the Royal Australian College of General Practitioners (RACGP) in Melbourne as part of the RACGP's e-health Futures exhibition.

The MHC enables stakeholders to see a demonstration of the HI Service and speak with e-health experts as they take the tour. Visitors are taken through a guided tour and shown how the HI Service is used when applied to healthcare communications such as discharge summaries, pathology and medications management.

Visitors have included The Hon. Nicola Roxon MP, Minister for Health and Ageing and The Hon. Chris Bowen MP, Minister for Human Services.

From May 2010, in addition to the MHC at the RACGP premises in Melbourne, a mobile version designed as a flexible exhibition space will be on display at a number of conferences and stakeholder events for the remainder of 2010.

"It's the direction we have to go to reduce the number of errors and speed things up for everybody"

Mental Illness Fellowship of Australia representative at the Model Healthcare Community.



The Model Healthcare Community in Medicare Australia's Canberra office.

"It's an enormous step forward and I particularly appreciate you are not going for the big bang, 'let's do it all at once'. There is an air of reality about this."

Healthcare Consumers Association ACT representative at the Model Healthcare Community.

# Conferences and presentations 2009–10

There were 74 NEHTA presentations at industry conferences and events during 2009–10, more than double the previous year. NEHTA actively sought a presence at relevant industry events and conferences run by key industry associations and peak health bodies where there was an opportunity to promote key messages around the Healthcare Identifiers Service, secure messaging, standards, and clinical terminologies.

Key events attended were:

## Clinical and informatics

E-Health Summit, July 2009

Australian Pharmacogenomics Summit, July 2009

Health-e-Nation, August 2009

General Practice Victoria Workshop, August 2009

GP Super Clinics Conference, August 2009

Health Informatics Conference (HIC), August 2009

International Mental Health Conference, August 2009

Integrated Primary Health Care, September 2009

Royal Australasian College of Medical Administrators (RACMA), September 2009

GP'09 Conference, October 2009

National Allied Health Conference, October 2009

Australian Healthcare and Hospitals Association (AHHA) Congress, October 2009

Victorian Healthcare Association (VHA) Annual Conference, October 2009

International Association of Privacy Professionals (IAAP)/ANZ Privacy Conference, October 2009

Australian General Practice Network (AGPN) Forum, November 2009

Melbourne General Practitioners Conference and Exhibition (GPCE), November 2009

Annual Hospital in the Home (HITH) Society Australasia Conference, November 2009

Emergency Surgery—Acute and Trauma Surgery Workshop, November 2009

Pharmaceutical Society of Australia (PSA) and Royal College of General Practitioners (RACGP) Roundtable, December 2009

Australian Pharmacy Professional (APP) Conference and Trade Exhibition, March 2010

Annual Australian Telemedicine Summit, March 2010

Australian Physiotherapy Association's Professional Issues Forum, March 2010

Australian Medical Association (AMA) National Conference, May 2010

Australian Health and Hospital Summit, May 2010

GP Forum on E-Health, May 2010

International Conference in Health Care, May 2010

Australian General Practice Network (AGPN) e-health Conference, June 2010

Pharmacy Expo, June 2010

Close the Gap—Making it Happen workshop, June 2010



NEHTA Staff at Pharmacy Expo June 2010.  
Left to right: John Taylor Subject Matter Expert (SME),  
eMedication Management; Roshan Lewis  
Communications Officer; Michelle Laing Business  
Manager Clinical Terminology and Information.

## Vendors

- Technology in Government and the Public Sector Summit, August 2009
- Medical Industry Software Association (MSIA) Roundtable, October 2009
- Secure Messaging Implementation Workshop, March 2010
- ACT Australian Information Industry Association (AIIA) Healthcare Forum, April 2010
- Secure Messaging Connectathon, April 2010
- Orion Health Conference, May 2010
- NSW AIIA Healthcare Forum, May 2010
- VIC AIIA Healthcare Forum, June 2010

## Rural and regional

- Rural Medicine Australia Conference, October 2009

## Safety and quality

- Reducing Medication Errors Conference, November 2009
- Clinical Documentation, Coding and Analysis Conference, March 2010
- Data Governance Annual Conference and Information and Data Quality (IDQ) Conference, June 2010

## Practice managers

- Australian Association of Practice Managers (AAPM) National Conference, October 2009



Jo Wood, Engagement Analyst, speaking with a conference attendee at the International Conference in Health Care May 2010.

## Publications

NEHTA disseminates e-health information to its target audiences at all key events, reflecting its work program priority areas. This year NEHTA produced the following marketing material, available at [www.nehta.gov.au](http://www.nehta.gov.au)

- Healthcare Today
- Streamlining the supply chain
- FAQs National Product Catalogue
- Security Safety Quality
- Healthcare Identifiers — Individuals and Providers
- SNOMED CT-AU
- Secure messaging in e-health
- Introduction to National Infrastructure Services
- Nurses and e-health

This year we published the NEHTA Blueprint, a reference document intended to familiarise readers with major e-health capabilities that NEHTA is promoting for national adoption. The Blueprint brings together the key documents from across the NEHTA work program into a single document, explaining how they fit together within the broader strategic direction.

The Blueprint covers a range of capabilities including identifiers for individuals, providers and organisations, authentication, secure messaging, clinical terminologies, supply chain, pathology requests and reports, diagnostic imaging requests and reports, medication management, referrals and discharge summaries.





Dr Mukesh Haikerwal National Clinical Lead

The Clinical Leads fulfil a vital role at NEHTA — providing clinical input to NEHTA's work program and engaging with clinical stakeholders.



## Clinical Unit

The Clinical Unit consists of a Clinical Leads Program and a Clinical Safety Unit.

The Clinical Leads Program team fulfils a vital role at NEHTA — providing clinical input to NEHTA's work program and advising on appropriate mechanisms for engaging with clinical stakeholders.

During the year, the following activities were undertaken by the Clinical Leads Program:

- The Clinical Leads engaged directly with 80% of all Australian medical colleges and established ongoing liaison with these Colleges regarding NEHTA's program of work.
- There was strong clinical representation and input on all NEHTA Reference Groups. Clinical Leads have been allocated to each of the Reference Groups to provide direct clinical linkage between NEHTA's clinical advisors and the broader health sector community.
- Four Clinical Leads forums were held. The forums are an opportunity for NEHTA to consult with the group and gain clinical input into the development of work programs. It is also an opportunity for Clinical Leads to further develop an understanding of the NEHTA work program to enable them to advocate on behalf of NEHTA.
- The group contributed a clinical perspective to the development of the Government's Healthcare Identifier Bill 2010 and Regulations.
- A monthly e-newsletter was launched communicating NEHTA's work and broader e-health issues to the Australian clinical community.

The Clinical Safety Unit was established in October 2009 and works across all of NEHTA's program areas. During the year, clinical safety assessments were commenced and are continuing with the Healthcare Identifiers Service, Australian Medicines Terminology (AMT), e-Referrals, e-Discharge Summary and Electronic Transfer of Prescriptions (ETP).

The Clinical Unit is led by Melbourne General Practitioner Professor Mukesh Haikerwal, former head of the Federal Australian Medical Association (AMA).

Dr Leonie Katekar, former Chief Executive Officer of Top End Division of General Practice, is the Director of the Clinical Leads. The Clinical Safety Unit is led by Kathy Dallest.

Membership of the Clinical Leads consists of a network of clinicians in multiple professions within the health sector.

**Ms Yvonne Allinson** (Pharmacist) VIC  
**Dr John Aloizos** (General Practitioner) QLD  
**Dr Jenny Bartlett** (Medical Administration) VIC  
**Dr Ashley Bennett** (Radiologist) WA  
**Dr John Bennett** (General Practitioner) QLD  
**Dr Sharmila Biswas** (General Practitioner) QLD  
**Professor Tom Callaly** (Psychiatrist) VIC  
**Dr Pasqualina Coffey** (Hospital Medical Officer) NT  
**Dr Ben Connell** (Ophthalmologist) VIC  
**Dr Peter Del Fante** (General Practitioner) SA  
**Dr Emil Djacic** (General Practitioner) TAS  
**Dr David Evans** (Medical Superintendent) QLD  
**Ms Gail Easterbrook** (Pharmacist) SA  
**Dr Gary Frydman** (Specialist Surgeon) VIC  
**Dr Peter Garcia-Webb** (Pathologist) WA  
**Dr Trina Gregory** (General Practitioner) NSW  
**Dr Hugh Greville** (Specialist — Thoracic Medicine) SA  
**Dr Michael Guerin** (Pathologist) VIC  
**Dr Rob Hosking** (General Practitioner) VIC  
**Dr Charles Howse** (General Practitioner) ACT  
**Dr John Kastrissios** (General Practitioner) QLD  
**Dr Henry Konopnicki** (General Practitioner) VIC  
**Dr Stephen Lew** (General Practitioner) VIC  
**Dr Tony Lembke** (General Practitioner) NSW  
**Dr Kean-Seng Lim** (General Practitioner) NSW  
**Mr Tim Logan** (Pharmacist) QLD  
**Dr Trevor Lord** (General Practitioner) WA  
**Ms Sue McIndoe** (Registered Nurse) VIC  
**Professor Andrew Miller** (Radiation Oncologist) NSW  
**Dr Stewart Morrison** (Hospital Medical Officer) VIC  
**Dr Didier Palmer** (Emergency Physician) NT  
**Dr Chris Pearce** (General Practitioner) VIC  
**Dr Malcolm Pradhan** (Specialist GP/Informatics) SA  
**Professor Bernard Pearn-Rowe** (General Practitioner) WA  
**Dr Nathan Pinski** (General Practitioner) VIC  
**Dr Peter Rischbieth** (GP obstetrician and anesthetist) SA  
**Ms Louise Schaper** (Allied Health Professional) VIC  
**Mr David Stokes** (Psychologist) VIC  
**Dr Diana Symonds** (General Practitioner) NT  
**Dr Jeff Urquhart** (General Practitioner) VIC  
**Dr Chris Wagner** (General Practitioner) SA  
**Associate Professor Peter Woodruff** (Specialist Surgeon) QLD  
**Dr John Zelcer** (Medical Practitioner and Corporate Strategy Advisor) VIC

## Members of the Clinical Leads Program in 2009–10

With the release of NEHTA's strategic plan in October 2009, NEHTA's development activities focused on how to better link employee's individual performance to NEHTA's strategic goals, review how employee performance is rewarded and develop better talent management mechanisms.

## People and Performance

In July 2009, the previous practice of anniversary date performance and salary reviews was ceased and NEHTA introduced a single annual performance and remuneration review date. With the introduction of a pay framework matrix, an exercise was conducted to ensure that all NEHTA roles were classified under job families and career levels to result in fair and transparent pay results.

The pay matrix provides a basis for making salary review decisions taking into account both individual performance and external market positioning and driving a culture of rewarding outcomes.

In September 2009, all employees developed their own Role Profile outlining the outcomes required from the role. This was also a first step in linking strategic goals to employees' performance. The Key Performance Indicators (KPIs) formed the basis for performance measurement and assessment for review later in the year.

The whole program provides a robust way of measuring our success against performance and linking this to market competitiveness.

In February 2010, a new performance rating scale was communicated to all staff along with the new forms and user guides.

The first annual performance reviews were conducted in March 2010, followed by a salary review process effective 1 July 2010.

## Recruitment

During the year, the recruitment and induction processes were refined and upgraded with new management tools such as recruitment guides, checklists and online approval processes. This has resulted in a faster recruitment process and smoother transition for new NEHTA employees.

## Employee Consultation

NEHTA employees had the opportunity to be involved in a number of HR activities during the year.

### *NEHTA employer brand*

Employees were involved in developing a NEHTA employer brand design that would form the basis of HR communications with staff and help improve employee engagement with HR-related products and services.

Staff workshops were held in both Sydney and Brisbane followed by the launch of the new brands — People & Performance, People & Process and People & Culture.

### *Employee survey*

Sixty-eight percent of employees completed the annual employee engagement survey. The survey focused on a number of key areas:

- Vision and Strategy
- Leadership
- Business Processes
- Culture and Behaviour
- Communications
- Change

Key themes were communicated to NEHTA staff and action plans to address areas for improvement have been formulated.

### *Values*

Survey feedback indicated interest in developing specific NEHTA values and behaviours. Workshops were conducted with both managers and staff with NEHTA values being agreed as:

- Accountability
- Integrity
- Collaboration
- Nurturing

NEHTA has continued to work with these four values by developing behaviours that will underpin the values, which will be included as an integral part of the 2010–11 performance and development review process for the first time, linking behaviours to performance.



“Everyone is from very diverse backgrounds, all **working together** for the same outcomes.”

**Jane Floyd** Senior Engagement Analyst



“Terminology will be **the glue** that sticks it all together. It provides a lot of the meaning and accuracy for patient information.”

**Robyn Richards** Terminology Lead (Clinical)

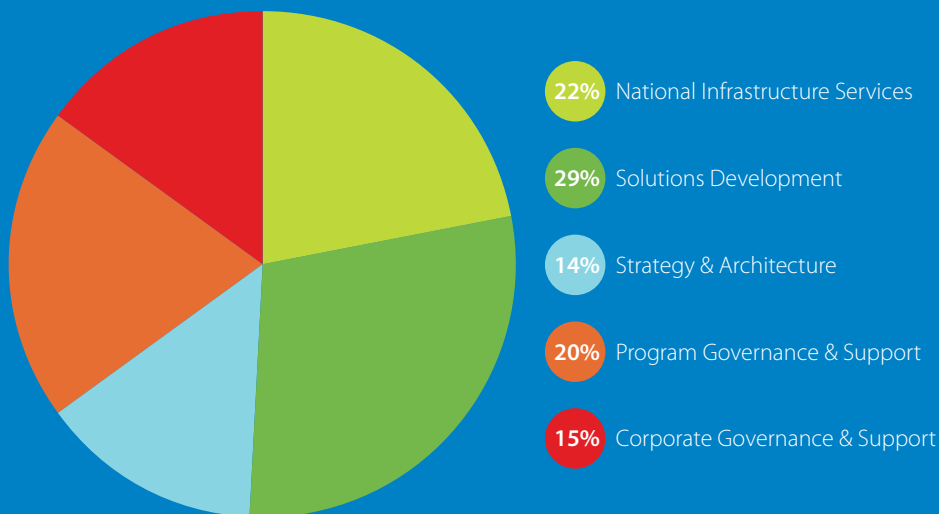


“We’re part of a **vision** for the future. And it’s nice to be able to contribute to that.”

**Tony Lange** Senior Enterprise Architect

Staff allocated by outcome area: Total Staff as at 30 June 2010 = 201.7 (FTE)\*

\*Permanent staff only



National E-Health Transition Authority Limited  
Annual Financial Report  
For the financial year ended  
30 June 2010

ABN 18 114 638 336

making it happen



# Annual Financial Report

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Your directors present their report on the company for the financial year ended 30 June 2010.

The National E-Health Transition Authority Ltd ("NEHTA Ltd") is a company limited by guarantee formed on 5 July 2005. The members of NEHTA Ltd are the Commonwealth, State and Territory Governments of Australia.

The names of the directors in office at any time during or since the end of the year are:

### David M Gonski, AC

**Independent Chair**

**Chair of the NEHTA Remuneration Committee and member of the NEHTA Finance Committee**

**Qualifications:** Bachelor of Commerce and Bachelor of Laws

**Expertise:** Mr Gonski is currently Chairman of Investec Bank Australia Ltd, Coca-Cola Amatil Ltd and the ASX Ltd and a Director of Westfield Group Ltd and Singapore Airlines Ltd. Mr Gonski trained as a solicitor and was a Partner of the law firm Freehills. He was previously President of the Art Gallery of New South Wales and a Director of ANZ Bank Ltd and John Fairfax Holdings. Outside of business he is Chancellor of the University of New South Wales; Chairman of University of New South Wales Foundation Limited; Chairman of Sydney Grammar School; and Chairman of Sydney Theatre Company. Mr Gonski was made a Companion in the General Division of the Order of Australia (AC) in 2007.

### David Ashbridge

**Resigned 8 April 2010**

**Qualifications:** Master of Public Health, Bachelor of Medicine Bachelor of Surgery and Diplomas in Child Health and Tropical Medicine

**Expertise:** Dr Ashbridge was the Chief Executive of the Northern Territory Department of Health and Families. Dr Ashbridge was a member of the Finance Committee.

### Peggy Brown

**Interim Chief Executive Australian Capital Territory Health**

**Appointed 18 January 2010**

**Qualifications:** Bachelor of Medicine

**Expertise:** Dr Brown is a Member of Australian Health Minister's Advisory Committee and Member of the Health Workforce Australia Board. She is also an Adjunct Associate Professor at the Australian National University and a surveyor with Australian Council of Healthcare Standards. With significant clinical and administrative experience, having worked both within Australia and internationally she has provided leadership in national mental health policy development and implementation over the past decade, including chairing the committee that oversees key national mental health safety and quality initiatives. Dr Brown is a Fellow of the Royal Australian and New Zealand College of Psychiatrists. She is also a former state winner of the Queensland Telstra Business Woman of the Year award.

### Mark F Cormack

**Resigned 13 January 2010**

**Qualifications:** Bachelor of Applied Science and Master of Health Management

**Expertise:** Mr Cormack was the Chief Executive of Australian Capital Territory Health. Mr Cormack was Chair of the Audit and Risk Committee and a member of the Remuneration Committee.

### Peter T Flett

**Resigned 11 January 2010**

**Qualifications:** Bachelor of Medicine Bachelor of Surgery

**Expertise:** Dr Flett was the Director General of the Western Australian Department of Health. Dr Flett was a member of the Finance Committee.

## Jane Halton, PSM

**Secretary Australian Department of Health and Ageing**  
**Member of the NEHTA Remuneration Committee**

**Qualifications:** Bachelor of Psychology (Hons)

**Expertise:** Ms Halton is a member of the board of the Australian Institute of Health and Welfare, and a Commissioner of the Australian Commission on Safety and Quality. Ms Halton is also a Fellow of the Australian Institute of Management and an Honorary Fellow of the Australian College of Health Service Executives. She was awarded the Public Service Medal in 2002 and the Centenary Medal in 2003.

## Lynda O'Grady

**Independent Director**  
**Member of the NEHTA Audit and Risk Committees**  
**Appointed 15 April 2010**

**Qualifications:** Bachelor of Commerce

**Expertise:** Ms O'Grady is Principal of the management consultancy firm, Advanced Management Services, providing consultancy and business advisory services to a wide range of industries and sectors. Ms O'Grady has held senior executive roles at Telstra, Australian Consolidated Press and Alcatel Australia. She also served on the Board of TAB Queensland and on the IT&T Board of Advisors to the New South Wales Treasurer. Ms O'Grady is a Fellow of the Australian Institute of Company Directors and is currently a member of the Council of Bond University.

## Debora M Picone, AM

**Director General of New South Wales Health**  
**Member of the NEHTA Remuneration Committee**

**Qualifications:** Bachelor of Health Administration and qualifications in general nurse training, post-basic course in Nephrology and Transplantation

**Expertise:** Ms Picone's previous positions include Chief Executive, South Eastern Sydney/Illawarra Area Health Service, Deputy Director-General, Strategic Development, New South Wales Health and Chief Executive Officer, Corrections Health Service. She holds the academic positions as Professor, University of Wollongong, Clinical Professor, Prince of Wales Clinical School, University of New South Wales and Clinical Associate Professor, Department of Surgery, Faculty of Medicine, University of Sydney. Ms Picone was made a Member of the Order of Australia (AM) in 2006.

## Michael A Reid

**Director General of Queensland Health**  
**Member of the NEHTA Finance Committee**

**Qualifications:** Bachelor of Economics

**Expertise:** Mr Reid has been the Director-General, New South Wales Health and was the Chief of Staff to the Office of the Minister for Health and Ageing. He has an extensive history in health reform, having overseen health reform projects across Australia and has worked with every government in Australia in the areas of health policy, science and medical research. He is an Adjunct Professor of Medicine at the George Institute for Global Health and Adjunct Professor of Public Administration at the University of Western Australia.

## David Roberts

**Secretary for the Department of Health and Human Services Tasmania**  
**Member of the NEHTA Audit and Risk Committees**

**Qualifications:** Master of Business Administration

**Expertise:** Mr Roberts has held a range of Directorships and has been the Chief Executive Officer of a number of United Kingdom health organisations.

## Anthony K Sherbon

**Chief Executive of the South Australian Department of Health**

**Chair of the NEHTA Audit and Risk Committees**

**Qualifications:** Bachelor of Medicine Bachelor of Surgery, Master of Business Administration

**Expertise:** Dr Sherbon has extensive experience in clinical and administrative management within the New South Wales and the Australian Capital Territory health systems. Dr Sherbon has led health services at Chief Executive Officer level in rural (Northern Rivers Area Health Service) and regional (Illawarra Area Health Service) areas of New South Wales, has management experience at a teaching hospital in New South Wales (St Vincent's Hospital) and jurisdictional leadership in the Australian Capital Territory. Dr Sherbon is a Fellow of the Royal Australasian College of Medical Administrators and a Fellow of the Australian College of Health Service Executives.

## Kim Snowball

**Director General of the Western Australian Department of Health**

**Appointed 18 January 2010**

**Qualifications:** Certified Practising Accountant

**Expertise:** Mr Snowball has held a number of senior executive positions across the public and private health sectors, and provided consultancy services to State and Territory Governments. He was previously Chief Executive Officer of the Western Australia Country Health Service.

## Fran Thorn

**Secretary of the Victorian Department of Health**

**NEHTA Treasurer**

**Chair of the NEHTA Finance Committee**

**Qualifications:** Master of Arts, Master of Business Administration, Graduate Diploma of Librarianship

**Expertise:** Ms Thorn's previous roles include Secretary, Department of Human Services, Secretary of the Department of Innovation, and Industry and Regional Development. Prior to this she worked with the Department of Sustainability and Environment as Under Secretary, Portfolio Performance. She has also been Deputy Secretary of the Policy and Cabinet Group in the Department of Premier and Cabinet. Ms Thorn was a Director of KPMG Consulting Pty Ltd in Australia and then Hong Kong. Prior to joining KPMG, Ms Thorn had 17 years experience in public sector administration.

## Alan Wilson

**Acting Chief Executive Department of Health and Families Northern Territory**

**Appointed 8 April 2010**

**Qualifications:** Bachelor of Management Studies in Accounting and Finance, Master of Arts in Nursing, Master of Management Studies in Strategic Management and Leadership

**Expertise:** Mr Wilson joined the Department in July 2009 as the Deputy Chief Executive, Acute Care, where he was responsible for the five Northern Territory Hospitals and a range of programs related to hospitals and acute services. Mr Wilson has a background as a Registered Nurse in New Zealand and has held middle and senior management positions in five New Zealand hospitals over the last 20 years. Mr Wilson has extensive experience in operational and strategic management of hospitals, in health services planning and in the development of new services and programmes.

The names of the office bearers in office at any time during, or since the end of the year are:

## Christopher A Hale

**Company Secretary and NEHTA's Chief Financial Officer**

**Qualifications:** Bachelor of Business and Certified Practising Accountant

**Expertise:** Mr. Hale has over 20 years senior executive experience in financial and commercial management.

continued over

His previous positions include Chief Financial Officer and Company Secretary of Imagetec Solutions Australia, General Manager of Alstom Information Technology and Director of Madge Networks Oceania. Mr Hale is also Chairman of NEHTA's Internal Risks and Issues Committee.

Directors and office bearers have been in office during or since the start of the financial year to the date of this report unless otherwise stated.

### Details of Board meetings attended during the financial year are as follows:

Director	No. Meetings Possible	Meetings Attended	Apologies
<b>Board Meetings</b>			
David M Gonski	11	11	-
David Ashbridge	7	6	1
Peggy Brown	5	5	-
Mark F Cormack	6	4	2
Peter T Flett	6	5	1
Jane Halton	11	11	-
Lynda O'Grady	3	3	-
Debra M Picone	11	6	5
Michael A Reid	11	6	5
David Roberts	11	9	2
Anthony K Sherbon	11	11	-
Kim Snowball	5	4	1
Fran Thorn	11	11	-
Alan Wilson	3	3	-
<b>Finance Committee</b>			
David M Gonski	2	2	-
David Ashbridge	4	4	-
Peter T Flett	3	3	-
Michael A Reid	2	-	2
Fran Thorn	6	6	-
<b>Audit and Risk Committee*</b>			
Mark F Cormack	3	1	2
David Roberts	4	3	1
Anthony K Sherbon	4	4	-
<b>Audit Committee</b>			
Lynda O'Grady	1	1	-
David Roberts	1	-	1
Anthony K Sherbon	1	1	-
<b>Risk Committee</b>			
Lynda O'Grady	1	1	-
David Roberts	2	-	2
Anthony K Sherbon	2	2	-
<b>Remuneration Committee</b>			
David M Gonski	1	1	-
Jane Halton	1	1	-
Debra M Picone	1	-	1

\*NEHTA Ltd took the decision to separate the Audit & Risk Committee into two separate committees. This took place in April 2010.

## Operating Results

The surplus from operations of the company for the financial year after providing for income tax amounted to \$ 7,677,945 (2009: deficit of \$2,214,594).

## Principal Activities

The principal activity of the company is to provide and manage the development of infrastructure and specifications required to support connectivity and interoperability of electronic health information systems across Australia.

## After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

## Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years are in accordance with the principal activity.

## Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

## Dividends Paid or Recommended

Under NEHTA's constitution dividends may not be paid to members.

## Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

## Indemnifying Officers and Directors

Insurance premiums of \$8,758 have been paid during the year (2009 \$7,375).

## Indemnifying Auditor

No indemnities have been given or insurance premiums paid during or since the end of the year for any person who is or has been an auditor of the company.

## Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

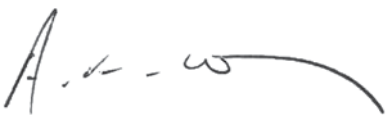
The company was not a party to any such proceedings during the year.

# Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 38.

Signed in accordance with a resolution of the Board of Directors:

Chair   
**David Michael Gonski**

Director   
**Anthony K Sherbon**

Dated this second day of September 2010

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

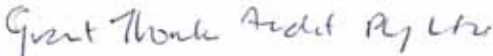
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**Auditor's Independence Declaration  
To the Directors of National E-Health Transition Authority Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of National E-Health Transition Authority Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

  
GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

  
A G Rigele  
Director - Audit & Assurance

Sydney, 2 September 2010

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## Statement of Comprehensive Income

for the year ended 30 June 2010

		<b>2010</b>	<b>2009</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	95,635,311	64,090,784
Other Income	2	765,564	600,790
Employee benefits expense and contractors	3	(33,823,425)	(30,212,229)
Consultants		(43,477,391)	(26,148,157)
Licensing and services		(648,821)	(1,167,364)
Administration expenses		(9,434,488)	(6,923,987)
Depreciation and amortisation		(1,338,805)	(2,454,431)
<b>Surplus/(Deficit) before income tax</b>	3	<u>7,677,945</u>	<u>(2,214,594)</u>
Income tax expense	6	-	-
<b>Surplus/(Deficit) for the year</b>		<u><u>7,677,945</u></u>	<u><u>(2,214,594)</u></u>
<b>Other comprehensive income:</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>7,677,945</u></u>	<u><u>(2,214,594)</u></u>
Surplus/(Deficit) attributable to members of the entity		<u><u>7,677,945</u></u>	<u><u>(2,214,594)</u></u>
Total comprehensive income attributable to members of the entity		<u><u>7,677,945</u></u>	<u><u>(2,214,594)</u></u>

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	20,235,201	22,046,788
Trade and other receivables	8	6,383,480	7,307,483
Other current assets	9	1,524,438	4,288,225
TOTAL CURRENT ASSETS		<u>28,143,119</u>	<u>33,642,496</u>
NON-CURRENT ASSETS			
Plant and equipment	10	1,769,692	1,910,280
TOTAL NON-CURRENT ASSETS		<u>1,769,692</u>	<u>1,910,280</u>
TOTAL ASSETS		<u>29,912,811</u>	<u>35,552,776</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	4,602,345	18,521,177
Short-term provisions	12	1,161,092	823,000
TOTAL CURRENT LIABILITIES		<u>5,763,437</u>	<u>19,344,177</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	768,213	505,383
TOTAL NON-CURRENT LIABILITIES		<u>768,213</u>	<u>505,383</u>
TOTAL LIABILITIES		<u>6,531,650</u>	<u>19,849,560</u>
NET ASSETS		<u>23,381,161</u>	<u>15,703,216</u>
<b>EQUITY</b>			
Retained earnings		<u>23,381,161</u>	<u>15,703,216</u>
TOTAL EQUITY		<u>23,381,161</u>	<u>15,703,216</u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

for the year ended 30 June 2010

	<b>Retained Earnings</b>
	<b>\$</b>
<b>Balance at 1 July 2008</b>	17,917,810
Surplus/(Deficit) attributable to the entity	(2,214,594)
Total other comprehensive income for the year	-
<b>Balance at 30 June 2009</b>	15,703,216
Surplus/(Deficit) attributable to the entity	7,677,945
Total other comprehensive income for the year	-
<b>Balance at 30 June 2010</b>	<u>23,381,161</u>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

for the year ended 30 June 2010

	<b>2010</b>	<b>2009</b>
<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities</b>		
Receipts from members	99,069,047	75,458,666
Payments to suppliers and employees	(100,341,347)	(63,780,722)
Interest received	658,930	631,714
Income tax paid	-	-
Net cash (used in)/provided by operating activities	17b (613,370)	12,309,658
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,198,217)	(1,027,519)
Net cash used in investing activities	(1,198,217)	(1,027,519)
Net (decrease)/increase in cash held	(1,811,587)	11,282,139
Cash at beginning of period	22,046,788	10,764,649
Cash at end of period	7 20,235,201	22,046,788

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

for the year ended 30 June 2010

## Note 1: Summary of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001.

The financial statements cover the National E-Health Transition Authority Ltd ("NEHTA Ltd"). NEHTA Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the Australian Accounting and Standards Board (AASB) has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

## Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, and financial assets and financial liabilities.

## Accounting Policies

### A. INCOME TAX

NEHTA Ltd is subject to income tax on non-member contribution income less directly attributable expenses and a proportion of all other expenses. This is as a result of a private tax ruling received by NEHTA Ltd.

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the surplus or deficit is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted at the reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of the surplus or loss when that tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable surplus or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable surplus will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists. The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## B. PLANT AND EQUIPMENT

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. NEHTA Ltd also assesses plant and equipment on the depreciable replacement cost methodology.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the lesser of:

- (i) their useful lives to the company commencing from the month following the date the asset is available for use;
- (ii) for furniture and fixtures and leasehold improvements, the remaining period of the lease in which the assets are held; and
- (iii) the period for which NEHTA Ltd has a commitment for funding from its members.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Useful life
(i) Plant and computer equipment	3 – 5 years
(ii) Furniture and fittings	3 – 5 years

The residual values of all assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

## C. LEASES

Leased assets are depreciated on a straight-line basis over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised in the period in which they are received, where the incentive is obtained equally over the period of the lease.

## D. FINANCIAL INSTRUMENTS

### Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to surplus or revenue immediately.

### Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

#### **D. FINANCIAL INSTRUMENTS (cont'd)**

Amortised cost is calculated as;

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in surplus or deficit.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### **E. FOREIGN CURRENCY TRANSACTIONS AND BALANCES**

##### **Functional and Presentation Currency**

The financial statements are presented in Australian dollars which is the company's functional and presentational currency.

##### **Transactions and Balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

#### **F. IMPAIRMENT OF ASSETS**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset. Where it is not possible to estimate the recoverable amount of an asset's class, the company estimates the recoverable amount of the cash generating unit to which the class of assets belong.

#### **G. EMPLOYEE BENEFITS**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

#### **H. PROVISIONS**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **I. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **J. REVENUE**

Revenue from member contributions is recognised when due and payable.

Revenue arising from the contribution of an asset to the company shall be recognised at the fair value of the contribution when the following conditions have been satisfied:

- (i) the company obtains control of the contribution or the right to receive the contribution;
- (ii) it is probable that the economic benefits comprising the contribution will flow to the company; and
- (iii) the amount of the contribution can be measured reliably.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

#### **K. GOODS AND SERVICES TAX (GST)**

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **L. COMPARATIVE FIGURES**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### **M. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

##### **Key Estimates**

- (i) Impairment

The company assesses impairment at each reporting date by evaluation of conditions and events specific to the company that may be indicative triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions or the depreciable replacement methodology.

#### **N. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of NEHTA Ltd.

##### **AASB 101: Presentation of Financial Statements**

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

##### **Disclosure impact**

**Terminology changes** — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

**Reporting changes in equity** — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

**Statement of comprehensive income** — The revised AASB 101 requires all income and expenses to be

Note 1: Summary of Significant Accounting Policies (cont'd)

**N. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (cont'd)**

presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**O. CHANGES TO ACCOUNTING STANDARDS**

At the date of these financial statements the following standards and interpretations, which may impact the entity within this period of initial application, have been issued but are not yet effective.

A summary of these standards and interpretations are:

Reference	Title	Summary	Application Date (financial years beginning)
AASB 124 and AASB 2009-12	Related Party Disclosures. AASB 2009-12 amendments arising from AASB 124	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011

Note 2: Income

	2010 \$	2009 \$
Member contributions	95,635,311	64,090,784
<b>Non-operating activities:</b>		
- Interest income	761,434	580,988
- Rental income	-	14,876
- Realised gain on foreign currency	-	4,926
- Other	4,130	-
	765,564	600,790
<b>Total revenue and other income</b>	<b>96,400,875</b>	<b>64,691,574</b>

Note 3: Surplus/(Deficit) for the year

The surplus/(deficit) from ordinary activities before income tax includes but is not limited to the following items of expense.

**A. EMPLOYEE BENEFITS EXPENSE AND CONTRACTORS**

- Salaries and on-costs	25,114,833	21,016,259
- Contractors	8,708,592	9,195,970
	33,823,425	30,212,229

**B. OTHER EXPENSES**

- Accounting Fees	142,085	179,615
- Operating leases – office premises	1,871,486	1,988,390
- Operating leases – office equipment	42,714	48,782
- Loss on disposal of fixed assets	-	179,112
- Realised loss on foreign currency	-	8,562

## Note 4: Key Management Personnel Compensation

### Directors

David Gonski and Lynda O'Grady were paid a total remuneration of \$120,000 from NEHTA Ltd in the form of salary and superannuation during the year (2009: \$71,346). No other directors receive any remuneration from the company.

#### Other Key Management Personnel

Peter Fleming	Leonie Katekar
Christopher Hale	Lisa Smith
Andrew Howard	Mandy Varley
Heather Hunt	Paul Williams
Stephen Johnston	

	2010	2009
	\$	\$
Short-term benefits	2,359,359	1,208,871
Post employment benefits	254,642	103,310
Other long term benefits	-	-
<b>Total Compensation</b>	<b>2,614,001</b>	<b>1,312,181</b>

## Note 5: Auditor's Remuneration

Remuneration of the auditor for:

- auditing or reviewing the financial report	33,500	32,000
- non-audit services	5,750	5,500
	<b>39,250</b>	<b>37,500</b>

## Note 6: Income Tax

#### A. The components of tax expense comprise:

- Current tax	-	-
- Deferred tax	-	-
- Under provision in respect of prior years	-	-
	-	-

#### B. The prima facie tax on surplus before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable/(receivable) on surplus/(deficit) before income tax at 30% (2009: 30%)	2,303,384	(664,378)
Add /(subtract) tax effect of:		
- income and expenses subject to mutuality	(2,631,547)	395,418
- tax losses not recognised	328,163	265,175
- other non-allowable items	-	3,785
- under provision for income tax in prior year	-	-
Income tax attributable to entity	-	-

As a result of a private tax ruling received during 2007/2008 it was determined that NEHTA Ltd is subject to income tax assessment on non-member contribution income less directly attributable expense and a proportion of all other expenses under the Income Tax Assessment Act 1997.

Deferred tax assets in respect of timing differences and tax losses have not been recognised as the company does not meet the requirements to do so per the accounting policy set out in Note 1a.

## Note 7: Cash and Cash Equivalents

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Cash at bank and on hand	7,063,228	9,317,411
Cash on deposit – at call	13,171,973	12,729,377
<b>Total</b>	<u>20,235,201</u>	<u>22,046,788</u>

The effective interest rate on short-term bank deposits was 4.45% (2009: 2.95%); these deposits are at call, redeemable on 24 hours notice.

## Note 8: Trade and Other Receivables

<b>CURRENT</b>		
Members' contributions receivable	5,636,216	7,177,500
Interest receivable	134,163	31,659
Goods and services tax receivable	593,404	-
Other receivables	19,697	98,324
<b>Total</b>	<u>6,383,480</u>	<u>7,307,483</u>

### A. CREDIT RISK

All receivables are within normal trading terms and are not impaired. The company does not hold any financial assets whose terms have been renegotiated or would be considered as past due. The company has significant concentration of credit risk with respect to a single counterparty or group of counterparties. The directors do not consider this as a credit risk as debtors consist of:

- (i) contributions from members who are Commonwealth, State and Territory Governments of Australia; and
- (ii) interest receivable from a banking institution in Australia.

### B. PROVISIONS FOR IMPAIRMENT

No provision has been made for impairment at 30 June 2010 and 30 June 2009, nor have any bad debts been expensed during these years. A provision for impairment is recognised when there is objective evidence that an individual debtor is impaired.

## Note 9: Other Assets

<b>CURRENT</b>		
Prepayments	602,714	3,373,724
Cash on deposit – term	921,724	914,501
<b>Total</b>	<u>1,524,438</u>	<u>4,288,225</u>

## Note 10: Property, Plant and Equipment

	2010	2009
	\$	\$
Plant and equipment:		
At cost	3,735,498	2,600,645
Accumulated depreciation	(2,024,468)	(1,091,030)
Total plant and equipment	<u>1,711,030</u>	<u>1,509,615</u>
Leasehold improvements:		
At cost	2,032,597	1,969,233
Accumulated depreciation	(1,973,935)	(1,568,568)
Total leasehold improvements	<u>58,662</u>	<u>400,665</u>
<b>Total</b>	<u><u>1,769,692</u></u>	<u><u>1,910,280</u></u>

### A. MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2009	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Balance at the beginning of the year	2,089,267	1,427,037	3,516,304
Depreciation and amortisation expense	(937,614)	(1,516,817)	(2,454,431)
Additions	640,909	386,610	1,027,519
Disposals	(107,270)	(71,842)	(179,112)
Reallocations	(175,677)	175,677	-
Carrying amount at the end of year	<u>1,509,615</u>	<u>400,665</u>	<u>1,910,280</u>
2010	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Balance at the beginning of the year	1,509,615	400,665	1,910,280
Depreciation and amortisation expense	(933,438)	(405,367)	(1,338,805)
Additions	1,134,853	63,364	1,198,217
Disposals	-	-	-
Carrying amount at the end of year	<u>1,711,030</u>	<u>58,662</u>	<u>1,769,692</u>

### B. IMPAIRMENT LOSSES

No impairment losses on property, plant and equipment were recognised in the statement of comprehensive income during the year.

## Note 11: Trade and Other Payables

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Trade payables	865,760	5,475,261
Goods and services tax payable	-	473,737
Sundry payables and accrued expenses	3,736,585	12,572,179
	<u>4,602,345</u>	<u>18,521,177</u>

### Financial Liabilities at amortised cost classified as trade and other payables

Trade and other payables		
- Total current	4,602,345	18,521,177
- Total non-current	-	-
	<u>4,602,345</u>	<u>18,521,177</u>

## Note 12: Provisions

	<b>Employee Entitlements</b>	<b>Make Good Provision</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2009</b>			
Opening balance at 1 July 2008	615,991	406,376	1,022,367
Additional provisions raised during year	1,421,929	-	1,421,929
Amounts used	(1,077,920)	(37,993)	(1,115,913)
Balance at 30 June 2009	<u>960,000</u>	<u>368,383</u>	<u>1,328,383</u>

<b>2010</b>			
Opening balance at 1 July 2009	960,000	368,383	1,328,383
Additional provisions raised during year	736,650	186,262	922,912
Amounts used	(321,990)	-	(321,990)
Balance at 30 June 2010	<u>1,374,660</u>	<u>554,645</u>	<u>1,929,305</u>

### Analysis of Total Provisions:

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Current	1,161,092	823,000
Non-current	768,213	505,383
	<u>1,929,305</u>	<u>1,328,383</u>

Provisions have been recognised for employee entitlements relating to annual leave and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The provision for make good of leased office space is in accordance with the terms of the lease.

## Note 13: Members' Guarantee

NEHTA Ltd is limited by guarantee. If NEHTA Ltd is wound up, the Constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the company. At 30 June 2010, the number of members was nine.

## Note 14: Capital and Leasing Commitments

### A. OPERATING LEASE COMMITMENTS

The company has entered into commercial property leases to provide offices for its activities in various cities in Australia. It has also entered into leases for certain office equipment at these locations.

Future minimum rentals payable under non-cancellable operating leases contracted for but not capitalised in the financial statements as at 30 June are as follows:

	2010	2009
	\$	\$
- not later than twelve months	1,987,610	1,897,834
- between one year and five years	4,282,782	4,256,577
- greater than five years	-	1,070,047
	<u>6,270,392</u>	<u>7,224,458</u>

The property leases for the Sydney and Canberra offices are non-cancellable leases with a maximum three year term. The Brisbane office lease has a remaining term of four years, this lease also contains an option to cancel. Rent is payable monthly in advance for all leases. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by either 3.5 or 4.0% per annum, depending on the lease. A number of leases contain options that allow the lease to be extended for a period of up to two years. The leases allow for subletting of all lease areas.

### B. CAPITAL COMMITMENTS

Capital purchases contracted for but not capitalised in the financial statements as at 30 June are as follows:

- not later than twelve months	-	75,623
- between one year and three years	-	-
- greater than three years	-	-
	<u>-</u>	<u>75,623</u>

## Note 15: Contingent Liabilities and Assets

Bank guarantee issued to Cellcom Pty Ltd, being the property owner, in respect of a property lease at West End, Brisbane.

490,875	<u>490,875</u>
---------	----------------

## Note 16: Segment Reporting

The company operates predominantly in one business and geographical segment being the development of methods to electronically collect and securely exchange health information throughout Australia. AASB8: Operating segments does not apply to this entity.

## Note 17: Cash Flow Information

<b>A. RECONCILIATION OF CASH</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Cast at bank	20,235,171	22,046,788
Cash on hand	30	-
<b>Total</b>	<u>20,235,201</u>	<u>22,046,788</u>
<b>B. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX</b>		
Surplus/(Deficit) after income tax	7,677,945	(2,214,594)
Non-cash flows		
- Depreciation and amortisation	1,338,805	2,454,431
- Loss on disposal of fixed assets	-	179,112
Changes in assets and liabilities		
- Decrease in trade and other receivables	924,003	(2,016,450)
- Decrease in other current assets	2,763,787	4,584,881
- Increase/(decrease) in trade and other payables	(13,918,832)	9,043,551
- Increase in provisions	600,922	278,727
Cash flow from operations	<u>(613,370)</u>	<u>12,309,658</u>

### C. CREDIT STANDBY ARRANGEMENT AND LOAN FACILITIES

NEHTA Ltd has lodged a Bank Guarantee to cover the issuance of any credit cards to a combined maximum credit balance of \$350,000 (2009 \$350,000). This guarantee is repayable to the bank on demand.

NEHTA Ltd has a contingent liability facility which provides a letter of credit or bank guarantee for up to \$2,000,000 (2009 \$2,000,000). NEHTA Ltd did not access this facility during the financial period.

## Note 18: Events After the Balance Sheet Date

No significant events have occurred after balance date. This financial report was authorised for issue on the second day of September 2010 by the Board of Directors.

## Note 19: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### Transactions with related parties:

a. The South Australian Government provided services to NEHTA Ltd on a cost recovery basis.	-	165
b. The Victorian Government provided services to NEHTA Ltd on a cost recovery basis.	-	1,336,669
c. The Western Australian Government provided services to NEHTA Ltd on a cost recovery basis.	-	198,287

## Note 20: Economic Dependence

The development of methods to electronically collect and securely exchange health information throughout Australia by NEHTA Ltd is dependent upon continued funding by Commonwealth, State and Territory Governments. At this time the Governments have committed to this funding and made provision for it in budget estimates through to 30 June 2012.

## Note 21: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, short-term investments and accounts receivable and payable.

The company does not have any derivative instruments at 30 June 2010.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010 \$	2009 \$
<b>Financial Assets</b>			
Cash and cash equivalents	7	20,235,201	22,046,788
Trade and other receivables	8	6,383,480	7,307,483
<b>Total Financial Assets</b>		<u>26,618,681</u>	<u>29,354,271</u>
<b>Financial Liabilities</b>			
Trade and other payable	11	4,602,345	18,521,177
<b>Total Financial Liabilities</b>		<u>4,602,345</u>	<u>18,521,177</u>

### Financial Risk Management Policies

Consisting of senior Board members, the Finance Committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Finance Committee on a regular basis. These include credit risk, interest rate risk and liquidity risk policies and future cash flow requirements.

### Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

#### *Interest rate risk*

The company is exposed to interest rate risk on cash deposits only. Cash balances and interest rate options are monitored regularly to minimise the risk of fluctuations. No sensitivity analysis has been performed on interest rate risk as NEHTA Ltd has detailed weighted average interest (Note 7).

#### *Foreign currency risk*

The company is only exposed to foreign currency risk as a result of short term overseas procurement with small ad hoc transactions taking place with overseas companies. The cost of hedging such activity is not considered necessary given the small risk exposure. No sensitivity analysis has been performed on foreign exchange risk as NEHTA Ltd is not exposed to foreign currency fluctuations.

#### *Liquidity risk*

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate member contributions are maintained including the following:

- (i) preparing forward looking cash flow analyses in relation to its operational, investing and financing activities;

Note 21: Financial Risk Management (cont'd)

- (ii) maintaining a reputable credit profile; and
- (iii) managing credit risk related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement date.

	Within 1 Year		Total Contractual cash flow	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Financial Liabilities Due for Payment</b>				
Trade and other payables (excluding estimated provisions)	4,602,345	18,521,177	4,602,345	18,521,177
<b>Total Expected Outflows</b>	4,602,345	18,521,177	4,602,345	18,521,177
<b>Financial Assets - Cash Flows Realisable</b>				
Cash and cash equivalents	20,235,201	22,046,788	20,235,201	22,046,788
Trade and other receivables	6,383,480	7,307,483	6,383,480	7,307,483
<b>Total Anticipated Inflows</b>	26,618,681	29,354,271	26,618,681	29,354,271
<b>Net (outflow)/inflow on Financial Statements</b>	22,016,336	10,833,094	22,016,336	10,833,094

**Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Whilst the company is exposed to nine organisations for the majority of its accounts receivable, the risk is considered extremely low given each organisation is a department of a Commonwealth, State or Territory Government of Australia.

	Note	2010 \$	2009 \$
Cash and cash equivalents			
Rated AA/A-1+ (Standard & Poors)	7	20,235,201	22,046,788
		20,235,201	22,046,788

**Price risk**

The company is not exposed to any price risk.

**NET FAIR VALUES**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

## Note 22: Capital Management

Management controls the capital of NEHTA Ltd to ensure that adequate cash flows are generated to fund its programs and that returns from future investments are maximised. The Finance Committee ensures that the overall risk management strategy is in line with this objective.

The Finance Committee operates under policies approved by the Board of Directors. Risk Management policies are approved and reviewed by the Board of Directors on a regular basis. These include credit risk policies and future cash flow requirements.

NEHTA Ltd's capital consists of financial liabilities, supported by financial assets.

Management effectively manages NEHTA Ltd's capital by assessing the financial risks and responding to changes in these risks and in the market. This response may include consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of NEHTA Ltd since the previous year.

## Note 23: Company Details

The registered office and principal place of business of the company is Level 25, 56 Pitt Street, Sydney NSW 2000.

# Directors' Declaration

The directors of the company declare that:

- 1 The financial statements and notes, as set out in pages 30 to 56, are in accordance with the Corporations Act 2001:
  - (i) comply with Australian Accounting Standards; and
  - (ii) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

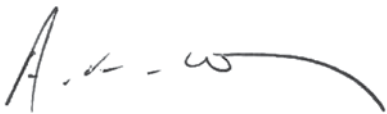
This declaration is made in accordance with a resolution of the Board of Directors.



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Chair

**David Gonski**



---

Director

**Anthony K Sherbon**

Dated this second day of September 2010

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**Independent Auditor's Report  
To the Members of National E-Health Transition Authority Limited**

We have audited the accompanying financial statements of National E-Health Transition Authority Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration.

**Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

**Auditor's opinion**

In our opinion, the financial statements of National E-Health Transition Authority Limited are in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

*Grant Thornton Audit Pty Ltd*  
GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

  
A G Riegele  
Director - Audit & Assurance Services

Sydney, 2 September 2010



NEHTA is the lead organisation  
supporting the national vision  
for e-health in Australia.

# National E-Health Transition Authority annual report 2009–10

ABN 18 114 638 336

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